CAPITALISM AND SOCIALISM IN THE 21ST CENTURY
JAMES D. CARTER

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by

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# PART I: INTRODUCTION

# Chapter 1

# INTRODUCTION

## §1 Ideological War

In the long run, the grand battles of human society are won not by military strength, but by ideas. It is ideas in the politician's mind which determine whether or not he[1] declares war, and thus makes a show of military strength in the first place. It is ideas which are used by various groups and political interests to introduce and solidify a preferred way of thought in the next generation of thinkers, social leaders, business leaders, and political leaders. Governments place a premium on the control and flow of ideas among those they govern, private companies spend substantial sums on finding new ways to tell us that their own products are better than those of their competitors, and religious belief systems are great sets of interconnected and interdependent ideas which aim to provide believers with an emotionally comforting understanding of their place in the world and a convincing argument that death is not the end of life. Ideas, in other

1 Throughout this book, in many cases I have used the male pronouns "he," "him," "his," etc., instead of "he or she," "his or hers," etc., for clarity in writing. It should be clear, though, that in all cases except those referencing a particular gender, it is implied that the statement or statements in question apply to all genders. I have also used "they," "theirs," etc., to indicate singular sometimes, as well as "he or she," etc., where the wording fits. This mosaic will need to be used until such a time as a satisfactory gender-neutral pronoun can be made generally acceptable in the English language.

words, determine how we see the world around us, and how we see ourselves, in all respects, and it is our understanding of the world around us and our understanding of ourselves which determine how we choose to *act*, and thus, how society evolves.

Capitalism and socialism are ideas, as are syndicalism and anarchism. But, as is typical with ideological debates, the debates between capitalism, socialism, syndicalism, and anarchism are often plagued with confusion and misunderstanding, and clarity on the subject can frequently seem more like a pipe dream than an attainable goal. It is the purpose of this book to provide clarity on the differences between these four different socioeconomic systems.

## §2 The Nature of Ownership

It is essential in understanding the differences between the systems of capitalism, socialism, anarchism, and syndicalism to understand the nature of property ownership. *Property* is here used in the economic sense, to indicate the *having* of production or consumption goods. By *production goods* we mean economic resources used to produce other goods – either other production goods, or consumption goods. Many examples of production goods could be given: machinery in a manufacturing facility used as part of the process of producing microprocessor chips, land in Central America used to grow coffee beans, chemical dyes used to color fabric in clothing manufacturing plants (as well as the fabric itself), or bulldozers used to dig out hills in order to lay a foundation for office buildings. By *consumption goods* we mean goods which are made for direct consumption – the microprocessor chips themselves, which are directly used in computers for running software, the coffee itself which will be drunk by someone, the shirts, pants, dresses, etc., which we buy off the shelf at the market, or the office building itself, rented and occupied by tenants. Note that *labor*, a topic about which much has been said in the broader debate, is, by this definition, a *production good*, since it is used for the purpose of producing either other production goods or consumption goods, and is not used for consumption itself.[2] Note also that many goods, such as the office buildings, the microprocessor chips, etc., can be considered both production goods and consumption goods, depending on the perspective from which we view them – the office building is consumed by the business tenant, and there-

2 In the literature, one may encounter the concept of the "joy of labor," which is a phrase used to express the idea that at least some physical labor is gratifying in and of itself, and therefore physical labor might be more appropriately termed a consumption good. However, given that the amount of labor necessary to earn a daily living is much greater than the amount of labor which is directly gratifying, the concept of the "joy of labor" is not applicable in the present discussion to any practical degree.

fore is a consumption good from the perspective of the business tenant, but it is used in the production of the business's product or service, and therefore is a production good from the perspective of the business's customers, for example. But this does not invalidate the distinction – production goods are goods which are used in the production of other goods, and ultimately of consumption goods, and consumption goods are produced for the purpose of direct consumption. It just happens that many types of goods can be one or the other, depending on the role they play in a given production process.

Whether production good or consumption good, the act of *having* the good, either directly or indirectly, is, in the economic sense, the act of *owning* the good. *Ownership*, in this sense, is the power of disposal of the good – that is, the ability to use the good in the way or ways the owner thinks are most appropriate. In the case of the bulldozer, he who owns a particular bulldozer could choose to hire it out only for the purpose of digging trenches along roadsides, and nothing else. Or he could choose to hire it out for every type of digging job which his government will allow, and hire extra labor to run the machine as close to 24 hours a day as possible. Or he could choose to take on only as many digging jobs as he himself has time and energy to handle, out of a desire to be the only one who operates the machine. He could let it rust out in a field and refuse to use it for any jobs, or he could even give it away, so that then he would no longer have the ability to use it according to his will, and therefore would no longer have *ownership* of it. Each of these choices has different consequences for the economic good in question, and for the owner with respect to the good. But what is important in the discussion of economic ownership is that the *owner* of an economic good is he who has the power to use the good according to his will.

In the case of consumption goods, an example could be a chocolate bar purchased at the market. A chocolate bar is a consumption good, since it is made solely to be consumed and enjoyed, and not to be used as part of a process to produce other goods.[3] He who trades his money for the chocolate bar could, say, consume the entirety of it as soon as he leaves the market, but this does not have to be the case. For example, he could split it with a friend, or he could melt it on the stove and mix it in a cake that he then bakes and consumes over the course of three days. He could even throw it in the trash without opening it. The important

3 This excludes any "creative" use of the chocolate bar in the further production of other things that are then themselves consumed by either the purchaser of the chocolate bar or by others, or the reselling of the chocolate bar with added margin after its purchase at the market, or other such scenarios, in which cases the chocolate bar would more appropriately be called a production good. The typical and overwhelming use of chocolate bars is consumption, not production, and so in discussion of the difference between production and consumption goods, it is more appropriate to call a chocolate bar a consumption good.

point is that, as *owner* of the chocolate bar, he has full disposal of it, so that he can use this economic good solely according to his own choices.

There is much more that could be said about the nature of ownership beyond this basic definition. But for the purposes of this book, this is all that needs to be said.

## §3 The Natural Dividing Lines Between Things and Ideas

Certain ways of understanding something produce greater clarity about that something than other ways of understanding it. For example, consider a comparison of red apples, red dodge balls, and red inflated round balloons. If the only criteria by which we judge these items are whether they are round and red, then we will end up placing all three of these things in the same category. In other words, we will not notice the *essential differences* between them, and will instead draw the technically (but only superficially) correct conclusion that they are all the *same type of object*. But if we consider additional factors, such as how each of these things is created, whether or not each is edible, whether or not each is used in a traditional sport, the material from which each is made, etc., then we start to see that, in fact, we were wrong to place these three things in the same category – or, at least, that by placing them in the same category based on two of their characteristics, we had overlooked other important and distinguishing characteristics that, had we taken these into account, would have given us a much-clarified understanding of the three objects, and this clarified understanding would have led naturally to a different way of grouping them.

Another way of saying this is that if we wish to understand all the *essential* characteristics of these three objects, rather than hide or ignore some or all of their essential characteristics, we would have to dig deeper than their roundness and redness, and this investigative process would then force us to conclude that it is more appropriate to group the red apples with green apples, peeled apples, diced apples, baked apples, or even pears or cherries or watermelons, than it is to group them with red dodge balls or red inflated round balloons. Also, it is more appropriate to group red dodge balls with baseballs, basketballs, footballs, soccer balls, or even lacrosse sticks, hockey pucks, and knee pads, than it is to group them with red apples or red inflated round balloons. And it is more appropriate to group red inflated round balloons with inflated round balloons of any other color, with deflated balloons, or with balloons which are not round when they are filled with air than it is to group them with red apples or red dodge balls. This is not to say that it is *never* appropriate under *any* circumstances to consider only the color

and roundness of things and group things which match solely in these two characteristics into the same category and treat them as the same type of object. It is to say, rather, that for the purpose of *understanding* all the *essential* characteristics of these three objects – that is, all the characteristics which together fully define the basic nature and structure of these objects – i.e., for the purpose of *understanding the objects*, plain and simple,[4] it is necessary, for the three objects in question, to look beyond these two characteristics and consider additional ones. Only after this deeper consideration is it possible to say that we have gained *true clarity* about the nature of the objects in question. Without considering any additional factors beyond color and roundness, it is dishonest and misleading to claim that we *understand* the objects in question.

Let us further consider these three objects from a different angle, the angle of *use value*, which is the angle from which humans are most interested in viewing economic resources. If we only consider the color and roundness of the objects, then we will not have enough clarity to determine the best use or uses to which we, as humans, might put each of these objects. Without knowing that apples are edible, and that dodge balls and balloons are not, then we might try eating all three, or we might let the apple rot for lack of knowledge that it is edible. Only with a better understanding of the essential characteristics of each of these objects can we come to an understanding that each has a different purpose than the other two, and each has a different typical use value than the other two. Only, in other words, by gaining a better understanding of the essential properties of each object can we come to an understanding that, in fact, there *are* essential differences between them, i.e., that the differences between these objects *lie along specific lines* – lines, in the example here, such as edibility, use for sporting activity, origin of the object, materials from which the object is built or made, etc. Given these differences in characteristics between these three objects, it is appropriate to say that there are *natural*[5] dividing lines between these three objects, that, in an important sense, each object represents its own specific *type* of object, i.e., that there is in an important sense a *fundamental* difference between these three objects. Note that this is not to say that there are no similarities at all between these objects, but rather that there are enough differences between them that someone

4 Much more can be said about what it means to "understand" something. But the informal definition given here is sufficient for this book, to wit, that to "understand" something simply means to be aware of all the essential patterns by which it operates or by which it is built.

5 "Natural" here does not mean that the boundary lines between these different objects were built or established by *nature*, that is, that they are naturally-occurring and not human-caused. Rather, it means that they are boundaries which if traced would delineate entities which are *distinctly different* from each other, rather than which are, say, different subparts of the same system where each subpart can only be fully delineated and explained by reference to the other parts.

with a full understanding of the objects would conclude that they are distinct types of object instead of the same type of object, and that from the perspective of the *use value* of these objects to humans it makes much more sense to place them into different categories of object than into the same category.

Next, let us consider a different comparison, that between Granny Smith, Fuji, and Honeycrisp apples. Certainly the same distinction as mentioned above between apples, dodge balls, and inflated round balloons *could* be made between these three types of apple, in which case one could also draw the conclusion here that there is a *fundamental* distinction between these three types of apple. However, consider this comparison from the perspective of the prior comparison – that is, consider the comparison of the three types of apple from the perspective of the comparison between the red apples, dodge balls, and inflated round balloons. First of all, if all the essential characteristics of each of the three types of apple were discerned, and then all the essential characteristics of the three red, round objects were discerned, it would be clear that the former triplet of items is a set of items which are much more similar to each other than the items in the latter triplet are to each other, and it could much more readily and naturally be concluded that the former triplet of items represents three instantiations of the same type of object, while the latter triplet represents instantiations of three different types of object. Next, it is much more appropriate *practically speaking* (that is, speaking from the perspective of *use value*) as well to say that the three different types of apple are, in terms of their essential characteristics, fundamentally the same type of object, while the apple, the dodge ball, and the balloon are, again from the perspective of *use value*, fundamentally different types of object. This is an essential distinction to keep in mind when considering the similarities and differences between capitalism, socialism, anarchism, and syndicalism, since the whole point of the discussion regarding these different socioeconomic systems is to evaluate them from the perspective of their respective *use values* in human society – that is, which of these, if any, provides human society with the best, and with a *satisfactory*, socioeconomic arrangement, that is, an arrangement within which each of us can best achieve our own individual goals, and, in this way, find lasting happiness, fulfillment, and contentment before we die. So, then, if these systems *are* actually different types of socioeconomic system, then there must be *essential*, i.e., fundamental, differences between them which *make* them essentially or fundamentally different, i.e., there must be differences between them which, when discovered, would show themselves as *natural dividing lines* between the different systems. If we understood these essential differences, we would be able to discuss and view the different systems in a much clearer light than we would

otherwise, and we would thus be much better able to evaluate the effects which each of these systems would have on the further development of society. In this way, then, we would be able to come to a much better understanding of which of these systems, if any, would be most conducive to happiness,[6] i.e., which, if any, would have the most satisfactory effect for *everyone*, from the perspective of *use value*, on human society. Furthermore, if we do not make the effort to understand the essential differences between these different systems, then in comparing and discussing these systems we would not be doing so from the basis of a sound and clarified understanding, which would mean that our comparisons would be flawed, incomplete, and misleading, our discussions would be unfruitful, and our problems would remain unsolved.

A point should be made to clarify the concept of *essential differences*. *Essential*, meaning fundamental or significant, can be contrasted with *superficial*, meaning insignificant, insubstantial, or trivial. The question then becomes, given this distinction, how are we to decide which differences between different things are essential, and which are superficial? The answer is based on a mix of two seemingly, but not actually, opposing aspects of reality. One might initially conclude that this decision must always ultimately be made with reference to a standard or goal of some kind. Without a standard or goal against which to measure and gauge, one might say there is no way to decide which differences are more or less important than which others, and each difference which can be found between the objects, or ideas, being compared can with as much justification be called essential as it can superficial. In other words, in this view, without a standard or goal to provide guidance in such comparisons, there is no distinction between essential and superficial differences, i.e., the distinction is arbitrary. On the other hand, one might say that there are natural distinctions between different

6 Much has been written about how to define "happiness," and one might think that no objective definition can exist, since happiness is subjective, i.e., that the term is objectively, and thus scientifically, meaningless. It might also be thought that other things besides "mere happiness" are important to consider in our discussion, and that while "happiness" can perhaps be given a proper, clear, *utilitarian* definition, it is nonetheless not sufficient to talk only about "maximizing happiness" in a discussion of which socioeconomic system is the best one, since human goals and dreams are too diverse and personal to be grouped together under a term with such a narrow meaning. However, these claims are not strictly true, and, in fact, are misleading. It is true that "happiness" is subjective, and so therefore no single definition can exist that would apply to all. However, this only means that in discussing the various merits of the different socioeconomic systems it is important to keep in mind that *each individual's own definition of happiness* is the most pertinent thing, so the question becomes which socioeconomic system goes furthest to maximize the ability of each individual to achieve happiness in his or her own way. Also, the second objection to the use of the term "happiness" is based on an unnecessarily narrow definition of the term. If we define "happiness" as the direct experience, in each individual's mind, of being happy, with each individual defining for himself or herself of what this happiness consists and how to achieve it, then not only is this a clear and unambiguous definition, it then also makes no sense to say that we should consider additional goals besides happiness, since the term "happiness" has, by definition, subsumed everything relevant already.

things, expressed in what we have called *natural dividing lines*, and so the differences between things are independent of any standard or goal of comparison. The reality, as mentioned, is that it is a mix of these two things, i.e., there are natural distinctions between things which are independent of any standard or goal of comparison, but because everything operates and interoperates according to the principle of *rationality*, and thus in this basic way everything is connected, things are not completely distinct from each other, but rather bleed into each other at a basic level. These and the earlier concepts mentioned so far in this section, and how they relate to the discussion of socioeconomic systems, will be examined in detail in the next few paragraphs and in Section 5 of this chapter.

First imagine that we have settled on a particular goal or standard for comparing several things. Once this standard or goal has been made clear, each characteristic of the objects or ideas being compared can be gauged according to this standard or goal, and *if there happen to be natural dividing lines, as defined above, with respect to the specified standard or goal, between the objects or ideas being compared*, then a thorough comparison of the objects or ideas according to this standard or goal, as well as to additional or subsequent standards or goals as we deem appropriate, will allow us to determine which characteristics can be called the essential or fundamental characteristics of each type of object, and which cannot, i.e., which of the characteristics we discover can be said to help express the inner or fundamental natures of the things being compared, and which cannot, both in terms of individual characteristics which are shared across fundamentally different types of object and the characteristics which express the differences between the different types of object. Such a thorough comparison will also help us ferret out the similarities between objects that are fundamentally different from each other and minimize the chance that such similarities will make us erroneously conclude that two fundamentally different types of object are the same type of object.

An example will make this clearer. Imagine that we have the following (one of each): Granny Smith apple, Fuji apple, Honeycrisp apple, yellow bulldozer, yellow banana, red dodge ball, red inflated balloon, pink inflated balloon, green deflated balloon, red deflated balloon, orange jumpsuit, red dress, and yellow taxi. Assume all balloons are round, or would be round if inflated. Each of these things differs from all the others in at least some respects. But they also are all the same in some respects: for example, they are all made of atoms, they are all made of matter rather than antimatter, and they are all things which humans use in one way or another. But for the most part, it is the differences between these listed things which, as humans, we find ourselves focusing on. Now, without a

standard or goal against which to judge the differences between these listed objects, we are at a loss to determine the significance of any of these differences as they relate to ourselves – is color more important than edibility? How about whether or not the item can be brought to a formal dinner party? Which would keep us driest in the rain? Or warmest in the cold? How about which would provide us the most nourishment if eaten? Which would be best to bring inside a house during a birthday party? Which would most likely pop if we blew three full breaths of air into it? The possible standards and goals are effectively endless, and each one would group the items differently. It is up to us as observers and analyzers to decide which standards or goals are important. But the point is that until we choose a standard or goal, or a choice is made for us, the significance of each of the differences between the listed items as they relate to us as humans cannot be determined, and thus which differences are more significant and which are less as they relate to us cannot be established. In addition to this, though, there could also be, and in the case of the listed objects are, natural dividing lines between these objects *independent* of any standard or goal, and independent of any relation of the objects or the differences between these objects to us as humans, since a dress is clearly a different type of object than a taxi cab regardless of each object's use value to humans, and both a dress and a taxi cab are different types of object than a banana, etc. Furthermore, in the case of the listed objects we can say that the typical use value of these objects *coincides* with these natural dividing lines that we have identified as existing independently of any goal or standard and of any relation of these objects to humans or any use to which we may put them, and this coinciding is due mostly to the fact that the objects are man-made specifically for the typical use to which they are put.

Another point should be clarified. Thus far, we have spoken about *essential* and *superficial* differences as if all "essential" differences are of the same type. But it is more appropriate to distinguish two different types of "essential" difference. One such type is based on comparison against a particular standard or goal and does not have regard for the natural, or man-made, origin, purpose, or deeper inherent structure or behavior patterns of the items being compared, i.e., for any natural dividing lines between them, and this type of essential difference may be considered a *non-objective* essential difference. The other type is based on and tied in with the natural, or man-made, origin, purpose, or deeper inherent structure or behavior patterns of the items being compared, i.e., on the natural dividing lines between them, and thus may be considered an *objective* essential difference, or just an *essential difference* as described above. For example, using the listed objects in the previous paragraph consider that our goal is to help a young child

place at least some of the different objects into different categories based solely on their color. In this case, the bulldozer, banana, and taxi could be placed in one group, and would be treated as the *same type of object* because the *only* criterion we are concerned with is color; likewise, the red dodge ball, red inflated balloon, red deflated balloon, and red dress could be grouped together. This is an example of an essential difference between items which can be considered to be based solely on comparison against a standard or goal and which does not have any regard for the natural dividing lines between the objects being compared, and thus would be classified as a non-objective essential difference; but it is considered "essential" for *practical* purposes because we as humans have *decided* that it is important. On the other hand, consider how an adult would divide all these things based on the criterion of *use value*, i.e., the use or purpose to which a human would typically put each of these objects (though atypical usages would constitute "use value" as well, such usages are *atypical* and thus rare, and do not detract from the main point here). Given that the origin of each of these objects, including the apples, has direct relation to the use value of them, then a comparison of these objects on the basis of use value will group them along not only *different* lines than the grouping by color, but also along what can be considered to be more *natural* lines, i.e., lines which represent a certain inner core, a certain fundamental nature, pattern, or essence, which *defines* each of the objects in question, and which show a certain *fundamental* or *essential* distinction between object types. These latter differences would be examples of objective essential differences, or just *essential differences* without the qualifier. Additional discussion and clarification on this seeming anomaly can be found in Section 5 of this chapter.

Furthermore, as stated earlier, for objects we are comparing which actually do have fundamental or essential distinctions between them independent of a particular standard or goal, which distinctions define what we have termed *natural dividing lines* which show that the objects differ from each other in an objectively essential way, rather than a superficial or non-objectively essential way, the discovering of these natural dividing lines is the *most* important task if we have the goal of coming to an insightful understanding of the objects we are comparing. And this *must* be our goal if we are interested in the *effects of the use* of the objects being compared and the use of each object by humans leads to significantly different consequences than the uses of the other objects, so that we can determine which of the objects being compared, if any, are able to achieve the goal or goals we might try to achieve by their use; and, furthermore, if two or more or all of the objects are able to achieve said goal or goals, which of them, if any, achieves the goal or goals most efficiently, that is, with the least use of scarce re-

sources. Without a sound understanding of the fundamental differences, if any, between the objects being compared, it is difficult at best, and often impossible, to understand the effectiveness of the use of these objects to achieve our broader goals, at least when many of the important effects of their use are not immediately determinable – as is the case with the effects of capitalism, socialism, anarchism, and syndicalism on broader society.[7] In addition, without an understanding of the fundamental differences between the objects, *or ideas*, being compared, discussion, and thought in general, about which is best[8] for us as individuals, and for human society as a whole, can much more easily fall prey to misinformation and misunderstanding.

## §4 A Note on Use Value as the Criterion for Determining Natural Dividing Lines Between Socioeconomic Systems

In the previous section, we used the standard of *use value* to differentiate objects in a list from one another, and the differences between the different objects which were determined according to this standard also happened to be natural, i.e., fundamental, rather than superficial. However, the standard of *use value* is only one of many different potential standards against which things can be measured and compared, and it is not the only standard whose divisions between things line up with their divisions along *natural* boundaries. The reasons for choosing the standard of *use value* in the examples in the previous section are twofold: (1) It was easily suggested by the nature of and obvious differences between the things being compared, and (2) It is the same standard which must be used if we are to determine the essential differences between the different socioeconomic systems for the purpose of making a proper comparison of them with regard to their differing effects on human society, freedom, and happiness, which is the subject of this book. It is to these differences which we will turn in Section 6 of this chapter.

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7 This is not to say that once the essential differences between these systems are understood we will be able to predict all the effects that each of them will have on a given society. It is simply to say that, as with scientific investigation in general, once we clarify our understanding of the essential differences between these different types of socioeconomic system, we will be in a better position than we were before to ascertain the effects of each of these systems on broader society. In other words, the general statements made here about apples, dresses, taxis, socioeconomic systems, etc., are a simple restatement of the general scientific principle that the way we learn about the world is by understanding the patterns by which it operates and by which it is built, and we learn to distinguish different things from each other by learning that they operate or that they are built according to different sets of patterns.

8 Again, "best" here is from the point of view of the specific goal of achieving the greatest individual human happiness, fulfillment, contentment, completion, etc. "Best," without reference to a specific goal or standard, is meaningless.

## §5 General Principles of Categorization and Grouping

Recall from the earlier discussion the difference between production goods and consumption goods. Production goods are economic resources whose primary purpose is to be used in the production of either other production goods or consumption goods. Consumption goods, on the other hand, are economic resources whose primary purpose is direct consumption. Another name for production goods is "means of production," which when discussing the different socioeconomic systems can sometimes be a more appropriate phrase because it more readily denotes the *act* of producing, rather than the economic resources being *acted upon*, as "production goods" does. In the discussion of the various socioeconomic systems, what matters most is *how we choose to distribute the ownership of and subsequently use the economic resources in the processes of production* – ultimately for the production of consumption goods – and not so much the goods themselves, and so for this reason in the subsequent discussion I will frequently use the term "means of production" to indicate production goods.

In discussing the different socioeconomic systems, it is also important to recognize that the terms "difference" and "differences," i.e., singular and plural, are both correct. The singular form indicates that there is an overriding characteristic against which all systems can be judged in order to elucidate the essential pattern of each. The plural is correct in that when this primary distinction is considered in more detail, and when the social and economic implications of the practical implementation of each are traced, many further differences begin to show themselves, thereby giving us perspective on the essential difference.

The essential difference between capitalism, socialism, anarchism, and syndicalism is in the nature and distribution of the ownership of the means of production.[9] Again, this is not to say that there are no other differences between these systems. Rather, it is to say that distinguishing these socioeconomic systems on this basis allows us to see the natural dividing lines, which also correspond to the dividing lines when measured against the standard of *use value,* between the systems most clearly and completely, and thus gives us a better starting point in the effort to understand their differing effects on human society than if we were to distinguish them according to other criteria. The reason we care at all about the difference or differences between these different socioeconomic systems is that we have at least a vague understanding that each would have substantially

9 Another name for "means of production" (which, as stated above, is itself another name for "production goods") is *property*. So the "ownership of the means of production" can also be phrased "property ownership." For the purpose of understanding economic patterns and principles, that is for the purposes of *economic science*, all three terms can be used interchangeably.

different effects on society, though we may not understand in great detail of what those different effects consist, combined with the fact that we live in and are affected by society. Our lives, personal goals, personal economic resources – such as shelter, clothing, food, and money – our well-being, health, opportunities for fulfillment and happiness, sense of safety, belief that the economic resources which we have will be protected from theft or destruction by others, sense and level of satisfaction which we obtain from the labor we perform or might perform, and much else, are dependent on the socioeconomic structure in which we are embedded. All of these important things will be affected differently depending on whether we find ourselves in a capitalist, socialist, anarchist, or syndicalist society. Therefore, since the only standard which makes this discussion worthwhile for us as humans is that of the differing practical effects of these different socioeconomic systems on all these things which we as humans depend on for survival and fulfillment, that is, the standard of how useful each of these systems is, in comparison to the others, to us as individuals in achieving our own personal goals and finding our own personal happiness in the context of broader human society – that is, the standard of the *practical use value*, or just *use value*, of the different systems to us as individuals – it makes sense for us to look for any distinguishing characteristics which can help us elucidate most clearly the differences between the systems, such as they are, according to this standard.

Furthermore, we should ask ourselves if the distinguishing characteristics upon which we decide[10] are superficial or natural (i.e., fundamental, objectively essential, or essential – all equivalent terms). We gain much less by settling upon superficial distinctions than upon natural ones. In fact, unless we find a distinction which we can call natural, then we have not actually understood the different things which we are comparing. So the search then is not only for a distinction which separates the different systems based on the criterion of use value, but also for a distinction which elucidates the natural differences between the systems. It is important to call this divergence out for the sake of completeness of the analysis, even though we can say that distinctions between socioeconomic systems

10 The phrase "upon which we decide" oversimplifies the discovery process for the sake of brevity. But the reality is that, as with scientific investigation in general, the discovery process is much messier than this simple statement suggests, with multiple rounds of thought, experimentation, gathering of data, correcting of previous mistakes, filling in of gaps in our previous understanding, etc., often needing to be applied before a picture of the essential behaviors of the system or systems we are studying starts to emerge. It is these essential behaviors which we are looking for, and when we are investigating a system or systems through this process of trial, error, and improvement, and distinct and separate pictures start to emerge for different things in the system or systems being analyzed, then it makes sense to say that there are most likely *natural dividing lines* between these things, that these things are most likely fundamentally, rather than superficially, distinct, and that if we ignore these distinctions which are starting to emerge from our investigations, we hinder our own investigative efforts, because the purpose of investigation is to clarify understanding, but by ignoring these distinctions we halt progress toward clarification.

based on use value will always coincide with distinctions based on natural differences, since if one way of arranging socioeconomic affairs has a distinctly different use value for the humans who are a part of it than does another way of arranging socioeconomic affairs, such distinctly different use values can only have come about as a result of the two arrangements having natural or fundamental dividing lines between them.

Another way of looking at the difference between a natural distinction and a superficial one is the following. Consider the comparison made earlier where we determined that the grouping of the bulldozer, banana, and taxi into one group because they are yellow was based on *superficial* considerations. Note that this classification was made on the basis of only a single characteristic, viz., the color of the items in question. Then consider the comparison that we made which we classified as natural, i.e., fundamental, that is, the comparison of the different things in the list based on the natural dividing lines between them, which also coincided with differences between the objects according to the standard of use value. Consider that the latter conclusion could only have been drawn on the basis of a collection of many different factors, rather than just a single factor or small number of factors. Assuming that we start from a complete lack of, or only the barest, knowledge of the items being compared, only after numerous factors are considered does the picture start to emerge that some comparisons of the items show greater differences than other comparisons – the taxi, for example differs to a much greater degree from the red inflated balloon than the red inflated balloon does from the green deflated balloon. The Honeycrisp apple differs to a much greater degree from the red dress than it does from the Fuji apple. The orange jumpsuit differs to a much greater degree from the Fuji apple than it does from the red dress. And so after these and a few other comparisons, as a first approximation it would make sense to group the three types of apple and the banana into one category, the different balloons and the dodge ball into another category, the bulldozer and taxi into a third category, and the jumpsuit and dress into a fourth. Further division may be beneficial, say, in a second approximation, depending on the precise nature of our goal, but even just based on the first approximation it makes much more sense to say that this initial grouping into four categories is closer to being based on fundamental or natural differences than on superficial ones, and that the use value of each of the items in a group is likely to be much more similar to the use value of the other items in the same group than to that of the items in a different group. It also makes sense to say that in order to come to the conclusion that there are natural, rather than superficial, distinctions between the objects, multiple, interlocking factors would have to be considered: for example,

is the item edible or not? This consideration places the apples in one group and everything else in a second group. Then we might ask, is the item driveable or not? This would place the bulldozer and taxi into one group, and everything else into a second group, including the apples. But did this undo our previous discovery about which items are edible? No, because we still have that grouping too. It is in the process of asking many different questions like this that, *if the items being compared actually have natural differences between them*, a picture starts to emerge of what these natural differences look like. Another question which might be asked could be whether the items are naturally-created or man-made. This would once again place the apples in one group and all other items together in a second group, which would be the same as the grouping we settled on after asking the first question. Now we have a little clearer of an understanding of the first grouping which we made, and at this point we might tentatively say, pending answers to yet more questions about these items, that perhaps there is some sort of fundamental distinction between these two groups which is the reason why two independent questions brought about the same grouping. We will not take this analysis further here, but suffice it to say at this point that it is this exact process of asking questions and making groupings which allows us to elucidate the natural distinctions between capitalism, socialism, anarchism, and syndicalism, and, further, that this procedure of asking questions, gathering data, and drawing tentative conclusions is none other than the general process of scientific inquiry.

Finally, before moving on we should clarify the concepts and terms used in this section and in Section 3 and how they relate to each other in a more schematic sense, which should clear up any remaining confusion. We have defined "natural" differences between things as differences which are due to different sets of inherent structure and behavior patterns which make the different things being compared instantiations of different kinds or types or classes of object, i.e., which reflect the deeper systemic differences between these structures, and we have equated "natural" with the terms *fundamental*, *objectively essential*, and *essential* without any qualifier. We have defined "superficial" differences as simplistic surface-level differences between things which do not reflect natural divisions between things. We have defined *non-objectively essential* differences as differences which do not reflect the natural divisions between things, i.e., are superficial, but which we *treat* as essential differences for certain practical purposes – i.e., from the perspective of a certain standard or goal, as discussed in Section 3. Importantly, the *non-objectively essential* difference type straddles the boundary between natural and superficial differences, and the reason for the overlap in terminology at this straddling point is that there is no word (of which I am aware) that can be

used to describe this situation. What we have here is an inter-merging of two opposing[11] forces in the universe, one which shows itself as a separation of things along what we have termed *natural* boundaries, and one which shows itself as the inherent logical interconnectedness and interconsistency of everything, including of all things which differ from each other along natural boundaries. An example will help. In Section 3 we gave examples of both an objectively essential distinction and a non-objectively essential distinction. Here we will give another example of an objectively essential distinction, and thus a distinction which is based on natural boundaries, and we will use the distinction to illustrate the overlap, as well as the *arbitrariness* which is involved at a basic level throughout. Imagine that there are different types of human socioeconomic arrangement which differ from each other along *natural* boundaries – as is the case with capitalism, socialism, syndicalism, and anarchism, the differences between which will be discussed in detail in subsequent sections and chapters of this book – and that because we are human we are interested in which of these arrangements best suits our own purposes, and though each such arrangement may express itself in many different ways in different cultures, geographies, nations, and periods of history, the differences between these different instantiations are not *natural* differences when compared against the standard of socioeconomic arrangement, because all these instantiations are of a single type of socioeconomic arrangement – say, many different instantiations of the capitalist arrangement, or of the socialist arrangement. Because the different socioeconomic arrangements each operate and are structured according to essentially or fundamentally different sets of patterns, it is correct to say that these different arrangements are separated from each other along natural dividing lines. However, imagine that an intelligent extraterrestrial species, call them Species B, has stumbled upon Earth and the human species, and has also, say at some point in their past, stumbled upon another extraterrestrial social species, Species C, and yet another one, Species D – each, say, in a different part of our galaxy. Imagine that, just as with the human perceptive and behavioral idiosyncrasies which we collectively call *human nature*, there is a different set of perceptive and behavioral idiosyncrasies for Species C which we may call Species C nature, and the same for Species D nature, and these different sets of idiosyncrasies make for distinctly different types of social interaction among the members of a given species compared to the types of social interaction which occur among members of the other two species. Imagine that Species B is only interested in observing and cataloging the differences between the different species under observation, in terms of their patterns of social interaction – so that, for ex-

11 Though, again, not “opposing” in a logically contradictory way.

ample, a change in human socioeconomic arrangement, *regardless of the nature or extent of the change*, is still considered simply a different kind of *human* socioeconomic pattern, and so from the perspective of the goal of Species B the different arrangement is not *fundamentally* different from any and all other human socioeconomic patterns. The same is true for Species C and Species D. Furthermore, if Species B observed a pattern of social interaction in a more abstract form and did not know immediately which species it was observing, it would only care whether the pattern of social interaction was that of humans, Species C, or Species D, and once it had identified which of these it was, it would have achieved its goal and would move on to other investigative work. Does this mean that the differences between the different socioeconomic arrangements of capitalism, socialism, syndicalism, and anarchism are no longer natural or fundamental differences? No. The differences between these systems are still natural – i.e., these differences still represent fundamentally different types of socioeconomic arrangement in human society. It is just that from the perspective of Species B, from the perspective of their goals and their standards, these natural differences are irrelevant. It is like the comparison between the three different types of apple earlier – from the perspective of many apple consumers, though the tastes will differ somewhat between the different types, for the most part an apple is an apple. But from the perspective of some consumers, it matters much more, and it certainly matters much more from the perspective of apple farmers. In the latter two cases, the differences between the three types of apple can be considered much more natural or fundamental than superficial, while from the perspective of many or most consumers the same differences can with more justification be considered superficial.

The boundaries between things in the world are *real* boundaries, but they are also not inviolable or unbreachable boundaries. Furthermore, the world has many levels of hierarchy, because (1) the world arranges itself according to the principle of *rationality*, that is, logical interconsistency, (2) rationality is just another word for *pattern* or *pattern-based*, and (3) at a basic level of the universe hierarchy is a natural consequence of the existence of patterns, which natural consequence expresses itself concretely in many different ways. In addition to this, different levels of a given hierarchy can be important or significant to different intelligent observers, i.e., observers who have the general ability to *detect patterns*, and thus to think *rationally*, either as individuals or as groups or species. The result is that from the general perspective of the world, that is, the objective perspective, there are nothing but *natural* boundaries which are logically interconsistent with each other. But when an intelligent observer starts categorizing or grouping

things based on the observer's own interests, standards, desires, and goals, such categories may or may not respect these natural boundaries. We may call such boundaries or divisions *superficial* when they do not align with any natural boundaries; we may call such boundaries or divisions *non-objectively essential* when the boundaries are superficial but we as observers have a significant practical interest in identifying the boundaries; and we may call such boundaries or divisions *objectively essential*, i.e., *natural*, *fundamental*, or *essential* without any qualifier, when the boundaries are based on natural dividing lines. Furthermore, because no level of hierarchy, and no part of the full objective truth about the world, is any more inherently correct or truthful or objectively superior when compared to any other, then from the point of view of the world itself any part of the objective or natural world on which we choose to focus at any given time is a part which has been *arbitrarily* chosen as a focal point. Also, a distinction which lies along *superficial* boundaries has, again from the point of view of the world, and not from the point of view of the intelligent observer making the distinction, been *arbitrarily* chosen as a focal point, in addition to not lying along natural boundaries. This reasoning then provides justification for using the term *arbitrary* to describe these groupings as well. This analysis indirectly highlights the deep inner connectedness between conscious attention and perception[12] on the one hand and the arrangement and organization of the universe on the other, and is an illustration, albeit a limited one, of the fact that neither can be fully explained without reference to the other. Perception of an essential distinction between things, i.e., a distinction which lies along natural boundaries, is really just a *partial recognition of the full objective truth of the universe*.

## §6 Basics of the Primary Distinction

The primary distinction between capitalism, socialism, anarchism, and syndicalism is in how each implements property ownership, that is, the ownership of the means of production.[13] A brief discussion of each system's method fol-

12 The inner nature of consciousness will be discussed in greater detail in a future writing.

13 One could make a finer distinction between the ownership of property and the ownership of the means of production in that "property" could be made strictly to mean land or the dwelling or buildings on it, while "means of production" could be seen as a somewhat broader term meaning any economic resource used in the process of production, including, for example, labor, which, in a non-slave-owning society would not be considered "property" according to our present understanding of the term. One could also consider "property," at least of some kinds, as consumption goods rather than production goods – so, for example, a single-family home might be considered a consumption good because it is used for the purpose of direct consumption by the family inhabiting it, while a manufacturing building might be considered a production good because its primary purpose is to house manufacturing machinery to produce other production goods or consumption goods. The reality is that a particular good does not always exclusively fit into one category or another, as even the example of the chocolate bar earlier showed. Nonetheless, even though the dividing

lows. Also, later there will be an explanation of why we are not including consumption goods as part of this distinction. In later chapters, there will be a more detailed analysis of each system in light of this primary difference, and more detailed discussion of what this difference implies for broader society and human happiness.

### *§6.1 Capitalism*

In capitalism, the *ownership* of the means of production, that is, property ownership, is distributed across many private owners. Each person in society has the opportunity to own property, and if this property is acquired by means which do not arbitrarily infringe on the person or property of those from whom it is acquired, then this property is considered to be the acquirer's property alone to do with as he or she wishes. The government cannot arbitrarily confiscate the property, and it is part of the government's duty to protect this property from being arbitrarily confiscated, stolen, or destroyed by others, and to punish those who do so or attempt to do so. This system of property ownership distribution is also known as the system of *private property*, or the system of *private ownership in the means of production*.

Note that there is an important distinction between property *ownership* distribution and *property* distribution. Ownership is the power of disposal. When someone owns a manufacturing plant, he has the right to use it as he wishes, and so long as he does not arbitrarily infringe on the person or property of others in the use of it, he is to be left alone to do with it what he will. But the concept of *property distribution* has a specific history and a specific meaning attached to it, viz., that of a single public official or government agency having first right of disposal of the property (i.e., having *ownership* of the property), and *choosing* who to give how much of the property to among the populace, such as in a distribution of plots of land for farming. This is an essential difference between capitalism and socialism, and the source and implications of this difference will become clearer over the course of this book.

In capitalism, the acquisition of ownership of property (which we can shorten to "the acquisition of property") is by means of the *private market*, which

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line is not always sharp or clear with respect to a particular good, the distinction between consumption and production goods is still clear enough to be used fruitfully in practical discussion, and for the purpose of clarifying our ideas. Also, typically it is useful, or at least the path of least resistance, to use certain terms or phrases in their customary or traditional meaning, such as the term "property ownership" in economic discussions. Such use can reduce confusion, which would more readily arise with non-traditional uses of the terms or phrases, and so it is usually beneficial to do this.

is just a term that means that trade of one thing for another between two people or groups of people is always *voluntary* for both parties; he who sells can choose whether or not to sell and to whom, and he who buys can choose whether or not to buy and from whom. No one on either side of any transaction is forced to trade at a lower or higher price than he is willing, or to even trade at all, and the only things which cause prices to change are changes in the structure of supply and demand on the market and changes brought about by uncontrollable factors in the broader world around us. Changes to prices which are made by government decree, such as the fixing of prices at a lower level than the market itself would have determined are not a part of capitalism. The same is the case for wages for labor, both skilled and unskilled – the laborer trades his labor for remuneration from his employer at a rate which both the laborer and employer agree on voluntarily. The rate may not be as satisfactory to the laborer, or to the employer, as might be desired, just as with prices of material goods for sale on the market, but the key point is that the transaction is *voluntary* on both sides. Any deviation from this practice, such as if the employer were forced or coerced by government decree to raise wages to a higher rate than would have been determined on the market alone, is a violation of the employer's property ownership, specifically, the money in the bank account which he would use to pay the employee, and thus is not to be considered part of capitalism as such, which has been defined as a system where each individual or group of individuals (e.g., a company) has *sole* right to use their means of production as they wish, and *no one*, government or otherwise, is to be allowed to infringe on this right, so long as the individual or group of individuals does not break existing law or arbitrarily infringe on others in the use of the property.

The capitalist method of arranging property ownership in a society will be discussed at greater length in Chapter 2.

### *§6.2 Socialism*

Under socialism, the ownership of the means of production is *centralized*, so that a single controlling entity, such as a single individual or a small group of coordinating individuals, owns, and thus controls, all the means of production across all industries. In other words, the controlling entity has full power of disposal of all means of production and can thus dispose of them solely according to its own wishes, even if those means of production happen to be in the hands of others at any given time. For example, a citizen in such a nation may have immediate power of disposal of a clothing-manufacturing plant at a particular

time, but should the controlling entity choose, at any time the controlling entity can seize the property and take over operations itself, or turn it to a different use, or give it to a different citizen or group of citizens, or destroy it, and the citizen from whom the plant (and the land beneath it) was taken has no right or option of recourse. From the socialist perspective, the *controlling entity's* values and decisions about how to use any means of production anywhere within its geopolitical domain are final, regardless of who else at any given time may hold property which the controlling entity desires to possess, or how such individuals who hold the property may have acquired it. The controlling entity, in other words, has the *sole* ultimate right of disposal of all economic resources within its geopolitical domain. It is believed by the defenders of socialism – at least by those defenders who *know* that such centralization is the essential nature of socialism; it is true that there are many defenders of socialism who do not understand this – that this centralized arrangement of economic ownership provides a more efficient management system for economic, or *capital*, resources than the capitalist method of arranging ownership, because all economic resources are under the guidance of a single, unitary authority rather than spread among many different, often competing, entities. The socialist arrangement is also believed to be more *just,*[14] that is, more *morally acceptable*, than capitalism, because it is believed to be more equitable.

One important thing to note here is that since control of all means of production in all industries is to be given to a single individual or small group of coordinating individuals, this gives the individual or the small group enormous power over their fellow citizens. Consider the case of the individual. If a single person has sole ultimate power of disposal of all factories, all land, all crops, all shipping lanes, all oil, all office buildings, all clothing manufacturing facilities, all mining equipment, all pharmaceutical production and distribution facilities, all hospitals, all materials used to build and maintain family and individual housing as well as corporate offices and all other types of buildings, all military equipment production facilities, all universities and their funding, all computer production facilities, all food processing plants, all supermarkets, etc., then this person has control over all the resources which his fellow citizens need in order simply to ensure their own survival, much less to obtain anything beyond basic survival which would serve to provide higher or more refined enjoyment once basic survival has

14 Note that the question of what is "just" and what is not, what is "morally acceptable" and what is not, is meaningless, and thus cannot be answered, without reference to a standard of judgment. The standard of judgment used in this book is that of the arbitrary infringement of one person on the person or property of others; if there is such arbitrary infringement in a particular action of a particular person, the action is to be defined as *immoral*, and if there is not, the action is defined as *moral*, that is, *not immoral*.

been assured. It does not matter who may have *immediate* power of disposal of any of these resources at any given time. The point is that under socialism the individual who is the ultimate owner of all these resources can confiscate, redistribute, or destroy any of these resources at any time, and his fellow citizens have neither the legal right nor the material resources to resist – again, because, as he who has ultimate right of disposal of all economic resources, i.e., as he who *owns* all the resources, the controlling individual has the power to prevent his fellow citizens from acquiring enough resources to challenge him.

If the controlling person does not have the power to enforce his wish to confiscate property from his fellow citizens, by, e.g., having an army or a police force at his disposal to ensure his wish is carried out, then by economic standards *he does not own these resources*, because he does not have ultimate power of disposal of them. The extent, then, to which this is the case is the extent to which the socioeconomic system in question is *not* socialist, but instead starts to bleed into some other form of property ownership.

These ideas will be discussed in greater detail in Chapter 3.

### *§6.3 Syndicalism*

In syndicalism, ownership of the means of production is *divided among the workers* in each industrial concern. In other words, each worker in textiles will have a share of ownership of the economic resources used in the production of textiles, each worker in the microprocessor industry will have a share of ownership of the economic resources used in the production of microprocessors, and the same would be the case for the industries of managed IT services, car manufacturing, pharmaceuticals, banking, taxi driving, coffee production, the shipping trade, and every other industry. Proposals for precisely how such ownership should be divided among the workers of any given concern vary, with different defenders of the syndicalist system proposing different ways of distributing ownership. For example, distribution of ownership could be by equal shares as expressed by voting rights, with each person having exactly one vote; or it could be by number of years worked in the industry, where every 5 years of continued work earns the worker an additional voting right, and therefore more influence in how the industry's resources are used; or it could be by age of the worker, or by the particular type of work which the worker performs, with skilled labor perhaps counting for more votes than unskilled labor. Many other methods could be suggested. The point is that ownership, that is, *the sole power to dispose*, of the means of production in each productive concern is to be, somehow, distributed

among the workers of the concern themselves. This is sometime called *economic democracy*, though, as will be made plain later, this is a misleading way to describe syndicalism.

It is believed by proponents of the system that syndicalism is more equitable and just than other methods of distributing property ownership because the workers are given decision-making power, albeit diluted and indirect, over the direction of their industry, and also because, being owners of the means of production of their industry, each worker is entitled to a share of the profits produced by his industrial concern, proportional to his share in the concern. It is believed by defenders that by having these things the workers will be incentivized to greater productive energy and efficiency, because they stand to personally gain or lose on this basis. These and other implications of the syndicalist method of arranging property ownership will be discussed at greater length in Chapter 4.

### *§6.4 Anarchism*

In anarchism, there is no formally recognized or legally protected system of property ownership. The main idea behind the system of anarchism is that formal government itself is inherently damaging to society, and so society is better off with no formally recognized system of law, no law enforcers, no formally recognized judiciary, no executive, etc. Proponents believe that under such a system, i.e., one without the supposedly repressive effects of government, humans will spontaneously organize themselves into mutually-beneficial arrangements, and that this is the way by which we create a happy and free society. Under this system, each person can claim, and thus *own*, as much property as he himself is able to defend from theft or destruction by others. But notice that since there is no formal government, and no formal system of law enforcement, there is no recognized, agreed-upon system in place to prevent one person or group from stealing or destroying the property of another, or from harming the person of another. There is also no widely-recognized, agreed-upon system in place to punish such offenders. If the person infringed upon wishes to see the infringer punished, he has to find a way to do it himself. Also, if he does find a way to punish the infringer, there is no formally-recognized system in place to protect him from reprisal on the part of the infringer.

The system of property ownership under anarchism, therefore, is a system in which one's ownership, that is, one's ultimate power of disposal, of one's property is entirely dependent upon *one's own ability to find or maintain ways to defend one's continued possession of it*. Ownership changes hands when this prop-

erty is either given up voluntarily, voluntarily traded for something else, or forcibly taken by someone stronger. Since there is no system of formal government or law, then it makes no sense in such a system to say that he who steals property from another does not legally own this property, since this assessment of legality depends on the existence of a system of law by which to judge whether or not the thief's actions are legal in the first place. Such a system is sometimes called *the law of the stronger*, which is to say, the negation of law. Though ownership is distributed, as in capitalism, unlike capitalism in anarchism the *continued* ownership of any property must be defended by the owner's own wits and resolve, whereas in capitalism there is a socially-recognized, agreed-upon system of law to ensure the protection of legally- and morally-acquired[15] property.[16] The details of the form which this system of law takes in any given society vary, as is the case with, e.g., the details of the form of government under socialism or the details of the form of distribution of ownership among workers in syndicalism. But the point is that in anarchism there is no system of law, in any capacity, which is formally defined and broadly recognized and accepted by society as a whole, and this has implications for the nature and distribution of property ownership under anarchism.

Anarchism will be discussed in greater detail in Chapter 5.

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15 Again, "morally" as measured by whether or not the actions which were taken to acquire the property involved arbitrary infringement on the person or property of others. In a mature capitalist system, that is, a system which, as will be discussed at greater length in later chapters, is *mature in freedom*, the cultural values, and their reflection in the legal system, will mirror this definition of morality. Also, for the sake of completeness, we should mention the concept of *forgiveness* here as well: forgiveness can be defined as the releasing of someone, *in the mind of the forgiver*, of their moral culpability for an action of arbitrary infringement which they took against the forgiver or his or her property. Forgiveness does not make the immoral action moral in an objective sense, because the action was still an *arbitrary* infringement. It also does not necessarily release the infringer from punishment. But it can help maintain and strengthen social bonds of cooperation and trust, because the forgiver releases certain negative emotions in the act of forgiving, which makes it easier thereafter for the forgiver to continue to have healthy relationships with others. This is not to say that we *should* always forgive arbitrary infringement, or even that we should in any given case. Rather, it is to say that if in a given case the person infringed upon can find a way to forgive the infringer, this is typically of benefit to societal freedom.

16 Note that here I am making a connection between what are traditionally thought of as separate and distinct realms, viz., those of *economic activity* and *political or governmental activity*. However, an important point to keep in mind is that the particular arrangement of property ownership in a society, and the particular form of economic activity which emerges from a given arrangement, has significant implications for the form of government which can be made workable in the society in question. Certain ways of arranging government are naturally compatible with capitalism and others are not, and the same is true for socialism, where *naturally compatible* can be defined as *spontaneously reinforcing and stabilizing the continued existence* of a particular form of property ownership in a society. More will be said about this connection between the form of property ownership and the form of government later in this book.

### *§6.5 Additional Note on the Choice of Property Ownership as the Distinguishing Characteristic Between the Systems*

A human society is nothing but a *collection of interacting humans*. Each human acts, to a greater or lesser degree, independently of other humans, but at the same time *in the context of* other humans, and in doing so his or her actions have repercussive effects on other humans, who then act partly independently themselves and partly based on these repercussive effects. In other words, a human society is a set of *loosely-coupled* humans, and society perpetuates itself because there is greater benefit for each of us as individuals in the context of society than if we were to isolate ourselves in the wilderness. A self-perpetuating system like this, which is made up of many independently-acting but still, in many ways, interdependent, entities can be termed a *complex system*, and exhibits what can be called *complexity*.

A complex system, such as a human society, can be investigated from many different angles. However, some angles, or *entry points*, can be more fruitful than others when it comes to understanding the essential patterns by which a particular complex system operates. If, for example, we compare two different human societies by the way each produces cheese, it is possible that this will be a useful entry point into these societies to understand their essential differences, but there is no guarantee that it will be. For example, while the two societies could differ in many ways, both of them may use the same cheese manufacturer and distribution process, with the cheese manufacturer being based in a third society (or, we could say, *country*) separate from the two being compared, and so a comparison of these two societies on the basis of their cheese manufacturing process may bear little fruit.

But if we were to compare two different societies on the basis of their arrangement of property ownership, we suddenly have a much broader window through which to see the inner workings of the two societies. If property ownership is arranged capitalistically, then we can deduce that for a person to acquire property he must compete with others in an open market based on that which he can offer others in exchange; that others can voluntarily accept his services or not, depending on what he has to offer; that though government and law exist, the government cannot arbitrarily seize his property but instead must offer something in return if it wishes to acquire his property, and he has the right to refuse any such offer; that imposition of the political leaders or police officers on the person or property of private citizens must result from nothing other than a prior or immanent violation of established law on the part of the citizen; that, so long as a pri-

vate citizen (or government official) acts in a legal and moral way, he can acquire as much wealth as he is able to acquire on the open, competitive market, and the wealth which he has thus acquired is fully protected by the legal system from theft, confiscation, or destruction by either other private citizens *or by the government and law enforcers themselves*; that, because different people have different levels of natural ability in many areas, and different natural temperaments, levels of skill, life histories, and levels of self-motivation and drive, and because there is nothing, save the universal need to survive, which forces anyone to do other than he wishes with his own property, person, and labor, except in the case of his violation of established law, then over time there will emerge differences, sometimes substantial, in the amount of acquired wealth on the part of different individuals; that because private citizens have the protected right to acquire wealth and influence for themselves, any system of government which is to sustain itself in the context of such a society must reckon with the private citizens it governs as *equals* and as *humans deserving of their individual freedom and property*, not as subordinates, slaves, serfs, or workhorses – if the citizens are treated in the latter way, the citizens in such a society will use the influence and economic resources they have to remove such unsuitable political leaders from office; that, since in general it takes a long time to acquire wealth in the open, competitive market, for any private citizen to do so (not counting the extremely rare instances where an individual luckily acquires a large amount of wealth in a short time and with minimal effort due to circumstances he could neither have brought about himself nor prevented) a system of government needs to be continually in place during this time which ensures the continued safety and protection of the citizen's wealth while he grows it; and that religious expression would be diverse, done or structured according to what each individual or group decides is best, and, so long as such expression does not arbitrarily infringe on the person or property of others, it is the government's duty to protect such expression from harm and allow for its continuance. Other implications could be listed.

On the other hand, if property ownership is arranged socialistically, we can expect a vastly different outcome. If all the means of production are owned by a single person (or small group of coordinating individuals), then, for example, any time this person becomes angry at one of his fellow citizens, he can confiscate or destroy the citizen's dwelling, destroy or prevent access to his normal sources of food and water, and leave him destitute on the street or in the wilderness – there would be no system of government governing the owner of all the resources, because no one would be able to acquire enough resources to challenge him, much less to govern him or punish him for harming someone else, since he himself

would have the necessary resources to prevent anyone from succeeding in doing so. If the owner of all the means of production believed that it was necessary to invade another country which is not presenting any military threat simply because of the owner's strong personal beliefs about the way in which they slope the roofs on their buildings, and he feels that people in this other country should be forced to tear down all such buildings and build new ones according to the "correct" method of sloping roofs, then he has the necessary resources to call up a draft, to redirect economic resources from their current lines of production to the production of war materiel, or to withhold food or medicine or police protection from, or arrest, imprison, torture, or execute any citizen who refuses to comply with the draft, or to work in the new lines of production. Citizens under such a system could never acquire nontrivial amounts of personal wealth or political or social influence (aside from the small number of citizens who acquire these things specifically because their efforts non-trivially help the leader or leaders stay in power, and thus who themselves become part of the system of oppression), because the established authority would not allow them to, as a precautionary measure in order to preserve itself and its own dominance. There could be no separate religious authority or source of religious expression in the entire geopolitical domain, because this would comprise an independent source of power, which could not be allowed. Other implications could be listed.

It is in the nature of self-sustaining complex systems that they operate according to *patterns*. In fact, it is the core patterns by which a complex system operates that comprise *the* main distinguishing characteristic between it and complex systems which operate according to different core patterns. It is, in other words, the core patterns themselves which *define* each type of complex system. Or, to use terminology from a bit earlier, it is the differences in core patterns between different complex systems which define the *natural dividing lines* between these systems – which, in other words, show how they are *essentially* or *fundamentally* different or distinct from each other. In the grand debates between defenders of the different socioeconomic systems, we are constantly being told that these systems are fundamentally different from each other, that while the one will save society, the others will destroy it. Upon deeper analysis of each system, based on the claims and arguments of both proponents and opponents as well as on our analyses of the actual implementations the systems in real human societies, we begin to discover that, yes, the claim that there are natural or essential differences between these different systems appears to be true. As we continue to compare these systems along more and more different lines and by more and more different criteria, some of the differences which we once thought were significant

may fade into insignificance, but others will begin to become more stark. After enough analysis and comparison of the different systems, always with an eye to being *objective*, i.e., *rational*, in our analysis so we can see things as clearly as possible, we come to a more mature understanding of *why* the different systems are, in fact, different, by coming to a more mature understanding of the *essential patterns* by which each system operates, and the differences between the different sets of patterns. Furthermore, the *entry points* into each of these systems of patterns, that is, the points from which we would start an explanation of each system of patterns if we were asked to explain it to someone, can be numerous, and, since they would be entry points into the *essential patterns* of the system, any one of them would likely have nontrivial merit. When this kind of analysis is done for the different socioeconomic systems, the useful entry point of how each society arranges property ownership is discerned, and so this is the entry point which has been chosen here.

### *§6.6 Summary of the Primary Distinction*[17]

We can summarize the preceding discussion as follows:

• Capitalism arranges property ownership (i.e., ownership of the means of production) so that it is diffused throughout society (though not to everyone equally) and is in private hands, and such ownership is protected by a system of law and law enforcement from arbitrary infringement by both other private citizens and the government and law enforcement themselves.

• Socialism arranges property ownership so that all means of production are owned by a single individual or small group of coordinating individuals. This is also known as the *centralization of the means of production*, or the *centralized ownership of the means of production*. Because ownership is centralized, the

17 There are two systems which I have purposely left out of the main discussion, the systems of *interventionism* and *libertarianism*. The system of interventionism is not really an independent system of property ownership which has a distinct pattern of behavior in human society that separates it *uniquely* from all the others; it does have a distinct pattern, but this pattern is one whereby a capitalist arrangement of property ownership is arbitrarily infringed upon and altered from its natural course by governmental intervention and control of economic processes, which results in a system that can be considered partly capitalist and partly socialist, and is sometimes called a *hampered economy* (which, admittedly, is a term that would be more readily used by defenders of capitalism than by defenders of socialism). It is also often called a *mixed economy*. And then there is the system of *libertarianism*, which, as most clearly and thoroughly explicated by the economist Murray Rothbard, is a system that, in essence, *is* capitalism, but there are subtle distinctions between libertarianism and what has often been called *capitalism* in the literature and in intellectual discussions which should be made clear. I will discuss both interventionism, including its two types, and libertarianism, in the appendices.

owner or owners have substantial power over their fellow citizens, and their fellow citizens have little to no actual power over their own lives and property.

• Syndicalism is a system which distributes the ownership of the means of production in each industrial or productive concern among the workers in that concern by means of voting rights and profit-sharing.

• Anarchism is a system which has no formally-recognized method of distributing property ownership. It is, rather, a system in which each person can acquire as much property as he is able to acquire, whether by moral means such as voluntary trade, or by immoral means such as theft, and he is able to keep it and make use of it according to his will (that is, he *owns* it) only so long as he does not voluntarily give or trade it away, or, by his own wits and resolve, he can defend it from being forcibly taken or destroyed by another. No system of government exists to define what is to be considered *legal* ownership of property and what is not, or to defend against and punish for an illegal acquisition of property. Under anarchism, people themselves can be treated according to the same criteria as other types of property, and there is no system of protection against this in the society: if a person can force others to submit to his will and be slaves, then such people *will* be his slaves, i.e., he will *own* them as property, so long as they are not able to find a way to free themselves, or others do not steal the slaves from him, or free them, or the slaves do not die.

# PART II: DETAILED DISCUSSION OF THE SYSTEMS

# Chapter 2

# CAPITALISM: A DETAILED DISCUSSION

## §1 Ownership and Competitive Struggle

The purpose of the remainder of this book is to provide greater clarity on the ideas summarized in Chapter 1 by discussing them at greater length and in the context of some concrete examples of how the various forms of property ownership would play out and have played out in real human societies. Note that even though these next few discussions will be more detailed than the summarizations of the core ideas in the preceding chapter, there is still a great amount of detail beyond this which can be written about these systems. It is not the purpose of this book to provide an exhaustive analysis of all possible facets of these systems, but rather to provide clarity about the key differences between the systems, and the implications of these differences for human society.

In capitalism, ownership of the means of production is spread out among members of society, and there is no single person or entity who owns them all. Furthermore, there is no single person, entity, agency, or organization of any kind which initially owns all economic resources and subsequently distributes the economic resources to others, who thereupon became owners; rather, ownership of the means of production is based upon acquiring such ownership in the *open market*, which is just another way of saying that it was acquired from someone else who gave it voluntarily in exchange for something the buyer also gave up volun-

tarily, such as the exchange of a certain amount of money for a bulk load of raw minerals sold by a mining company, or the exchange of a certain number of drums of oil for a certain number of metric tons of steel, or the exchange of a certain amount of stock in one company for a certain amount of stock in another company. The important point here is that each party to the transaction engages in the transaction *voluntarily*, and leaves it voluntarily; no one forces either party to engage in trade, or to engage in it only at a specific price.

A question arises then as to where the first owner acquired the goods he sells to the second owner in a transaction. In the system of capitalism, the first owner either bought them himself from yet another person or entity, created them himself from other productive materials he had on hand, or found them *without an owner* and decided to take possession of these *ownerless things*.[18] Under no circumstance does he forcibly take the goods from another, or somebody forcibly take them from another and then give them to him. Furthermore, if he decides to hire workers to help him use or transform the productive resource he owns in order to create a product which is salable on the open market, the workers themselves *do not own any part* of the productive resources, and so are not entitled to a share in the profits of the undertaking; this is because, as with everything on the open market, in the case of the worker, labor is sold to an employer for an agreed-upon wage, and this is the full transaction – before the worker begins work for his new employer, he and his potential employer agree on a compensation package, which we can call a wage, as the *sole* remuneration for the labor provided. Further, in order to pay this remuneration, the employer has to dip into his own resources, that is, he must *transfer ownership* of some of his resources to the worker. Once the transaction is complete on both sides – i.e., both the labor and the remuneration have been fully exchanged – this completes the transaction, and the worker and employer are no longer entitled to receive anything more from each other, unless another, subsequent voluntary arrangement is made. To say that the employee is *entitled* to a share of the profits of the company *regardless of the previously agreed-upon compensation package*, simply because he is a part of

18 *Ownerless* could mean having had an owner previously but now abandoned, such as something thrown in the trash. But it could also mean *having never had an owner*, such as an island not known to modern geographers and cartographers, which has never before been inhabited, and which is not claimed by any existing nation or people as part of its territory. Note, also, that the question of whether it is "right" or "moral" to own another living thing, such as a cow, a cat, or a pig, or to own another human, is not part of this discussion. This discussion is in regard to ownership defined as *the ability to dispose of or use a resource as one wishes*. If one has the ability to dispose of or use the body and labor of another arbitrarily, then one *owns* this person. If one has the ability to dispose of or use the labor and body of an animal such as a cow arbitrarily, then one *owns* this animal. This is not to say that he therefore has the "right" to own the animal or the person, or that his ownership of the animal or person is moral or just, or not, as the case may be. This discussion is simply a statement of and an analysis of the *practical effects* of the ability one may have at any given time to dispose of and use productive resources, and this ability we have called *ownership*.

the company, is to arbitrarily infringe upon the property of the employer by forcing him to pay more than was *voluntarily agreed upon* previously by both the employer and the worker.[19]

Under capitalism, a company can be built which sells any product or service, so long as the company can find a market for the product or service. Given that human tastes, interests, desires, and needs are diverse and numerous, under capitalism the means of production will be put to many different uses in order to satisfy them. Because consumer demand and changes in consumer demand are the primary, overriding factors in a company's key decisions about how to use the means of production at its disposal – which of the resources to use, in what ways, how much, and at what time or times – then, so that it may survive, the company will reflect this demand in its choices, and, further, so long as it does not arbitrarily infringe upon the person or property of another – either another company, whether competing or not, or a consumer – then it will be *allowed to use its capital resources in the ways it chooses to*, because it is making choices about what to do with the means of production it *owns*, i.e., means of production which the company has the *sole right* to dispose of and use. Others may suggest different ways of disposing of and using the productive resources that a company owns, and the company may end up taking some of these suggestions and implementing them, altering one or more of its productive processes as a result; but the point is that no one can *force* the company to use its resources in a way which it chooses not to.

Given that there are many different kinds of human desire, need, taste, and interest, and given that, under capitalism, a company cannot force a consumer to purchase its product, then in order to sell its product a company must woo the consumer. If the market for a particular product or service is not trivial, then

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19 Note that the employer can choose to include profit-sharing in the compensation package, either at the initial signing or anytime subsequently. Capitalism does not preclude this. The important point is that if he does so, he does so *voluntarily*, and because he feels that doing so will help him attract and retain a better quality of labor. Under no circumstance, in capitalism, should an employer be *forced* to provide a share of the profits of a productive undertaking to the workers in the undertaking, simply because they are his employees, since this arbitrarily infringes on the property ownership rights of the employer. After all, the employer, who is the owner of the means of production in question which are being consumed in the process of production is taking a much greater risk than the worker, who is only giving his labor, for which he is being compensated according to a remuneration plan to which he himself voluntarily agreed. The worker is not giving up any of his economic resources to the productive undertaking except his labor, which, as we said, has already been fully accounted for in the employment agreement. The employer, on the other hand, is taking a risk in investing his economic resources (means of production) in a venture that, due to an always-uncertain future, may fail, and if it fails, the employer alone will suffer the loss, because the worker will have already been paid for his labor. Since it is the employer alone who is taking the risk of loss of some or all of his productive resources, it is the employer *alone* who is *entitled* to any profits which the undertaking happens to make if it succeeds. This is the only fair way to do it. Again, if he decides to share the profits with one or more of his workers, this is his choice. But, again, in such a system, the worker is not *entitled* to any of the profits by default.

chances are high that it will attract multiple, independent companies which all want to sell to that market. Since, under capitalism, each company cannot infringe upon the property rights of the other companies by such means as sabotage or destruction of productive resources like factories or storage facilities, the threatening of employees with bodily harm if they do not meet certain demands which weaken the company for which they work, etc., then the only option left to these companies to grow and sustain themselves is to compete in the open market by wooing consumers. And, as with individuals, companies, which, after all, are nothing but collections of coordinating individuals and their associated productive resources, will exhibit varying levels of quality in the work which they do and in the products and services which they produce. On an open market, that is, under *capitalism*, the company or companies which, at a given level of efficiency, produce at a higher level of quality *as judged by the consumers who compare the competing products from the competing companies* will be the company or companies which, over time, acquire larger portions of market share, that is, larger portions of consumers who voluntarily choose to continue purchasing their products instead of those of their competitors. Another way of saying this is that the company or companies *most specialized* in producing products or services which tailor to the needs of their market will be the ones who wind up with the most market share. Greater market share translates into greater job security for workers, as well as more opportunities for workers to receive increases in their compensation packages – after all, as workers gain greater experience in their company's specialty, competing companies who are not doing as well in the market will begin to see the value of wooing away qualified and skilled workers from the better companies, and so for the better companies to keep their employees, they must use some of the profits which they have earned to give the employees raises or some kind of other additional compensation. This illustrates the general principal that *competitive struggle* in the open market between companies is not limited to the consumption or production goods which they produce for sale, but also has an equally strong influence on the ability of a company to attract and retain qualified labor. Under capitalism, there are potentially many employers in any given market competing for qualified labor, and, at least when this labor is in relatively short supply when compared to the demand for it, *wages are pushed up* for this type of labor *spontaneously* – and without any urging by union or government decree.

## §2 Specialization and Productive Efficiency

At this point, the concept of *specialization* should be expanded upon. It is important to realize that specialization comes in two varieties: physical and mental. Most of us are readily familiar with the concept of physical specialization – a worker performs a particular task on an assembly line, while a different worker performs a different task in a different part of the same assembly line, for example. As another example, a worker in one industry may operate a forklift, while a worker in a different industry may assemble auto parts into an engine. In all such cases, it is clear that the more that a worker does a particular task, the more efficient he or she will become at doing it. After enough time and experience, each type of worker, some to a greater, some to a lesser, degree, will find ways of performing their task which are more efficient than the way in which they originally performed it – the forklift operator, for example, may find at one point that a particular sequence and timing of pressing the accelerator pedal combined with a particular type of turning of the driving wheel allows him to get around corners both more stably and more quickly then has been the case up to that point, and thereafter he is able to complete his tasks a little faster, and with minimal to no additional effort, and perhaps less effort, than he was able to before. Or the assembler of auto engines may find that putting two smaller pieces together before inserting them into a larger piece cuts down a little on the amount of time it takes to assemble the engine, compared to putting one small piece in the larger piece first, and then inserting the second small piece in afterward, and this new process may then become part of the standard method of assembling engines in the whole factory or company, thereby making the assembly process a little more efficient company-wide.

These illustrations show efficiencies being gained in the productive process, but the important point here is that the efficiencies are gained because *the individual who discovered the more efficient way of performing a task did so within a small enough and specialized enough domain that it was actually feasible for him to consider all relevant factors involved in performing the task and thus find a way to improve the net efficiency of the task.* If, on the other hand, the task to be performed involved considering so many different factors that it was entirely unrealistic to expect that one person, no matter how smart, could hope to hold all the relevant factors and their cascading implications in mind long enough and clearly enough to make sound decisions about how to improve the efficiency of the task, then any actual improvement in the task's efficiency will come sporadically, if at all, and, further, will come independently of any effort on the part of the individ-

ual performing the task to try to improve its efficiency; also, crucially, because there would be so many factors involved, and so many unpredictable implications of the interactions of these factors, then even if efficiencies were gained in the performance of the task, one *could not tell* that they had been gained, because one could not know that all relevant factors and their implications had been considered in making the judgment of whether or not efficiency had been increased. For these reasons, if production is to be efficient *mental labor* must be divided in order to determine the most efficient ways in which *physical labor* should be divided. We shall return to and expand upon these ideas later in the discussion on socialism, specifically in discussing the task of deciding how the means of production at the owner's disposal are to be used.

Related to the preceding discussion on *productive efficiency* in a socioeconomic system is the concept of *adaptational efficiency* in the system. Human societies are evolving, changing, dynamic things. Just because a company has a solid market for its products now does not mean this will always be the case. As consumer demand changes, due to any number of different, and in many cases, unpredictable, factors, the company has to change with it or risk losing some or all of its consumer base. As with productive efficiency, when it comes to adaptational efficiency, the fewer factors which must be considered by the company in determining how it must change to keep up with changes in consumer demand, the more likely it will be that the company will be able to make the right decisions, and to do so in a relatively short amount of time, in order to stay in business. In the system of capitalism, therefore, where a combination of widely varying human needs, desires, tastes, and interests on the one hand and competitive struggle between companies on the other drives the system to place a premium on specialization in production, there is brought about a *minimization* of the factors necessary for a company to consider under conditions of change in consumer demand in order to ensure the company's continuance, and thus a minimization of the amount of time spent, as well as the wastage of productive resources, in making the change – and thus a *maximization* of adaptational efficiency: first, the company must consider only those factors relevant to its industry or specialization; second, it must consider how the demand of its particular consumer base is changing; and third, it must ensure that it does not arbitrarily infringe upon the person or property of anyone else in the changes it chooses to make in its use of the means of production at its disposal. There are no other considerations. In the discussion on socialism in the next chapter, it will be shown that herein lies an expression of the key distinction between capitalism and socialism, and this distinction, furthermore, like *all* distinctions between the systems as they would be im-

plemented in real human societies, can be traced back to a difference between the systems in how they arrange property ownership.

## §3 Maximization of Individual Freedom

In addition to the above considerations, the system of capitalism is also the system which allows for the maximization of *individual freedom*. By this we mean that each individual is able to live his life as he wishes, and choose the methods, the means, and the amount of drive and energy he puts forth in order to achieve happiness (i.e., in order to achieve fulfillment, contentment, or completion – all synonymous terms) in his own way before he dies. There is no guarantee that he will actually find these things, and the possibility is always present that he will die depressed and unfulfilled; we only mean that each person has the *opportunity* to work to achieve happiness in his own way, i.e., after his own fashion, and has no greater of an opportunity to do so than anyone else. In fact, allowing for this is crucial if we are to maximize happiness in society at large, because individuals differ from each other in many ways, and the path to happiness for one person may be a path to ruin for another.[20] Furthermore, no one is smart enough

20 In this most important meaning of the term "equal," it is capitalism, not socialism, which deserves to be called "The Great Equalizer," and it is socialism, not capitalism, which deserves to be called "The Great Divider" – unlike what some will claim: https://www.newbusinessage.com/Articles/view/1055 (referenced on **7/22/23**). Socialism creates equality of poverty and slavery among the vast majority and massive inequality of wealth and power between the vast majority and the small, privileged minority; see the detailed discussion on socialism in Chapter 3. Capitalism, rightly understood, is, on the other hand, a system which creates opportunity for everyone by distributing ownership of economic means, as discussed in the present chapter. Which type of "equality" would the defenders of socialism prefer to see in real human societies? Which type of "equality" would they prefer to see in their own society? We should also note that the article referenced in this footnote makes the same mistake that many people make in saying that we need a "balance" or a middle ground between capitalism and socialism, because these are two extreme systems, each of which has flaws that can only be corrected by the other. No doubt the author believes, as Martin Luther King, Jr., is quoted in the article as believing, that a middle ground is the more "rational" approach, because it is the ground between two "extremes." King is quoted as having said, "Communism forgets that life is individual. Capitalism forgets that life is social." This entire argument about extremes and the needed middle ground, however, is an argument which, as will be discussed later in this book, confuses one type of dichotomy with another – it confuses a dichotomy between two religious belief systems, for which the finding of a middle ground is a good thing, with a dichotomy between a rational set of ideas and an irrational set of ideas, in the context of which we must always push to ensure the complete and comprehensive success of the former. It is true that communism forgets the life of the individual, or rather, it subjugates the life and interests of the vast majority of individuals to the interests of a few, highly privileged individuals. But it is incorrect to say that capitalism forgets that life is social. In a capitalist system, that is, a system implemented according to the correct understanding of the term *capitalism*, life is highly social because the bonds of social cooperation and trust are strong. This does not mean that every social interaction will be pleasant or deeply meaningful. But it does mean that it is highly disingenuous to say that capitalism particularizes society and breaks social cohesion – in fact, it does the opposite. The article itself does not in any way provide an argument for why the claim it makes about "balance" is true – all it does is make an appeal to authority, which is a logical fallacy. Just because an authority figure says something is true does not make it true. An idea is true or not based solely on whether or not it has sound reasoning and data to support it. The article makes certain valid statements about communism (i.e., socialism), but it does not offer its readers a fully accurate description of capitalism.

to know what the path to happiness should be for everyone, so it is crucial that each person be able to decide this for himself. But this means that the social context in which he lives (i.e., the other people around him and how they think and behave), and on which he depends in order to achieve his happiness, must be arranged in such a way as to allow him to feel safe and secure, and to feel that he has a nontrivial chance of acquiring and maintaining, and using for his chosen purposes, the economic resources (either production good or consumption goods or both) which he deems necessary to achieve his goals while he is in the process of finding happiness. This context in a human society is one in which *no one* is allowed to have arbitrary power over another person *in any way*, one in which the only justification for one human to impose his will on another is when such imposition is in response to an act on the part of the other person which arbitrarily infringed on his person or property first or which shows in a clear way the intent to do so, and only for the purpose of preventing it from happening or preventing an immanent repeat occurrence, or for the purpose of forcing punishment for the infringement or remuneration to the person infringed upon on the basis of a previously agreed upon set of rules, i.e., *laws*, and procedures for enforcement which are universally applicable in the social system. In this way, not only are private citizens and companies protected from harm by other private citizens or companies, but law enforcement personnel, legislators, judges, and government officials and executives, are also limited in the power which they have over others, and their power is never *arbitrary*.[21] This arrangement provides the optimal environment for each individual to feel safe and secure, and to feel that he has at least as much opportunity as others around him to acquire the economic resources he deems necessary to acquire while he is in pursuit of happiness, since such an environment minimizes the chance that any one individual or group of individuals will gain too much power over others. Under such a system, each potential source of tyranny is checked by other sources of power (that is, other individuals or groups of individuals), because power itself is effectively distributed and diffused; and the reason power itself is effectively distributed and diffused in a capitalist society is because the ownership of the means of production is distributed and diffused as a

21 There is such thing as "discretionary" power on the part of law enforcement personnel, but this is not the same thing as arbitrary power. Discretionary power grows out of the fundamental inability of any set of written laws to cover all possible situations that law enforcement personnel may face in the field, and the need for law enforcement personnel to make discretionary judgments in many cases about whether a particular person or group of persons has broken an existing law. But what is important here is that this power is strictly circumscribed to the act of determining within the context of existing law whether a person's actions were in violation of it; it is *not* a free hand for law enforcement personnel to do anything they wish. We may prefer that law enforcement personnel did not have any discretionary power at all, but given the complexity and changing nature of human society, there is a practical limitation here which cannot be overcome if we want law enforcement personnel to operate effectively.

result of honest and voluntary transactions for the means of production on the open market.

## §4 Inequality of Wealth

People differ from each other in many ways. Consider just a few examples of physical traits by which we naturally differ: skin color, eye color, blood type, hair color, susceptibility to different genetic disorders, whether our earlobes are loose or attached, body frame size, hair texture, eyebrow shape, dryness or oiliness level of our skin, strength of eyesight, and many others. These traits are genetically-determined, and so they are part of who each of us is in a lasting and unchangeable way. Given that the basic structure of our brains, just as with the basic structure of the other organs and components of our bodies, is genetically-determined, it makes sense to say that people differ according to mental, that is, neurological, traits as well. Indeed, this can be seen in siblings that grow up together, for example – even though they share a common home environment during their formative years, each has and maintains a distinct personality and temperament, regardless of the similarities a shared environment produces. What is more, these temperament and personality differences start at an extremely early age. Differences in personality and temperament produce differences in outlook on life and on self-perception, gravitation toward some types of activities and away from others, and differing levels of motivation and drive, as well as natural talent or ability, to achieve in one or another area of endeavor. This is *not* to say that genetically-determined differences in the neural structure of different people are the only source of the differences which we observe between people in society. It is to say that such differences in neural structure are at least *one* of the *nontrivial* sources of the differences we observe between people in society, and so a proper and full understanding of the source or sources of the differences which we observe between people must take genetically-determined differences into account.

We know that throughout history, in most, or perhaps all, human societies, including the ones which exist now, some groups or individuals have oppressed others, that is, have, to one degree or another, arbitrarily infringed on the person or property of other groups or individuals. One of the results of this infringement is that some groups have easier access to economic resources, as well as to opportunities to achieve their goals and find happiness. But it is important to keep in mind that this is not the only source of the differences which can be observed between individuals in society, either in terms of outward achievements or inner

happiness. Even if all social oppression were eliminated, and every individual had an equally-protected right to acquire economic resources on the open market (i.e., by acts of exchange which are always *voluntary* on both sides), an equal sense of safety and security that the acquired economic resources would be protected from theft or harm by others, equal treatment before the law, an equal sense of safety and security in their person, and equal access to opportunities to invest or use their acquired economic resources as they sees fit for the purpose of achieving their goals and finding happiness, there would still remain the genetically-determined differences between individuals in personality, temperament, and natural inclination for particular types of task, differences in individual life histories, and differences in the level of drive and ambition which different individuals have to achieve and accomplish. There would also remain differences in *pure luck* – being in the right place at the right time, or the wrong place at the wrong time; such differences, by definition, cannot be predicted, and thus cannot be accounted for ahead of time, and to the extent that such differences are the cause of the differences we observe in the acquisition of wealth, achievement of goals, or the experiencing of inner happiness, between different individuals, we must also take the differences which are due to pure luck into account in our explanation of the other observed differences. Also, note that differences of pure luck would exist under *any* conceivable socioeconomic system – capitalism, socialism, syndicalism, or anarchism – and thus one cannot differentiate between these systems on the basis of which one or ones have such differences and which do not. The same is true of inherent, genetically-determined differences in personality, temperament, ability, and drive.

But what does it mean to have no social oppression in society? Given our definition of social oppression in the preceding paragraph as the arbitrary infringement on the person or property of others, what is the effect of eliminating social oppression from society? In practical terms, this means that no one will be allowed to steal, arbitrarily confiscate, or destroy the property of others or impose his will arbitrarily on others without fear of punishment according to established law, so that, for example, *every* trade of resources or labor must be *voluntary* on the part of all individuals involved. This is necessary in a society which has eliminated all traces of social oppression, since the reintroduction of any such arbitrary infringement into society, even if it were a single person making a single decision at a particular time to steal something from another person or to force him to act contrary to his will, would be a new beginning of social oppression, and such acts therefore must always be punishable in such a society. And because the trade of labor and economic resources must always be voluntary, and an estab-

lished system of law equally applicable to all serves to protect the property which individuals and groups have thus acquired, and also because there is no requirement that the ownership of the means of production in any given productive concern must be divided among its workers, as is the case under syndicalism, then this system will result, over time, in a system of distributed, or diffused, property ownership, that is, distributed, or diffused, ownership of the means of production, in which some own a greater, and sometimes a much greater, amount of these resources than others, due to the differences between people discussed in the preceding paragraphs. But then what we have described here is nothing other than *the system of capitalism itself* – that is, a system of *private ownership in the means of production*. In other words, a system in which all social oppression has been eliminated is precisely the *capitalist* arrangement of property ownership.

Note, again, that even after eliminating all social oppression from a society, there will still be differences between people due to differences in genetics, life histories, and pure luck. Such differences would exist under any conceivable socioeconomic system. Consider some examples of genetic differences: some of us have greater natural potential for writing song lyrics and melody than others – think about Taylor Swift's song *All Too Well*, a masterpiece of lyricism. How many of us could have written this song?[22] Not only this, but Swift has a long history of writing lyrical masterpieces, and is the main creative force behind the lyrics (and presumably the melody) of *all* her songs, including having written by herself every song on her *Speak Now* album, specifically to prove to critics that she could do it.[23] Or consider that many people have great difficulty in understand how to multiply and add fractions, even in high school and as adults, while some of us can multiply and add fractions easily in elementary school, and also build substantial mathematical knowledge, such as completing the Calculus sequence and gaining nontrivial understanding of multiple other areas of mathematics, like point-set topology, chaotic dynamical systems, abstract algebra, linear algebra, probability, ordinary differential equations, discrete mathematics, and even some historical branches like the theory of equations, before finishing high school. Also, consider the informal observation that there is at least a correlation between the level of talent a person has for a particular thing, and the age at which he or she first starts

22 According to Wikipedia (https://en.wikipedia.org/wiki/All_Too_Well, referenced on **2/18/23**), when she originally wrote the song it was 10 minutes, and she asked long-time co-writer Liz Rose to help her trim it down to 5 minutes. However, even if Swift and Rose made equal creative contributions to *All Too Well*, this would just show that two individuals, rather than one, wrote the song. What is the likelihood that any of us could have been one of a duo of individuals to write a song with this level of artistic quality?

23 See https://www.huffpost.com/entry/taylor-swift-songwriter_n_61ef30ece4b03add23fd5b71, referenced on **2/18/23**.

showing signs of having the talent – the greater the talent, the earlier the age.[24] Is it to be expected that changing the social system from capitalism to socialism, or from anarchism to syndicalism, or from syndicalism to capitalism, etc., could effect great enough change so that someone who struggles with fractions as an adult could somehow be made to understand calculus, much less more advanced mathematics? Or that such a change of social system would allow those of us who have difficulty writing a couplet of rhyming song lyrics in the best of times to be able to write entire albums, much less multiple albums that span two or more decades without showing any signs of an exhaustion of creative energy? Or that changing the socioeconomic system could change the biologically-determined component of our individual sexual preferences?[25] Or, rather, are these differences better ex-

24 This is not to say that if one does not show any outwardly-noticeable signs of a particular talent or ability, that one does not have any particular talents or abilities oneself. After all, just because we do not recognize an above-average ability in a person does not *necessarily* mean the person does not have any such ability – those around the person may simply not be able to recognize or appreciate it. We should also keep in mind that if a person does not display great talent in something at an early age this does not necessarily mean that he or she does not have great talent for it, since some talents take a longer time to develop and to show themselves in more obvious ways – consider the observation that those who have a natural proclivity for mathematical thought tend to peak in their career at an earlier age than those who have a natural proclivity for or interest in philosophical thought. It can be surmised that while mathematical thought is focused *solely* on the *inner logical necessity* of rationality and quantity, philosophical thought, while just as interested as mathematics in the inner logical necessity of ideas, deal in addition with, and has, in fact, the primary goal of explaining, the patterns of human thought and behavior, and the grand scheme (or lack thereof) of the entire world and the place of humans in it. In other words, philosophical analysis deals in finding the grand patterns to explain the details of the world around and within us, and as such requires great persistence in observing and gathering detailed data about *everything* in the world and making sense of it. Thus the bringing of the philosopher's understanding of his subject to maturity typically will require a greater number of years of effort on the part of the philosopher than the time expenditure on the part of the mathematician which is required to bring his understanding of his own subject to maturity.

25 Note that this not to say that *no* change would be effected on the expression of natural abilities or proclivities by a change in socioeconomic system. The different socioeconomic systems apply different pressures in different ways to the people who live under them, and as such, a difference in outward expression and behavior, resulting from a different inner understanding of oneself and the surrounding social world, for a given individual under different systems is to be expected, and, in fact, this is one way to express the main difference between the different socioeconomic systems. But, for example, if an individual has a natural gift for writing songs, under a capitalist system we can expect them to write songs which express their own personal sentiments to a much greater degree than under a socialist system, where we can expect them to write songs, if they do write songs, that glorify the governmental leadership, and more likely than not they will do so as a result of a direct or indirect order, as opposed to doing so of their own volition (see the next chapter for a detailed analysis of socialism). Since, given the informal observation that if someone has a natural gift for something they will spontaneously drive toward expressing it, we can also expect that, under capitalism, those who have such natural gifts will voluntarily find whatever means they can to express it, and we will see many more individual expressions of music, while under socialism, we can expect not only that the expressions of music which do occur will be much more uniform and will glorify the governmental leadership, but we will see fewer actual expressions of music when compared to the number of individuals who feel great desire to express music due to their natural ability for it. In other words, under socialism, we would expect to see at least some such individuals, due to having offended the economic leadership in one way or another, being imprisoned or otherwise oppressed or prevented from accessing the necessary resources or opportunities which would allow them to express their music in nontrivial ways; no such oppression would exist in the context of capitalism. In other words, these natural, genetic differences would exist under socialism, capitalism, and the other systems; it is simply that their expressions would differ between the systems due to differences in the social, economic, political, and ideological environment. Another way of phrasing the entire debate, then, is to ask the question, which of the different socioeconomic systems allows the fullest expression of each

plained by the fact that individuals differ from each other in brain structure and operation to a certain degree, and in various ways, as a result of differences in their genes, as well as differences in their development in the womb, and that these differences can express themselves in different natural proclivities and talents? Again, this is not to say that genetically-determined or congenital differences are the *only* source of the differences which we observe between people in society. But this is an important factor which should not be discounted, at least if our goal is to be able to arrive at a *complete* and objective understanding of the differences between people which we observe around us in society.

Finally, the reason for this discussion regarding the differences between individuals which are based on genetically-determined mental characteristics, life histories, congenital traits, and pure luck, which reason was alluded to earlier, is to reinforce the point that even under the hypothetical situation where *all* possible social oppression has been completely eliminated, there will *still* be differences, sometimes substantial, in the amounts of personal wealth and achievement between different individuals, as a result of the differences between people which are not based on social oppression. In other words, the anti-capitalist criticism that "large" or "substantial" differences in wealth are always the result of corrupt or criminal activity, and that therefore any such differences must be forcibly eliminated by wealth redistribution, is *incorrect*. Under the system that we have specified, in which there is no social oppression at all, and everyone is *free* to develop himself and use his economic resources as he sees fit, and feels safe and secure in the acquisition of such resources, the differences in wealth between different people which would develop as a result of these other differences between individuals would be *morally just*, if the terms "moral" and "just" are to have any meaning at all, and thus it would be the responsibility of society, and of the legal system, to *protect* these differences, to the extent that they are maintained by the owners themselves as the owners continue to make use of the resources in their possession and to acquire more through voluntary trade, rather than to eliminate these differences by redistribution, which would be an arbitrary infringement on the property rights of the owners, and thus would be an *introduction back into society*

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individual's natural temperament, personality, talents, and proclivities? After all, this is just another way of asking the question of how to achieve the greatest individual happiness for each and all of us – and, keep in mind, the happier we are, the more fulfilled we are, the less likely we are to be interested in arbitrarily infringing on the person or property of others, that is, in committing crimes, because doing so only feels justified in the mind of the perpetrator or potential perpetrator in proportion to the degree to which he feels that he has been oppressed, and thus has been prevented from accessing the economic resources and the opportunities to work *honestly* toward his own happiness. This is the case even for those individuals who have a greater than average natural proclivity to gain by stealing from or arbitrarily infringing on others – the damage that such a tendency does to others, and to broader socioeconomic trust and cooperation, is reduced when opportunities for peacefully pursuing happiness are more readily available.

of social oppression. In other words, *inequality of wealth is a natural outgrowth of a free society* – that is, inequality of wealth is a natural outgrowth of a society in which there is no social oppression – and any political fight to eliminate inequality of wealth as such will arbitrarily infringe upon the property rights of many people, and will also entitle many other people to wealth which they did not earn because it was acquired by first stealing it from others, and so such redistributionist efforts will *greatly damage* society. In fighting to eliminate social oppression by cracking down on inequality of wealth, it is *crucial* to remember that not all differences of wealth between individuals are the result of *immoral* or *corrupt* activity, and to ensure that in working to eliminate the inequalities of wealth which *are* the result of immoral or corrupt activity, we do not also eliminate inequalities of wealth which are due to legitimate acquisition of economic resources on the open market. If we have a strong *emotional* stake against those who have wealth because, e.g., we have suffered for lack of it, then it is very easy to latch onto the emotionally comforting and reassuring idea that *we are deserving of some of this wealth, and those who have it are deserving of it no more than we are*. This belief then allows us to conclude that it is *right* and *just* to, for example, lobby the government to pass a law that forces redistribution of a part of this wealth. It is much more difficult, especially for those for whom the *emotional stakes*[26] are high, to, e.g., admit that perhaps some, and *perhaps a lot*, of the wealth which the wealthy in society have acquired has been acquired by *moral* – legitimate, honest – means, because such admission is too easily akin to capitulation to the political enemy. For such people it is also more difficult to analyze the existing economic environment *honestly* and, from the information thus gathered, try to make more concrete determinations of which wealth has been acquired by legitimate and which by illegitimate means, and often it is impossible, or practically impossible, in any given case to do this even with a sound understanding of the core socioeconomic ideas. But if we want to preserve and expand individual freedom in society, and to eliminate any and all traces of social oppression, then we *cannot ignore the difference* between wealth acquired morally and wealth acquired immorally,[27] and in fact maintaining an appreciation of the significance of this difference is something we should weave deeply into our understanding of the socioeconomic world around us. Doing so will only benefit us in the long run.

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26 This is not to say that emotions are fundamentally distinct from rational thought – in fact, they are *not*. On a practical level, however, a working distinction can be made, such as the one made above, for the purpose of explaining certain types of human behavior. But it should be noted for completeness that *fundamentally* emotions and rational thought in the human mind are both based on *rationality*. This will be explained in detail in future writings.

27 Again, acquiring wealth on the open market or acquiring wealth by arbitrarily infringing on the person or property of others, respectively.

## §5 Capitalism and Separation of Powers

It has been mentioned already that part of the capitalist method of economic ownership is a system of law and government which protects legitimately-acquired property. This is not by accident. It often takes a long time to build wealth, and a lot of effort, especially in an open, competitive environment which gives everyone an equal opportunity to try their hand at the building of wealth (or at any other type of activity). Those who would put in the nontrivial amount of time, effort, and creative thought necessary to acquire this wealth need to feel assured that it will be worth the work to acquire it – that, in other words, once they do acquire it, or more to the point, over the course of the many years it takes to acquire it piece by piece and bit by bit, the wealth which they have acquired up to any given point will be protected from thievery, arbitrary confiscation, or willful destruction by others. In other words, a system of law and law enforcement which each and all owners trust to provide this protection must be well-established in the society. Furthermore, in order for such a system of law to be effective, the law enforcement personnel must have *real* power to enforce the law, rather than *token* power. It is known that in human society power builds upon itself unless limited by outside means – in other words, a human will seek to gain, and then grow, the power that he has unless this power is checked by the ideas, and the actions, of other humans.[28] As such, giving police officers a certain amount of power to impose their will on others carries the risk of this power growing if not kept from doing so. But how can such power be kept from growing, if those who are policed do not have any economic resources of their own with which to do this? So we come to the conclusion that in order to prevent the power of law enforcement personnel, and by extension that of the government officials who make the laws, judge according to them, and execute official governmental actions, from

28 This is not to say that all humans seek to be tyrannical leaders of nations. As with any hyperbole, such criticism is flawed, but is, at the same time, all to easy for critics to latch onto. Different people have different tendencies when it comes to a desire to have direct control of others; the deeper purpose of this desire is, as noted above, a desire to gain economic resources of one kind or another in order to achieve one's individual goals and find happiness, and very often these resources are *other humans*, in many different capacities, and the use of humans as economic resources can be done *morally* or *immorally* – i.e., through *voluntary labor* on the part of the laborer, or through *forced labor*, respectively. Given what we know of human history, and what we continue to observe in all human societies today, there is no shortage of people who, when given the opportunity, will oppress others for their own benefit, either in a one-to-one relationship between two people, in a small, local leadership role, or in a large leadership role which covers entire regions or countries. In fact, this is the reason for the importance placed on the discussion of the differences between the different socioeconomic systems – given the existence, and the powerful persistence, of tyranny and oppression in human society, how can we alter the arrangements and the structures of human society so that we end up reducing, minimizing, or, possibly, eliminating such tyranny and oppression? It is on this point that the entire discussion turns.

growing beyond its useful, beneficial[29] bounds, police and governmental power must be checked, and the only way to check this power is by allowing other people to have some power and resources of their own.

Note, though, that capitalism is not the only socioeconomic system which allows for a distribution of property ownership among many different people. While socialism arranges things so that a single, central authority owns all means of production, the capitalist, anarchist, and syndicalist systems distribute ownership. The distribution of ownership under any of these latter three systems would allow others besides any official or quasi-official police force and their backing central government to have nontrivial economic and social power. However, anarchism, as we will see in Chapter 5 (and as already described in briefer form in the previous chapter), has its own problems which would cause considerable violation of basic human rights and freedoms, and, as will be shown in Chapter 4, syndicalism has inner contradictions which prevent it from being a workable, sustainable system. This leaves capitalism which, as we have described above, is a system in which neither police force, nor government, nor individual private citizens, nor organization or company, has the ability to arbitrarily infringe on the person or property of anyone else without expecting proportional punishment for such infringement, precisely because no one has the *resources* to arbitrarily infringe and get away with it – or, said a different way, if someone tries, they may succeed at arbitrarily infringing on the person or property of others temporarily, but because they do not have a monopoly on economic resources, since others are also permitted to own economic resources and since such ownership is protected by a system of common law and law enforcement, there will always be other individuals or groups, in one capacity or another, whether by economic competition on the open market, by calling the police, by voting to change laws or politicians, by moralizing or sermonizing to others, by writing intellectual treatises or otherwise trying to convince others to change their ways by appeal to their rational capacity, etc., who can and will, for the sake of their own survival and continued freedom, take action to check such ambition. As stated earlier in the discussion on *entry points* regarding understanding the essential patterns by which a complex system behaves, it is not that the capitalist method of distributing ownership of the means of production is a necessary *prerequisite* of a system of law, law enforcement, and government which is limited in scope and power, and which is beneficial to the preservation of peace, prosperity, and individual freedom; nor is it that such a government is a necessary *prerequisite* for the capitalist arrangement

29 *Beneficial*, that is, with respect to the preservation and growth of individual freedom in the society in question, and to the continued nonexistence or minimized existence of any and all forms of social oppression.

of economic ownership. Rather, in a dynamic and changing human society, such as any real human society, these two factors are *interdependent* and *complimentary*, and each *naturally* reinforces the strength of the other, because they are both based on the same premise, viz., that individual freedom in a safe and secure social context is what is necessary in order for one to develop one's potential and find happiness. It is because of this that we can say that, for example, all of what we consider to be *basic* human rights and freedoms have the greatest potential to develop, grow, strengthen, and be sustained in the long run in a system which arranges ownership of the means of production along capitalist lines. If, in a society which has social oppression of various kinds, and thus a society under which many suffer and seek to change in various ways, we promote the idea that no one should be allowed to arbitrarily infringe on the person or property of anyone else, and that this is a basic, reflexive premise of a moral and just human society, then what we are promoting is nothing other than the ending of all social oppression. Should the right to free speech be allowed under capitalism? Yes. Should the right of peaceful assembly be allowed under capitalism? Yes. Should the right to question the actions of police officers and government officials in order to prevent or punish any arbitrary infringement by them on the person or property of private citizens and to keep instances of such infringement in check be allowed under capitalism? Yes. Should there be freedom of the press under capitalism? Yes. Should there be freedom of religious expression under capitalism? Yes. Should there be freedom to express one's sexual preferences under capitalism? Yes. Should there be, under capitalism, equal access to the open market to acquire economic resources for all of us regardless of skin color, gender, gender identity, body shape or type, or any other factor which is beyond the control of the individual or individuals in question? Yes. Does fighting to eliminate inequality based on the criteria in the preceding question move us *closer* to a system which is fully based on capitalism? *Yes*. Again, the capitalist arrangement of property ownership, as explained above, is *none other than an arrangement of property ownership which was brought about by the progressive elimination of all social oppression*, and this includes all social oppression which exists today as well as any which could exist in society. It is necessary to make this point because there is a common misunderstanding that capitalism is a system which engenders oppression, and socialism is a system which engenders freedom. In fact, capitalism works to eliminate social oppression and keep it from rising again, while socialism, as discussed in the next chapter, does the opposite.

## §6 Economic Scarcity and Productive Efficiency

Before turning to an examination of socialism, certain additional topics should be discussed. Recall that with a spread-out and specialized distribution of property ownership, as would exist under capitalism, combined with open market competition, greater efficiencies of production (i.e., efficiencies in the use of *scarce* economic resources) will accrue, as a result of the *mental* division of labor which in turn results in various improvements in efficiency in the *physical* division of labor. Also recall that if competition between companies in the open market for consumer choice is the primary driving factor in how companies choose to use the productive resources at their disposal, as would be the case under capitalism, then companies are driven primarily by the need to make these specific choices *in response to* this consumer demand, and are not able to force consumers to buy their products or services against their will, or at prices higher than they are willing to pay. Under such a system, then, not only is production more efficient, but it is more efficient *precisely in the production of those things which consumers want produced at any given time*. In other words, production is directed according to *consumer* wishes, and not according to the wishes of the producers (as would be the case under syndicalism). In a sense, it is the *consumers themselves* who ultimately own the means of production at the disposal of the producers, even though they are not in direct possession of these means, because it is they who, ultimately, determine the way or ways in which these means of production are used.[30]

30 This is not to say that we should take this to its "logical conclusion" and just then hand over the means of production directly to the consumers, which, on the surface, can seem like a "more just" or "more moral" way to distribute ownership of these productive resources. After all, if consumers ultimately direct the use of the means of production anyway, then why not cut out the middle man? But consider the following example. First, ask the question, how many people in the world use iPhones? According to The Verge, over one and a half billion people (https://www.theverge.com/2021/1/27/22253162/iphone-users-total-number-billion-apple-tim-cook-q1-2021, referenced on **2/18/23**). But how many people know how to *make* an iPhone? Perhaps a few hundred or a few thousand. Furthermore, how many of those one and a half billion people would, if given the opportunity and the access to free, quality education about how to make iPhones, take advantage of this resource to gain such knowledge? We can safely say that only a tiny, essentially trivial fraction of iPhone owners would care to take advantage of this opportunity. This is an illustration of the general principal that though it may seem "more just" in terms of "equality" to distribute wealth "democratically" among the people, the reality is that not everyone has an equal ability to manage and efficiently make use of productive capital resources, or an equal interest in doing so – consider the oft-repeated statistics about how many more businesses fail than end up succeeding. And capital resources are *not* in endless supply, and are often difficult to obtain (which is the reason productive resources, as well as consumption goods, are able to command prices on an open market in the first place – if a resource, or consumption good, such as, at least at present, breathable air, is abundant and easily accessible to all, then there would be no need for anyone to produce it through the nontrivial transformation of productive resources, and no one would be able to command a price for it on the open market). Given the scarcity of capital resources used in the production of the consumption goods which can command a price on an open market, is it really wise to give control of these capital resources to just anybody, however "democratically" such distribution would be done? Or is it better to find a way to ensure that those who can make the most efficient, most creative use of these resources to produce goods for sale on an open market are the ones who are actually able to take possession of them and make the ongoing decisions with regard to the details of how they are to be used? This

In addition, recall from the discussion on profit-sharing that it is the owner of the resources himself, and not the workers whom he employs, who takes the greatest risk when investing some or all of the economic resources he owns in a particular productive endeavor. If the productive endeavor does not earn a profit, it is the owner of the resources who take the hit, and *not* the worker, since the worker will have already been paid his previously-agreed-upon wage – which wage is, in fact, itself part of the outlay of the owner, part of his investment in the productive endeavor, since he has to dip into his own property in order to pay the worker. Under this arrangement, the owner has the *greatest* incentive to make the *most* efficient use of his limited[31] productive resources, because he is the one who suffers the *greatest* loss if the endeavor does not produce according to (or beyond) expectation. What all this, in addition to some clarifying comments on the other socioeconomic systems which will come in later chapters, means is that under capitalism, as compared to the other systems, there is the *greatest* chance that any given productive endeavor will at least replenish the economic resources used up in production after it has sold all its product on the market, and also that there is the *greatest* chance that the endeavor will, in addition to replenishing the resources used in production, *turn a profit*, which is just another way of saying *produce a net increase in capital*. This capital, it is true, accrues to the owner himself and no

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does not mean that under capitalism these means of production will *always* find themselves in the hands of those who will not waste or squander them. It is to say, rather, that under capitalism, such wasting and squandering of capital, that is, of the means of production at society's disposal, is *minimized*, and is less than that under any other socioeconomic system, which all, in one way or another, hinder the full expression of this productive freedom.

31 This is another difference between capitalism and socialism: any given owner of resources under capitalism has *limited* resources which he can take advantage of and use according to his will, before he has to go through the strenuous test of the open market to acquire the resources; and this applies equally to those owners who have only a small amount of productive resources as to those who have large amounts. In socialism, on the other hand, the central authority owns all productive resources, and therefore also has the power to force private citizens to continue working against their will to make more, and so to a much greater degree the owner of the means of production in a socialist socioeconomic arrangement has a much vaster array of resources with which to work, and a much easier path to the replenishment of the resources he uses – and this method of acquiring resources *encourages* wastefulness, inefficiency, extravagance, self-indulgence, etc., all of which squander resources. One thing that will be explained in the chapter on socialism which follows is that though initially a socialist owner may be able to continue replenishing the capital he uses by forcibly extracting it from those within his geopolitical domain of control, eventually, due to the wastage of resources that the socialist arrangement of society encourages, if he is to maintain his dominant position in society he will need to, at one point or another, start importing capital from other nations. Only a society which is a *net producer* of capital, or at least one which is *not a net depleter or consumer* of capital, is one whose arrangement is self-sustaining, and in the case of a net producer of capital is also one whose arrangement provides for *continually improving the condition of the masses*. None but the system of capitalism is a *net producer* of capital wealth. The system of socialism is a *net consumer* of wealth and thus, if left to its own devices and not aided by imports of capital, on an ongoing basis, from net-capital-producing countries will, of its own accord, consume all capital resources within its domain without fully replenishing them, much less growing the amount of them, and its government will eventually have no more power to extract wealth or labor from its private citizens. This progression in a socialist society will eventually lead to mass die-offs, emigrations to other nations, and a much reduced population, due to the lack of resources to support a larger one. It will also lead to this nation no longer having geopolitical influence, and to a life of great poverty and hardship in small, bare-subsistence autarkic groups for those remaining in the nation.

one else, but is this not justified? After all, it was the owner himself, and no one else, who took the risk in losing some or all of the property which he owned in order to hire the workers, pay them wages, and produce a product that ended up selling successfully on the open market. What is more, in earning back *more* capital resources than were used in the productive process itself, the owner now has *more* means of production at his disposal, which, given that he is just as subject to consumer demand and the need to keep his worker pool from being attracted to his competitors as he was before he earned this profit, he is greatly incentivized to make use of at least some of these resources to give wage raises to his workers, to expand production of the successful product to the extent consumer demand appears to allow for it, and to invest in new ways to be more efficient in producing the product. Not only this, but the consumers who purchased his product did so voluntarily because they felt they would rather have the product that he is selling than the money which they exchange for it, and the workers would rather have the money given to them in the form of wages than keep their labor to themselves. In other words, this is an illustration of the general principal that, so long as person and property rights are respected, then *everyone* involved, owner/producer, worker, and consumer, *are better off than they would be had they not engaged in voluntary trade with each other* – better off, that is, by their *own* standards and not anyone else's – and this is the definition of a *net increase* in overall well-being in the society, which is the ultimate goal of society to begin with, viz., that by engaging in these social processes and activities, each individual is better off than he would be in producing solely for his own consumption and not dividing mental and physical labor with others. What is more, this process is *sustainable*, since at the end of any given round of production, the same social and economic forces apply as applied before, and so the same behaviors of all parties involved will be seen again, and the cycle will repeat itself.

## §7 Harmony of Interests

Note that in the last section a net increase in the overall well-being of society was associated with a profit having been earned by the owner. This is not by accident. If the owner produces at a loss for a given round of production, this is an indication that consumers are not voluntarily purchasing the owner's product on the open market to the degree necessary to recover the costs of production, much less to earn a profit. Some consumers may voluntarily purchase his product on the market, in which case for those consumers life can be made better by his product, but the owner still is not able to sell enough of his product to recover his

costs of production, and so he produces at a loss. So long as the owner decides to stay in business, the workers will continue to be paid, so their condition is not materially changed, but there is loss not only on the part of the owner, but also on the part of the potential consumers of his products who would have purchased them had he sold them at a somewhat lower price, or if the product was different in certain ways which made it more marketable. If the owner set a price for his product that included substantial margin, then he can easily remedy this situation by simply lowering the price, and the increase in the number of actual consumers who buy his product may even more than make up for his previous losses, and may even allow him to turn a profit. But if he set the price he did for his product on the open market because he just does not know of a more efficient method by which to make the product, and the price he sets for a particular unit of his product is already just barely above the costs of producing it, then he is in a more difficult position – he has to either find a way to produce the product more efficiently, halt production and move his productive resources to something different, lay off some workers, or market his product differently. But, as stated before, since the owner himself takes the greatest risk of loss if his productive endeavors do not pan out, then he has the greatest motivation to ensure that they do pan out; and when whether or not they pan out depends primarily on what consumers are demanding and what his competitors are willing to pay for his laborers, the most important criteria for the owner in deciding how to use the means of production at his disposal are the happiness of the consumers and his workers. This does not mean that he will be or should be completely pliant and yield to every demand of any consumer or any of his workers; the owner, after all, is a person just like them with needs, desires, dreams, interests, tastes, and goals, and so his property rights too must be respected and protected. But it does mean that beyond a limited point he ignores the demands of his consumers and potential consumers, and of his workers, at his own peril, and therefore, since the primary reason we do anything is for the purpose of our own survival and propagation, he is greatly incentivized not to ignore and to do the best he can to satisfy consumer and worker demand. In other words, under the capitalist arrangement of property ownership, the needs of the owners of property, the needs of the consumers of the products he produces, and the needs of the workers coincide, and are thus *not in conflict*, as the socialist argument maintains. Furthermore, these basic forces which drive a given round of production under capitalism do not change after each round of production is complete, and so the fact that the owner takes into account the interests of his consumers and his workers in addition to taking into account his own interests is itself preserved across rounds of production, i.e., is sustainable

and self-perpetuating. In other words, under capitalism the drive of production always being for the greatest possible profit is not in conflict with the needs of consumers and of workers; rather, the drive to maximize profit on the part of an owner of economic resources who chooses to use these resources to compete in an open market is, in fact, one and the same drive as the drive to best and most completely satisfy the needs both of the company's consumers and the company's workers.[32] And a greater profit means that there has been greater demand for the company's products on the open market, which also translates into greater possibility, and greater potential magnitude, of raises in worker compensation.

This does not mean that every productive endeavor will yield a profit under capitalism; or that every time an owner earns a profit he will raise wages; or that every product or service he sells on the market will be worth what his advertisements say it is; or that every product or service on the market will always end up being of benefit to the consumer who purchases it; or that every company will always focus on producing the highest quality product and never focus any effort on trying to dupe the public or lie to the public in order to sell a shoddy product. Once again, hyperbole here can easily be used by critics to try to "disprove" general statements such as those used in the previous paragraph, because hyperbole has a strong emotional impact on the listener or reader. Hyperbole is used in a debate or argument when the side using it does not wish to give the argument of the opposing side even a semblance of credibility, for fear that the opposing argument is in one or another way valid, and thus for fear that without hyperbole to draw people's attention to the absurd, the validity of the opposing argument will be much more plain and undeniable. But if we decide to not yield to hyperbole, and instead consider these ideas and their implications honestly, what this means is that under the capitalist arrangement of property ownership the chance that worker interest, consumer interest, and owner interest will not coincide at any given time is minimized, as is the wastage of limited economic resources, because property ownership has been arranged in such a way as to *bring about* this minimization. This also means that the *rate of net increase in well-being* in society has been *maximized* in the capitalist arrangement, as well as has been the *creative*

32 Note also that "best and most completely" does not mean perfectly. It means that since the owners, workers, and consumers are all humans, and all therefore have an equal right to opportunities to find happiness, no one individual is inherently more worthy of these opportunities than any other, regardless of his or her position in economic production. Capitalism is not a system in which everyone is given, much less easily given, everything necessary to achieve complete, perfect, and perpetual happiness. Capitalism is the result of efforts to solve an *optimization* problem, i.e., a problem where a certain trait or feature must be optimized in the context of a system where many interacting factors are at play, in which these factors and their constraints are arranged such that the chance of damage or hindrance to each individual's pursuit of happiness is minimized, and the chance of each individual achieving happiness is maximized. Capitalism is not a *guarantee* of happiness for anybody, but rather is a system in which the *chance* of happiness for everyone is greater than in any other socioeconomic system.

*energy* which is put into finding alternative ways to use the same resources more efficiently, or into finding additional, new resources which can replace existing resources to make existing productive processes more efficient or to allow them to continue, so that over time all of us, including all who might be considered part of "the masses," find ourselves in a better condition than we were in before – not at literally every moment, but rather that this will be the net result over time, both of each individual in his or her own life and of society in the long term across generations.[33] And, as mentioned earlier, it is the level of profit and the expectation of profit on the part of the owner which drives and guides this entire process. If the owner expects that he will be able to earn a profit with a particular round of

33 Consider the following: how many people in North Korea are able to own property or have access to nontrivial amounts of capital resources? Can the North Korean government confiscate anything it wants from its citizens at any time? Would you rather live under Putin in Russia, or in America regardless of president? Would you rather live in Xi Jinping's China, or in Japan or South Korea? How many in North Korea, or China, are allowed free access to the internet? How many in Xi's China, or Kim's North Korea, or Putin's Russia, would be arrested, detained, "reeducated," or imprisoned, for criticizing their government? On the other hand, how many would be in America? One can read online about the tens of thousands arrested, detained, and imprisoned in Putin's Russia just for criticizing Putin's invasion of the Ukraine, or about how prized by the Russian people a simple McDonald's was in Soviet Russia when it was first opened (https://en.wikipedia.org/wiki/McDonald%27s_in_Russia, referenced on **2/18/23**), and how, when McDonald's closed all its stores in Russia due Putin's Ukraine invasion, there were long lines of cars hoping to get a last meal (https://www.fox5ny.com/news/mcdonalds-closes-in-russia-causing-long-lines-for-last-meals, referenced on **2/18/23**). How many in North Korea own an iPhone or an Android or a Windows Phone? Or have easy access to electricity? Or are allowed to consume K-pop and K-dramas if they wish? Or have the potential to run for political office to be the next president of North Korea? Or have a personal vehicle with reliable access to gas that they can use at their convenience? On the other hand, how many Americans take literally all of these things for granted? How many Americans can run for president if they choose? Whether these questions relate more to what may be considered "economic" concerns or more to "political" concerns, a point I have tried to make thus far is that it is all tied together. And while America still has social oppression and is far from a perfect example of the capitalist arrangement of property ownership, there are still, thankfully, substantial differences between life for the typical American on the one hand and life for the typical citizen of Putin's Russia, Kim's North Korea, etc., on the other, and it is no coincidence that in America the principles and ideals of capitalism are an integral part of our history, and are respected, while in, say, North Korea, it is taught by the totalitarian government that the principles and ideals of capitalism are the ultimate source of evil, and, not coincidentally, the vast majority of North Korean citizens live under crushing poverty, as slaves of the state, and, for most, without any opportunity or access to economic resources that would allow them to escape or better their conditions. They also live under constant threat of widespread famine (as was the case frequently in the USSR as well, for example – see https://en.wikipedia.org/wiki/Droughts_and_famines_in_Russia_and_the_Soviet_Union, referenced on **2/18/23**), a threat which has already condemned hundreds of thousands, possibly millions, to death by starvation (see https://en.wikipedia.org/wiki/North_Korean_famine, referenced on **2/18/23**, for one example). In 2023, death by starvation in North Korea is becoming more common, due to Kim Jong-Un's closure of the country's borders as a result of Covid-19 and the economic sanctions on his country resulting from his nuclear programme, and so the number of suicides has increased substantially; but in response, Kim has not loosened the strictures on the import of capitalist ideals into North Korea, which alone could permanently improve the condition of the North Korean people without at the same time weakening the freedom of the people in outside capitalist nations as a result of the constant need for net imports into North Korea to stave off starvation of its people, i.e., without at the same time making North Korea a permanent capital sink, but rather has called suicide an "act of treason against socialism": https://www.businessinsider.com/kim-jong-un-bans-suicide-after-numbers-skyrocketed-report-2023-6?op=1 (referenced on **7/1/23**). Socialism, in other words, is seen, or at least preached, by Kim as the ultimate source of good, and capitalism as the ultimate source of evil. All this is quite telling. In the chapter on socialism which follows, a more detailed analysis of why this association exists between socialism on the one hand and all these detrimental and damaging consequences for the vast majority of people on the other can be found.

production or a particular investment, this expectation will be the result of a detailed analysis of all relevant factors in his industry (which include voluntary consumer choice as the primary factor), and the investing of funds and engaging in production will be done with substantial interest and energy on the part of the owner because both profit and loss accrue to him disproportionately, and so the endeavor or investment will have a higher chance of turning a profit than it would otherwise. Also, if the investment does turn a profit, the consumer, producer, and worker will then all be in a better place in their own lives than they would have been otherwise, because transactions were voluntary on all sides (again, this will be the *net* result over time, and will not necessarily be the case for any given round of production or investment). And because the amount of profit correlates with the amount of money consumers are willing to spend on the company's products, the level of profit correlates to the level of consumer satisfaction in the use of its products. In other words, profit is a principal measuring stick of the increase in human prosperity and well-being, not just for those to whom the profits directly accrue, but to everyone in society – owner, consumer, worker. The profit motive, in other words, is not an evil or a weakness in humanity, or in a subset of humanity, that must be snuffed out at all costs – in fact, doing so would greatly damage society. Rather, the profit motive is the primary driving force behind societal progress.[34]

As a result of these things, the capitalist implementation will, over time, better satisfy the needs of consumers, workers, and owners. But what this means

34 This statement also takes into account progress which occurs along other avenues, such as the progress of scientific research, or the progress of medicine. In order to make advances in science, or advances in medicine, *capital resources* are needed to set up experimental laboratories, hire lab assistants, run clinical trials, etc. Yes, much of this is funded by government rather than directly by private companies (though we should not ignore the fact that *great* amounts of money are spent on research and development in both scientific pursuits and in medical research by private companies), but if the government is an honest government, and does not support the existence of or benefit from a central bank (central banks, which will be discussed in more detail later in this book, are instruments of tyranny and are quite incompatible with the capitalist system of property ownership), then the money the government has at its disposal will come from taxes or loans from private banks or individuals, all of which had to be *grown* and *acquired* somehow before it could be taxed or loaned; and, as we have discussed, it is the *capitalist* arrangement of property ownership, underlain by the *profit motive*, that is the only socioeconomic arrangement which produces a *net increase* in the amount of capital in society, and thus the only arrangement which allows for the growing and acquiring of enough capital resources to be taxed by or loaned to the government in order for the government to be able to fund such basic scientific and medical research in the first place. If the profit motive were snuffed out, wealth in society could not show a *net increase*, and so the benefits of this net increase in society could never be realized. One more note: yes, different people will benefit from a particular net increase in wealth to different degrees – but this is *exactly as it should be*. In a capitalist system, property ownership is arranged and is altered over time in such a way as to *maximize* the chance that he who invests the most and takes the most risk is he to whom the rewards accrue in greatest proportion if the venture turns a profit; in such a way that wages for labor are *maximized* and costs of products and services are *minimized* due to competition between companies on the open market for both consumer choice and worker choice; and finally, in such a way that the governmental arrangement is such that the chance of a breach of contract on the part of the employer toward the worker to not pay the worker his agreed-upon wages for the work he has performed is *minimized*.

is that over time, in the capitalist arrangement, fewer and fewer people will feel the need to arbitrarily infringe on the person or property of others in order to satisfy a felt need, because, over time, more and more people's diverse needs, desires, and interests will be satisfied, and to an ever greater degree, by the honest and morally just[35] method of capitalist production. This will result in a continuing reduction in crime, as well as ever greater international cooperation and international economic interdependence. Individuals and nations will be able to get more of what they want by honest and open trade than was the case previously, because there is more capital to go around and greater attention is paid by those with direct power of disposal over capital resources to what each individual or nation happens to need. As the methods of production become more efficient over time as a result of the mental division of labor and market competition between companies, i.e., as a result of the spread of capitalist ideals, we will see a gradual reduction in war, and in crimes against humanity, as more people and nations over time find ways to get what they want by trade instead. And if we, as individuals or as nations, can get what we want by honest trade without going to war or committing crimes against humanity, then we *will*, because doing so poses much less risk to ourselves as individuals and as nations than the alternative. And as a result of the spread of capitalist ideals to other nations, and the efficiencies which would thus be created in the economic production of those nations, these other nations would then have more capital resources themselves with which to trade on the global open market, which would only serve to reinforce in their minds the idea that going to war to achieve their goals is both wasteful and unnecessary. Furthermore, this wealth will have been acquired through the process of honest production, meaning no one was arbitrarily infringed upon in order to acquire it, and this means that the negative repercussions which accrue to a nation or a person for arbitrarily infringing upon the person or property rights of others will *not* accrue, and in fact the opposite will happen: if the nation or individual shows honesty and integrity in their dealings with others on the open market, then others will begin to think of the nation or individual as beneficial to themselves rather than as threatening. As a result, cooperative economic, political, and social bonds will be strengthened, and so will become that much more ingrained in global cultural practices.

35 Once again, *morally just* from the perspective of the goal of achieving happiness for each individual according to each individual's own definition of happiness and in ways which do not arbitrarily infringe on others. This is the *only* way in which the concepts of "moral" and "immoral," or "just" and "unjust," can be defined without the definitions suffering from fatal contradictions. In other writings, I will expand on the nature and source of morality.

## §8 Global Change

Of course, a change of this magnitude cannot happen overnight. And, of course, there are many forces which work to prevent it from happening, and which are, and which have been throughout human history, quite powerful – forces which seek to limit or snuff out individual freedom, i.e., to arbitrarily infringe on the person or property of others, because these forces personally benefit from doing so. But the point is that a future in which there is great global economic interdependence, maximum individual freedom, minimal crime, no war, and a continuing increase in social prosperity and individual wealth and happiness is not an unrealistic or impracticable goal. It is very much within the realm of achievability, because it is based on nothing other than a *rational* analysis of human nature and the human condition, and an honest effort to find real solutions to our problems. As with any scientific undertaking, as we investigate and try to understand the patterns and principles by which a complex system, such as the human mind, or human society, works, we will make many mistakes and draw many wrong conclusions. But eventually, as long as we are given access to the system itself to continue observing it, gathering data about it, and thinking about it (and, in fact, we have access to a human mind, our own, all the time, as well as access to human society all the time since we live within it), then our understanding of the complex system or systems in question will grow and eventually mature. In the case of human society, it is the conclusion drawn from an already-existing long intellectual tradition[36] that the capitalist method, and *only* the capitalist method, of structuring socioeconomic activity will achieve this goal of global peace and prosperity, and, further, that all other proposed systems will not only not achieve this goal but instead will actively move us in the opposite direction.

36 See *Socialism: An Economic and Sociological Analysis* (https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced on **2/19/23**) and *Human Action: A Treatise on Economics* (https://cdn.mises.org/Human%20Action_3.pdf, referenced on **2/19/23**) by Ludwig von Mises, *The Road to Serfdom* (https://cdn.mises.org/Road%20to%20serfdom.pdf, referenced on **2/19/23**) by Friedrich A. Hayek, or anything written by the economist Murray Rothbard, though you can start with *For A New Liberty: The Libertarian Manifesto* (https://cdn.mises.org/For%20a%20New%20Liberty%20The%20Libertarian%20Manifesto_3.pdf, referenced on **2/19/23**), for a few excellent examples of this tradition.

# Chapter 3

# SOCIALISM: A DETAILED DISCUSSION

## §1 Centralizing Economic Authority

Socialism is a system of arranging property ownership in society so that only one person or one central authority has ownership of all the means of production. All the factories, all land, all resources which could be mined, all mining equipment, all call centers, all food processing plants, all oil pipelines, all building construction equipment, as well as the buildings themselves, all lumber, all plants which produce clothing material, all hospitals, all manufacturers of medicine and medical equipment, etc., are owned by one central authority, who has sole ultimate right to dispose of them as it sees fit. Others may be in direct possession of any of these resources at any given time, but the ultimate authority can always arrive unannounced and can at will force the use of the resources toward a different purpose, confiscate the resources, assign them to another person or group of people and remove from the premises those who up to that point had direct possession of them, directly destroy the resources and then leave, force the resources to be idle by preventing those who were using them to continue such use, etc. It is believed by the defenders of socialism, at least, those defenders who actually understand that this kind of central and powerful authority is an inherent and inerad-

icable part of socialism,[37] that by arranging property ownership in this manner, that is, by giving *complete* control of all means of production *on purpose* to one central authority, production will be more *efficient* and *rational* than production under capitalism, which they describe as wasteful, anarchic, and irrational. This central authority which has ultimate control of all economic resources is sometimes called an *economic planning board*.

Reflect, for a moment, on what a *government* is. A government is a group of people who *govern* others, that is, who provide services to a society for the purpose of preventing people from harming each other, so that society's existence can continue. Different governments in different societies at different points in history perform different specific tasks and sets of tasks in the course of their governing duties, so that not all governments do the exact same things or are expected by those whom they govern to do the exact same things as other governments; but the point is that a government is a particular social institution whose purpose in society is to prevent or punish the actions of malcontents so that such actions do not lead to a permanent disruption of societal cooperation and trust – i.e., so that society is not destroyed. Not coincidentally, this is analogous to capitalism itself – by arranging property ownership along capitalist lines, the natural result is competition between producers for the loyalty of consumers and workers, which, in the long run, is to the benefit of all involved and thus reinforces the

37 Many defenders of socialism, e.g., those on the left in America who defend socialism, fail to understand this. They tell us that socialism is more "fair," more "just," more "equitable," more "moral," etc., than capitalism, because it will, presumably, distribute wealth more equally than capitalism. But they do not think further than this. They do not ask themselves a number of important and obvious follow-up questions, because asking these questions would make it clearer that socialism would *not*, in fact, be beneficial to society. For example, if all wealth above the "average" is to be confiscated and then redistributed equally among all citizens (or even *quasi*-equally), who is to do the confiscation and redistribution? Would such an entity not need substantial power to forcibly redistribute wealth, and, what is more, to continue to enforce such redistribution over time as economic conditions continue to change? Note that if the decision about how to redistribute the confiscated wealth was done "democratically," then the redistribution would never get out of the planning stage, because there would be too much disagreement on the specifics of how to redistribute the wealth, and on what is to be considered the cutoff point beyond which an individual's holdings are considered to be too much. This means that in order to redistribute wealth, a single central authority must always have final say, in order to ensure that the redistribution effort does not run into insurmountable tactical problems. But this means that, inevitably, if socialism is to even have a chance of working, that is, of making wealth redistribution more "equitable" (which, by the way, is the primary motivation and source of the entire socialist argument – others have more than I do, and I want what they have, so, if possible, I would like to create or attach myself to an ideology which allows me to not feel guilty, and, in fact, allows me to feel *eminently and morally justified*, about demanding that the government forcibly confiscate wealth from others and give some of it to me), then a single, central authority must have ultimate control, that is, must *own*, all the means of production, so that there can be no irreconcilable disagreements about who is to get what in the redistribution process. In other words, those who defend socialism simply on the basis of an "equal distribution of wealth," such as the socialist defenders on the left in America, completely fail to understand that the only way such a practice of equal distribution can be sustainable in a *real* human society (instead of the imaginary ones which they have in mind when making their argument and which fail to take into account many relevant factors) is by handing total control of all economic resources to a single central authority. In other words, in fighting for an equal distribution of wealth, such defenders believe they are fighting for the freedom and prosperity of individual citizens; but, in fact, their plan, if enacted, would result in tyranny – precisely the opposite of what they believe and what they say would happen.

bonds of societal trust and cooperation, as described in detail in the preceding chapter. In other words, a particular arrangement of property ownership *leads to* the reinforcement of the strength of social trust and cooperation; and this is true of government as well. Other arrangements of property ownership, and other ways of arranging or structuring a government, can lead in the opposite direction – i.e., the *weakening* of the bonds of societal trust and cooperation, which in turn makes it harder for each of us to benefit from being a part of society, and makes us that much more dissatisfied with society itself, which in turn reinforces the further weakening of social bonds.

Now consider the kind of government which one would expect to see if the ownership of the means of production were arranged along socialist lines. All the economic resources would be at the ultimate disposal of the central authority. Recall the list of examples of economic resources which was given a couple of paragraph ago. This is just a small list of examples, but it includes many sources of critical consumption goods, such as clothing, shelter from the elements in the form of housing, food, medicine, medical supplies for emergency medical care, and others, and this is not to mention all the other less critical consumption goods which derive from the same and other productive sources. He who has control of such resources has control, literally, of the life and death of his people. He can call them up in a draft and force them to fight and die in a war which the vast majority of citizens do not want; he can force all musicians and artists to produce only art which is not critical of him and his economic leadership; he can arrest, detain, torture, imprison, or execute any citizen for saying anything critical of his choice of method in economic production, or for any perceived act of insubordination; he can make use at his pleasure of the bodies and the labor of all citizens, directing them to any enterprise or activity he chooses, at any time; and he can grant privilege to any citizen he chooses at his whim, for any purpose, and according to whatever criteria he desires, and can keep anyone oppressed whom he wants to keep oppressed, so that the possibility of rising to a better existence in such a society is complete disconnected from the amount of hard work and effort one puts into creating, building, and achieving. He can do all these things because he has ultimate right of disposal of all economic resources: he has the economic resources necessary to build and maintain an army and a secret police to enforce his will and the economic resources necessary to crush rebellions (as an example, consider the Kulaks in Soviet Russia under Stalin). He has the power to do all these things, and more, because he has ultimate control of all economic resources, and it is the economic resources themselves which a person needs in order to enact his will in the world. He has the power to, for example, withhold

food, or shelter, or clothing, or medicine, from any who oppose or criticize him or his regime, until they either fall back in line or die from starvation, exposure to the elements, or lack of medical attention.

What, then, is this ultimate owner of all economic resources, but the leader of a totalitarian government? What, then, is an *economic planning board*, but a central governing authority? In fact, this is the precise form of government to be expected under socialism. And, as with capitalism, there is an inherent, and necessary, connection between the form of government which develops in a society and the method of arranging the ownership of the society's economic resources, that is, the ownership of the means of production. If economic resources are arranged so that a single, central authority has the ultimate right of disposal of all of them, then a totalitarian government *necessarily* develops, because he who has control of the economic resources can bend everyone else to his will. One may say that not literally every leader would become tyrannical even with control of all economic resources, but to the extent this true it is only true in exceptional circumstances. Also, as discussed more below, this is not the only problem with socialism, though it does tie in with the other problems, since all key aspects of a particular socioeconomic system imply and reinforce each other.

On the other hand, in a society which was not socialist at one point, but chooses to elect, and give military and economic power to, a politician who campaigned on a socialist platform, then such a politician, in order to fully realize the socialist plan, will, over time, solidify and extend his control over, eventually, all means of production in the nation, and the result will be the same. Even in the case where the politician professes not to care about "economic" concerns at all,[38] and only cares about enforcing uniform change in other ways in his society, such as changes to the national physical health regimen, or the schooling system, or changes based on a perceived common cultural origin for a particular group of people, the end result is that, in order to enact his will, this dictator will need to acquire, and maintain ultimate control over, more and more of the nation's economic resources, because this is the only way he can build, feed, clothe, outfit and pay his army; the only way he can continue the ongoing effort of propagandizing to his public to ensure enough of them continue to believe that it is right and just to demand their obedience; the only way he can maintain any system of distribution of consumption goods, including not just the facilities and warehouses where they are stored in bulk, but all the labor of the distributors themselves, who must

38 And, as mentioned before, the distinction between capitalism and socialism, and by extension anarchism and syndicalism, is, in its most concise form, an *economic* one, since the primary distinction is marked by the different ways of arranging the ownership of the means of production in society.

be paid a wage of some kind; the only way, ultimately, that he can continue to *show* and *put on display* his strength and his power, so that enough of his populace will continue respecting or fearing him so that he is able to hold onto power. For an excellent example of exactly this situation, research the development of Adolf Hitler's Third Reich – Hitler declared that he did not have, or had very little, care for economic matters, but, nonetheless, over time his control over economic resources kept expanding and solidifying. In other words, in contrast to what a typical leftist will tell you, Hitler's regime was, in fact, *socialist*. One could also call it fascist, as is the term typically used by Americans of a leftist persuasion for both Hitler's regime and for their own political enemies in America, and, regarding Hitler's regime at least, this, in a general sense, is true as well.[39] Fascism was a form of dictatorial regime, and Hitler's regime was dictatorial. But this is precisely the point: a dictatorial government, of *any* kind, will always either start or end up with a socialist arrangement of property ownership, and so, if we are discussing the differences between the great socioeconomic systems of capitalism, socialism, syndicalism, and anarchism, and if the differences between these systems hinge on differences in the nature of the distribution of the ownership of the means of production, then Hitler's system, and all other possible totalitarian or dictatorial systems are, and should be classified as, socialist.

## §2 Internecine War

Before going any further, we should clarify something about the terminology used here. What is the difference, if any, between socialism, communism,

39 Although historically, *fascism* was "a variety of Italian socialism" (p. 572) under Mussolini, and did not originate in Germany. Mussolini was described by Mises as "the outstanding man in Italian socialism," who, during World War I, "chose at first the orthodox Marxian position. Nobody could surpass Mussolini in Marxian zeal. He was the intransigent champion of the pure creed, the unyielding defender of the rights of the exploited proletarians, the eloquent prophet of the socialist bliss to come" (p. 574). Furthermore, "Fascism posed as a new philosophy unheard of before and unknown to all other nations. It claimed to be the gospel which the resurrected spirit of ancient Rome brought to the decaying democratic peoples whose barbaric ancestors had once destroyed the Roman empire." But actually, "from the dust-heap of discarded socialist utopias, the Fascist scholars salvaged the scheme of guild socialism. Guild socialism was very popular with British socialists in the last years of the first World War and in the first years following the Armistice. It was so impracticable that it disappeared very soon from socialist literature. No serious statesman ever paid any attention to the contradictory and confused plans of guild socialism. It was almost forgotten when the Fascists attached to it a new label, and flamboyantly proclaimed *corporativism* as the new social panacea" (pp. 576-77). Finally, "Fascism was not, as its advocates boasted, an original product of the Italian mind. It began with a split in the ranks of Marxian socialism, which certainly was an imported doctrine. Its economic programme was borrowed from German non-Marxian socialism and its aggressiveness was likewise copied from Germans, the *All-deutsche* or Pan-German forerunners of the Nazis. Its conduct of government affairs was a replica of Lenin's dictatorship. Corporativism, its much advertised ideological adornment, was of British origin. The only home-grown ingredient of Fascism was the theatrical style of its processions, shows and festivals" (pp. 577-78). Mises, *Socialism: An Economic and Sociological Analysis* (https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced **2/19/23**).

fascism, Nazism, social democracy, state capitalism, Marxism, planned economy, the German Workers' Party, and all other such terms? If one reads the writings of the intellectual defenders of each of these, and listens to or reads the defenses of these various systems or platforms made by various politicians throughout the last two hundred years, in the various nations of Europe, for example, one will find fierce and protracted debate between them, as if these systems were all fundamentally distinct from each other, without the possibility of reconciliation. However, if one looks at the history of all these systems and proposals, one will find that each time the defenders of any of these are able to gain power, they take measures to increase the strength of the State, that is, the central governing authority, which then results, as a natural consequence, in the reduction in power which individual citizens have over their own lives and actions. If one looks in detail at the historical usages of these various terms,[40] what one finds is that they all are different names for the same thing, viz., the desire on the part of the politicians running for office and those who support them via intellectual and other means to solidify and centralize control over economic resources, for the purpose of *enacting and enforcing their will on the rest of the populace*, either out of a direct desire to dominate others for the purpose of self-preservation and self-aggrandizement, or because it is believed by such people that their own ways and methods of doing things and of structuring society, their own values, beliefs, and preferences, are *superior* to those of anyone who believes or does things differently, and that if only *they* were to be given control of the necessary economic resources to enact their will in the real world, society's problems would be solved and everyone would be, more or less, happy. Hitler's vicious fight against the Communists in Germany, for example, would, on the surface, make it seem as if Hitler's system and the system of German Communism were irreconcilably opposed ideological systems – and, in some ways, they were: for example, Hitler's system stressed the *duties* of the masses and taught self-discipline, while the German Communist system was much more hedonistic in nature and discussed the *rights* of the masses, so that, e.g., the communists supported "free contraceptives, family aid to unmarried lovers, and 'week-ends,' " to quote from a footnote in an annotated edition of *Mein Kampf*,[41] while Hitler's system was strictly opposed to such things. However, the point is that when it comes to the overall structure of the society, the overall relationship between the governing authority and the people, the nature of life for the masses under such a system, and the long-term effects of

40 For an excellent discussion of some of this history, and of the fact that these terms cannot be fully appreciated without reference to their historical usages, see the Epilogue, pp. 525 – 592, in *ibid.*

41 Chamberlain, John, S. Fay, J. Gunther, et al. *Mein Kampf, Complete and Unabridged, Fully Annotated*. Reynal & Hitchcock, New York, 1941. Footnote on page 347.

the continuance of such a societal structure – i.e., the *strategic* factors, and the factors which have the greatest effect on the masses – the two systems of Hitlerism and German Communism are the same. Both would create a totalitarian government with the power of life and death over its citizens, because both systems, each just as much as the other, would, in order to be able to effectively enact, and sustain the enactment of, their values and their plan for society, *require* unquestioning obedience to its dictates by all citizens; otherwise, citizens could, and many would, effectively challenge many of the dictates of the governing authority, and the values and the full plan of the authority to change society for the better would, at best, remain permanently stilted, and, at worst, be fully reversed, or never make it out of the planning stage. But in order to have the power necessary to enforce such mass obedience, the governing authority would have urgent and sustained need for vast economic resources, as described above – in other words, it would have a great need to work toward solidification of control for itself over more and more, and eventually all, productive economic resources – that is, toward *ownership* of all the means of production. But as we have seen, this is nothing but socialism.

To take the discussion further, consider the modern usages of the terms *socialism* and *fascism* in America today. For many on the left, it is fashionable to label anyone on the right with whom they disagree strongly enough a "fascist." Likewise, for many on the right, it is fashionable to label anyone on the left with whom they disagree strongly enough a "socialist." This would make it seem as though fascism and socialism are irreconcilable opposites, fundamentally distinct from each other in all essential ways – which implies that if one of them is totalitarian, the other must be just the opposite, i.e., the other must be a system which ensures freedom, prosperity, and happiness for all people equally. But in order to understand whether these labels are correct, it is important to gain a proper understanding of the words themselves, and the only way to do this is to look at their historical usages. I refer you to Footnote 40 above for an excellent discussion of historical usages for some of the prominent labels like *communism*, *Fascism*, *Nazism*, *Bolshevism*, and others. What is important here to understand is that, like all political terms, their usages are greatly affected by the desire for political power, and this means that in the fierce, often violent, struggles for power between political platforms and parties, which struggles are ongoing and occur always in the context of the highest emotional stakes, the various emotionally-triggering words, such as, in this example, "communism," "fascism," "socialism," etc., are not always going to be used in a clear and unambiguous sense. Instead, often they will be used in a purposely unclear but emotionally-triggering sense, for the purpose

of swaying the masses to grant one or another person official political office and power, or the continuance of such. At the very least, this should give us pause when we think about the terms socialism and fascism, as well as others like capitalism, democracy, monopoly, redistribution, profit motive, ownership, and any and all other terms which have a history of being involved in societal debates with high emotional stakes, because more likely than not, the usages of these terms by many or most of us will be based in one way or another on an unclear or flawed understanding of what we are discussing. Consider the specific example of the terms socialism and fascism as used in American political debate. The usage of these terms for opposite sides of the political spectrum is based on the *historical usage* of the terms and derives from a desire for political power rather than from a fundamental structural difference between the respective sets of ideas, or a difference between them with regard to their ultimate strategic effects on the structure of society. Consider a quote from Mises in relation to the ongoing, and vicious, battles between the Soviet Communists on the one hand and the Fascists and Nazis on the other, in the first half of the 20th century: "It is important to remember that Fascism and Nazism were socialist dictatorships. The communists, both registered members of the communist parties and the fellow-travelers, stigmatize Fascism and Nazism as the highest and last and most depraved stage of capitalism. This is in perfect agreement with their habit of calling every party which does not unconditionally surrender to the dictates of Moscow – even the German Social Democrats, the classical party of Marxism – hirelings of capitalism. It is of much greater consequence that the communists have succeeded in changing the semantic connotation of the term Fascism. Fascism, as will be shown later, was a variety of Italian socialism. It was adjusted to the particular conditions of the masses in over-populated Italy…. In recent years the communists' semantic innovations have gone even further. They call everybody whom they dislike, every advocate of the free enterprise system [i.e., *capitalism*], a Fascist. Bolshevism, they say, is the only really democratic system. All non-communist countries and parties are essentially undemocratic and Fascist."[42] Sound familiar? In America, the right wing is associated with capitalism, and the leftists who defend socialism are quite fond of calling those on the right fascists. The detailed historical connections between the usage which Mises describes and the modern American use of the term fascist could be traced, and if this is done, one finds that the two are connected historically. In other words, the reason why the term "socialism" is associated with the left and the term "fascism" is associated with the right

42 Mises, *Socialism* (https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced **2/19/23**), pp. 572-73.

is not that socialism and fascism are somehow fundamentally different from each other. It is, rather, that changes in semantic connotations of these terms to suit particular political needs of the moment which occurred in the first half of the 20th century were historically inherited by today's Left and Right, and this is the reason why these terms are associated with the Left and Right the way they are today. Mussolini's system of absolute dictatorship, i.e., *fascism*, was no less dictatorial than Hitler's Nazism[43] or Stalin's communism, or Lenin's Marxism. All such systems would have ended up creating the same overall type of society, and in the specific cases named, *did* create such a society – one in which the central governing authority was absolute and dictatorial, in which the masses had few if any basic rights and freedoms, in which the masses were slaves of the governing authority, in which there were no opportunities to break out of bondage and crushing poverty, save by the grace of the dictator's whim … in which, in other words, the central governing authority has ultimate control, that is, *ownership*, of all the means of production in society. In other words, each and every one of these systems was and is *socialist*. Fascism *is* socialism, and socialism *is* fascism, aside from trivial historical and cultural differences; each system creates the same type of society, and the masses suffer equally under both systems. Therefore, it is highly misleading, and creates substantial confusion, to say that the two systems are fundamentally different from each other, and to call the totalitarian tendencies in the American Left "socialist" while not also, at the same time, calling them "fascist," and vice versa for the totalitarian tendencies in the American Right. They are both *both*, and in either case, if allowed to gain sufficient political power, they will work, despite the best intentions of many of their advocates (combined with a lack of proper understanding on the part of the advocates of the systems and ideologies which they support), to reduce social cooperation and trust, to

43 "Nazism," in fact, is short for "national socialism," and while, as discussed in the main text, terminological use, and changes in such use for any given term, in the political arena frequently do not line up with the actual policies of the parties so named, it is nonetheless telling that the term "socialism" was chosen as part of the official name of the party. Though Hitler did not care much for purely "economic" matters, one might find interesting connections, if one looks at the history, between Hitler's use of the term "socialism" in his party's name, and what he perceived the term "socialism" to mean in the sociopolitical context of his time – specifically, consider that at that time the term "socialism" was used to describe and to name various political parties in various countries in Europe who promoted freedom and prosperity for everyone in their propaganda but whose ultimate aim was totalitarian control of their nation's resources and labor, whatever different and sundry tactical means each party proposed in order to bring about such control, so that they could have the necessary resources to reshape their country, and in some cases, other countries, according to their preferred image of society. Hitler's regime just tacked on the word "national" because he was a nationalist, rather than an internationalist, which latter sentiment is more in line with the teachings of traditional Marxian and Soviet socialism.

weaken social bonds, and, eventually, to destroy individual freedom, choice, and prosperity.[44]

## §3 Specialization of Mental Labor

Let us now switch topics. Recall from the earlier discussion that, as a result of the mental division of labor, which itself results from the process of specialization that is the consequence of open market competition between companies for consumer and worker loyalty, each owner of economic resources only has to concern himself with considering the relevant factors which will ensure success in *his domain only*. For all other domains of economic production, he can leave it to the owners in those domains to consider the relevant factors which will ensure success in those domains. Specifically, we are talking here about a mental division of labor when it comes to the task of *how to manage, invest, and use the limited economic resources at the disposal of the owners*. As with all other tasks, such as the design of car engines, the processing of toy doll parts by workers at an assembly line, the entertaining of the masses with singing or acting, the work of the police officer, mathematical or scientific pursuits, teaching, playing professional sports,

44 Consider also the official, government-sanctioned name for North Korea: the Democratic People's Republic of Korea, or DPRK. Yet it is understood by almost everyone that the North Korean system is tyrannical, its subjects have few if any basic human rights and freedoms, and the vast majority live under crushing poverty, and frequently on the verge of starvation. Such a system is not *democratic*, it is not to the benefit of the *people*, and it is not a *republic*. Yet all three of these terms are part of the official name of the country. Terms themselves have substantial significance in the political arena, and this has always translated into the very careful naming of political parties, and in some cases, nations, in a way designed to maximize the party's or the nation's government's appeal to the nation's masses, and to the masses and leaders of foreign nations. Whatever concepts most appeal to the masses when the political party or national government is active, these concepts will most likely make it in some way or other into the name of the political party, or sometimes the country name, and this kind of finagling is *especially* needed when the designs of the party or national government are *opposed* to what the public wants and needs – i.e., if the public wants freedom of choice in their own lives, but a particular political party wishes to impose complete control over the public and bend everyone to its will, the would-be dictators would not name themselves the "Party of Complete Dominance and Control." This would not go over well with the public, and such a party is likely to lose its bid for political office. But if they name themselves the "Freedom Party" or the "Party of Democratic Leadership," etc., then they are guaranteed to win over at least some of the public by doing this, and also to give themselves a sheen of plausible deniability when opponents criticize their proposals and methods for being too dictatorial. In the case of the DPRK, what we have is exactly this kind of overcompensation, and with *three successive* terms, no less, that all mean freedom for the people. Compare this to South Korea's official name, the Republic of Korea – much simpler, and note that it is no coincidence that South Korea is, with the US's help, a bastion of capitalism, as well as representative government. The same kind of overcompensation can be seen in, for example, the "People's Republic of China" and its "People's Liberation Army." Another example is all socialist political proposals which claim to represent the "workers" or the "proletarian," when in fact all socialist schemes create a system of totalitarian government. Finally, consider this from Mises, *op. cit.*: "The socialist movement takes great pains to circulate frequently new labels for its ideally constructed state. Each worn-out label is replaced by another which raises hopes of an ultimate solution of the insoluble basic problem of Socialism – until it becomes obvious that nothing has been changed but the name. The most recent slogan is 'State Capitalism.' It is not commonly realized that this covers nothing more than what used to be called Planned Economy and State Socialism, and that State Capitalism, Planned Economy, and State Socialism diverge only in non-essentials from the 'classic' ideal of egalitarian Socialism" (p. 22).

philosophizing, legal work, etc., the task of efficiently managing capital resources so that the use of these resources more often than not generates a capital surplus is one which some are better at than others, i.e., one which some have more skill or more natural ability or proclivity to do, and to do successfully, than others. It is the decisions on the part of those who are in charge of managing the capital – i.e., the owners of the capital or those who act on their behalf – which determine, for example, who gets hired, and how many, to perform labor, and in which areas the labor is to be performed; how the cash in a bank account is to be spent; whether credit cards or other forms of interest-bearing debt are to be used to fund or partially fund a project; at what price to sell the consumption goods and services which may be produced in a particular round of production; whether a particular business opportunity is worth turning on the electricity and air-conditioning in a factory building and using up a certain amount of production goods or raw materials to produce a particular amount of consumption goods or semi-manufactures; what wages or other types of remuneration the company is willing to be talked up to by negotiations with a particular laborer or group of laborers in order to prevent the labor from being hired by a competitor; whether navigating particular government regulations, and the costs or potential costs associated with them, is a price they are willing to pay for entering a new market, where there are already at least a few competitors who have more experience and who would present additional challenges beyond the existing government regulations to any potential success in this new market; and many other things, which things change with time and as economic and geopolitical conditions change. Consider how much thought and research and careful consideration must go into doing this for the particular leaders in just a *single* industry, such as the semiconductor industry, or, rather, in *each* of the many parts of the semiconductor industry. No matter how smart a person is, there are limits to the human mind's ability to process data. Beyond a certain point, the number of factors which must be taken into account in order to ensure that, after a particular round of production is finished, there was a net *increase*, rather than a net *loss*, of capital resources, which, in the longer run, is directly proportional to a net *increase* or a net *loss*, respectively, in overall well-being for all individuals in society, becomes too many for even the smartest, most experienced person to be able to consider and juggle effectively. This is the reason for the specialization which we see around us in all capitalist economies today – beyond a certain point, no one person can handle all the decisions which need to be made about how to invest and use society's limited capital resources in order that, in using them up in the ongoing rounds of production, we, at the very least, replenish them in one way or another so that we do not gradually deplete our re-

sources and eventually end up destitute as a society, and, preferably, we use them efficiently enough that, over time, we see a *net growth* in capital in society, and, therefore, a net growth in well-being and happiness for everyone. Specialization is the key, and, as we can see all around us, it is the specialist who finds the *most* efficient way of doing a given thing, and, given that every dollar counts in the open, competitive market, the specialist will win out over the generalist in any given industry.[45] Furthermore, the opposite also applies. The more that is placed on a generalist's plate, the more factors he has to consider, the more diverse things he has to take into account and make decisions about, the *less efficient* he will be at finding ways to use scarce economic resources, and so the more *wasteful* he will be of those resources – and note that this is the case *regardless* of his best intentions; the more factors he has to consider when making economic decisions, the more likely that any given round of production in which he decides to engage will produce at a net *loss* rather than a net *increase* of capital resources, and the more likely, over time, the society of which he is a part will show greater net loss than gain of capital, and so, therefore, a greater net loss of well-being and happiness among the populace. This is why we frequently hear of national governments being, often grossly, inefficient in their use of capital resources; why, for example, the US government outsources the production of military equipment, and intelligence equipment, to vast networks of *private suppliers and contractors*, rather than making the equipment themselves – they understand that the private companies will be more innovative in the design and production of the equipment, and will, because of their specialization, be more efficient[46] in the use of the capital resour-

45 Even in the case of generalists such as general contractors, or general practitioners in medicine, or mathematicians or scientists who span multiple fields, or lawyers who span multiple legal fields, etc., these people are still specialists in the sense that they are in the specialty of contracting, the specialty of medicine, the specialty of mathematics, of science or of law. The point is not that specialization will always occur to the *nth* degree or in the most atomic fashion possible, or always be carried to its "logical" conclusion. The point is that specialization is more capable than generalization in finding creative, efficient, and productive solutions to problems. Once specialization gets down to a certain point, which point differs between industries and fields, the specific details, factors, and context relevant in a given specialty become significant and, for one reason or another, may make it so that further specialization is cost or labor prohibitive in some way. As stated above, capitalism is the result of efforts to solve an *optimization* problem, which is a type of problem in which many factors will influence each other and conflict with each other at any given time, and different factors interact, influence, and conflict with each other at different levels of specialization in different industries and fields.

46 This excludes discussion of the gross inefficiencies and lack of accountability in much military spending in the US today, for example, in certain extra-governmental, highly secretive sections of the military-industrial complex, because this spending is not the result of capitalist activity, but the result of corrupt activity due at least to the central banking arrangement's ability to vastly inflate the currency, which ability is destructive of freedom, and therefore of capitalism, in society. Such programs are deep black budget programs and have the Sensitive Compartmented Information or Special Access Program designations, which are part of the Top Secret clearance level, not all of which are illegal, but some of which it appears have not had congressional oversight for a long time, which lack of oversight, given the financial, political, and military resources at the disposal of these programs, would give these programs strong candidacy as a source or sources of tyranny. Investigation and research into these activities should be done very

ces, than the government itself, which has *many* more considerations to worry about than just the procurement of military and intelligence equipment.

Now, consider the arrangement of the means of production under a socialist regime. In socialism, *all* the means of production are under the ultimate control of a single economic planning board, which will typically be headed by a single dictator, a leader among peers, for example, since even in a small group of people irreconcilable disagreements about how to use economic resources can arise, and there needs to always be a way to resolve these differences so that the implementation, strengthening, and continuance of the unitary socialist plan for society does not flounder; and the way to resolve irreconcilable differences is to have a third party decide and for all to accept this decision, and then move on. This means that in a typical socialist society, one man has complete control of all economic resources, including all labor. At the highest level, where decisions about the use of the means of production impact the largest amount of these means at any given time, it is the direct decision of this economic dictator which determines how the large swathes of resources are to be used, or how their use is to be changed, and in what way or ways, at any given time. It is true that the dictator can be advised by those in the economic planning board, who may be divided into their own "specialties" – one for energy production, one for forestry, one for agriculture, etc., or however they are divided up for a particular board. And it is true that within each of the sectors, the leader of the sector can hire or develop

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carefully, because there is a substantial amount of misinformation about them in the public arena, though we should also keep in mind that there is an interesting kernel of information and ideas in the claims about the deep/illegal black budget projects which it would be scientifically irresponsible to dismiss out of hand. Also, if a group of powerful people wished to conceal evidence of some of their efforts and decided to be dedicated and methodical in doing so, it is not inconceivable that they could be quite successful in such an effort, for which situation the phrase "Absence of evidence is not evidence of absence" could easily become relevant. Note that any such secretive, extra-governmental efforts by a small number of people in today's interconnected world could easily be efforts to establish, or efforts which could be used to establish, a system of *global* tyranny, from which there would be no escape, because there would be no outside source – at least, no outside *human* source – from which the ideals of freedom could spread. It is precisely the chances of success of such an effort to establish tyranny which a system of separation of powers and strong checks and balances on power, i.e., a system structured according to *capitalist ideals*, minimizes. Finally, one may be justified in saying that such secrecy surrounding certain technologies, and knowledge, may be justified in at least one way: it may be necessary to prevent the US's current enemies, such Russia, China, Iran, or North Korea, from obtaining the technologies or basic scientific knowledge to create technologies which could be used to gravely threaten the US, and to gravely threaten freedom. But a fine line must be toed here, and it is difficult to determine or to know where that line is at any given time: secrecy to a degree is necessary to protect against the acquiring of important information by enemies, but it is also important that secrecy not be allowed to multiply to such an extent that those in charge of the secrets, and the power associated with and derived from them, can become tyrannical, especially if such tyranny has a nontrivial chance of becoming global, and thus all-encompassing. This itself shows the value of the capitalist arrangement, though – by distributing ownership of the means of production and encouraging a strong mental division of labor, the human social system maximizes its chances of finding ways to solve this particular problem, and to do so on an ongoing basis to the extent necessary. Tyranny and the threat of tyranny is minimized in the capitalist arrangement not only because economic, and thus political, power is spread out among the people, but because by doing this the ability of humanity to solve these grand-scale problems in a way which ensures the continuance of freedom is maximized.

specialists in various sub-sectors and areas, who can then advise him, who, in turn, advises the dictator himself with regard to his overall area of economic production. But consider the following obstacles to making the socialist plan a success, even under these conditions. First, it is still the will of the dictator, or the perceived will of the dictator in the minds of the members of the economic planning board, as well as those beneath them, which will ultimately determine the advice that is given by the underlings, rather than considerations based on their perception of the actual needs, desires, interests, and tastes of the individual citizens, who will be consuming what is produced, and so if the will of the dictator were at odds with the will of any given individual citizen or group of citizens, the will of the dictator will override that of the citizens, and the citizens would, thus, be forced to comply with conditions that are less satisfactory than they would be able to obtain in a capitalist free market. Consider next the fact that, as stated before, economic resources are limited. In other words, they are not endless in supply, and, in fact, this is the reason such resources need to be *economized* in the first place. Also consider that the more a given member of the economic planning board can show the dictator that his area of economic production is useful and needed, and that he is doing a good job managing the resources, the more secure his job will be. Under such conditions, each member of the economic planning board will place greater emphasis on the importance of his own area of economic production than is necessarily warranted, and will say that his area is, in at least one or more crucial ways, more important than the other areas. In many cases, though not all, he will also, for his own safety, underemphasize the significance of any failures among his area of production, and will instead vow to himself to compensate for such failures in ways which make the failures seem less significant to the dictator when, or if, he is made aware of them. In other words, the advice given to the dictator regarding how to further use the economic resources at his disposal will often not reflect the true state of production, and will often not be based on accurate, that is, objective, analysis of future needs. The case is exactly the opposite under capitalism, where, due to the need of companies to survive under substantial competitive stress in the open market, companies cannot afford to waste much, if any, time or resources following flawed and self-serving advice which does not reflect the true state of competition and of the market at each moment, or which does not contain an accurate analysis of expected future needs. If a company follows this path for too long, it will quickly go out of business. A socialist government, on the other hand, has much greater leeway to make these bad decisions which waste resources based on self-serving and flawed advice about economic conditions, firstly because the dictator has control of all economic re-

sources, so if one venture does not pan out, he can choose to redirect resources from another at will to cover the losses; and secondly, because he can force the extraction of additional wealth from his populace to cover the losses.[47] In addition, even if it is known to the rest of the economic planning board that a particular use which the dictator has decreed of economic resources is not worth the resources being used but rather will end up wasting them, if the dictator is hard-set on using the economic resources in this manner, then such use is very likely to continue because the dictator has the power to make life hard for any who oppose his plan, including other members of the economic planning board. What this all means is that, under capitalism, a premium is placed on *efficient use of limited capital resources*, while under socialism, it is much more acceptable to *waste* economic resources, because the incentive to make the extra effort to find more efficient ways to use these resources is not there or is much reduced. Also, as implied earlier, the dictator is the ultimate decision maker when it comes to the large-scale allocation of resources to *all* of the different industries and productive enterprises, and given the overwhelming number of factors involved in this decision-making process, i.e., the overwhelming number of considerations which need to be made on a continual basis in order to ensure *efficient* and *net capital producing* use of these resources, the socialist dictator is very much the generalist, in that he has so many factors to consider at any given time when deciding how to use the economic resources at his disposal that many of the decisions he ultimately ends up making will result in a *net capital reduction*, and, in fact, given how many factors are necessary to consider for a person who has ultimate authority to al-

47 Consider the 2023 example of the North Korean government decreeing that every North Korean citizen must provide the government with 100 kg of human poo every day because of the fertilizer crisis (see https://www.thesun.co.uk/news/8301874/kim-jong-un-north-korea-citizens-human-poo-fertilizer/, referenced on **2/19/23**). If citizens cannot provide the require amount of poo (and, of course, no one, much less the chronically undernourished typical North Korean citizen, would ever be able to extract this amount out of his own body), then they can pay with 300 kg of compost, or with a certain sum of money (which only a tiny fraction of North Korean citizens are able to do). Granted, this crisis may not have happened had the North Korean government not been sanctioned by outside countries for its nuclear weapons programme so that, among other things, fertilizer imports were substantially reduced or eliminated. But think about what would happen under a capitalist system if, somehow, the amount of fertilizer which could be produced were to drop off markedly: due to specialization in the fertilizer industry, those in the industry would be much more likely to be able to think of an alternative, and more quickly, than the North Korean government, which (a) is not specialized in the production of fertilizer, (b) as a central, dictatorial government, has many more considerations on its plate in its effort to keep its population oppressed than the task of how to find an alternative to a fertilizer which it has run out of and cannot directly replace, and (c) as the central government of the nation, and as the sole ultimate employer (in the case of a socialist government read *conscriptor of labor*), and as the sole ultimate producer of all consumption goods which are consumed by the masses, either directly or indirectly, it is not subject to the competitive forces of an open market for alternative governments or employers to which its citizens could flock, and so it feels no need or desire to expend great creative effort to find an efficient, workable alternative when it can simply extract more wealth or resources from its subservient population by force, especially since it is already in the habit of doing this anyway, and then decide what to do with the newly-extracted wealth or resources at some point after that. And so as a socialist government this is precisely what it does.

locate large swathes of capital to *all* industries, it is expected that he will make more net capital *reducing* decisions than net capital *increasing* decisions, and that the net result over time will be a gradual reduction of capital resources in the nation, until, eventually, there is no capital left with which to feed, clothe, and supply an army to enforce his will, and he himself or his successor is reduced to the level of the masses. Furthermore, under this situation, because the capital resources have all but been depleted, the average quality of life for the individual citizen who remains will have been much reduced from what it was at the start of the socialist way of arranging property ownership. Also, the resulting productive capacity in the society will only be able to support a small fraction of the people the prior system was able to support, assuming the prior system was based on capitalism, which, in opposition to socialism, is a *net producer* of wealth, or was at least a system based significantly less on socialism; and most of the large fraction of the population which is no longer part of this depleted society will have passed out of it by famine, exposure to the elements due to inadequate shelter and clothing, death from what would have been preventable and curable ailments under a more productive system of arranging property ownership, or, for the lucky few, emigration to a capitalist nation. All this is the result of the grossly inefficient use of capital resources on the part of the dictator and his economic planning board. The rest of the large fraction of the population who will have passed out of the society will have been removed from it by liquidation or execution, as a result of offending the authority, challenging the authority, rebelling, etc.

Who, then, in their right mind would want to live in such a society? And yet there are many on the left in America today with the best of intentions who think America would benefit from being structured according to the principles of this system. But these people are blinded by socialist propaganda, and they lack a basic understanding of what socialism is, or for that matter capitalism, fascism, and much else besides, and they argue less from a rational standpoint than from an emotional desire to help either themselves or others or both out of poverty and oppression. But if one does not argue on the basis of a sound understanding of the concepts involved, then one's conclusions about socioeconomic reality will be skewed and flawed, and recommendations one makes based on these conclusions can easily help push society toward tyranny, or destruction, even as those who recommend these measures continue to firmly believe they are fighting for freedom. Arguing on the basis of an emotional feeling or desire without also having a sound understanding of what it is one is defending, or what it is one is criticizing, is arguing from ignorance.

Note that there is nothing wrong with having an emotional stake in the outcome of a political debate – in fact, it is the emotional stakes themselves which are the sole drivers of our interest in these issues, and so, of course, emotion and emotional stakes should not be discounted and are, in fact, quite important. But relying solely or primarily on emotion *without rational understanding* of the essential components and principles of the subject under discussion is a recipe for confusion, bickering, slander, pointing of fingers, and the reinforcement of inner insecurities and fears which, in turn, reinforce the tendency to value emotion over reason in debate and conclusion-drawing, because debating and drawing conclusions in this way provides immediate emotional gratification, while, on the other hand, rational thought can easily lead to the distasteful conclusion that in important ways our opponents are right in what they are telling us. This mindset, which gives greater importance to certain emotional needs than to rational thought, is typical of those on the left in modern America who defend socialism. Living as slaves of the central state, under which we are unable to acquire wealth or power except by rare whim of the dictator, having to conform to the central state's arbitrary demands and decrees in order simply to get tickets which we can trade for food and medicine from a distribution center so that we can survive the week, the month, the year, living day to day with the knowledge that there is a high likelihood that we or our children, or both, will die from famine – *this* is the ugly reality of socialism, and it is exactly what socialism would look like in America, no different from any other nation. The defenders of socialism in America do not see it this way – but this is not because socialism could be made to work in America. It is because the defenders of socialism in America do not understand the basic principles of that which they defend.

## §4 "Rational" Socialism

We should take a moment to discuss a particular type of defense of socialism. A more thorough refutation of socialist claims, and socialist criticisms of capitalism, can be found in Mises's *Socialism: An Economic and Sociological Analysis*. Here we will discuss the defense of socialism which presents socialism as being based on a scientific or rational understanding of socioeconomic conditions, and therefore as having the definitive answer about which socioeconomic system, capitalism or socialism, is beneficial to society, if either. This type of defense of socialism is not new. It is claimed that rather than being based on emotion and irrationality as, admittedly and unfortunately, many of the defenses of socialism are, the "true" Marxian defense of socialism is inherently rational and logically

complete and therefore cannot be refuted. This is the kind of mindset and belief structure which some of the leftist defenders of socialism in America have – they are intelligent, and so they are able to be creative, rational (or, at least, rational-*sounding*), knowledgeable about various related topics, modern institutions and events, and historical details, and, to some, convincing, when they argue in favor of socialism, or when they criticize capitalism. Some of them even read Marx, although the number of people who read more than a trivial amount of Marx or more than just the oft-repeated catchphrases and slogans is likely, even among this intellectualized group, to be very small. Such people take notes and remember ideas and political tactics from the writings and sermons. It is important to keep in mind here that *no matter how intelligent* a person is, it is always still possible for their understanding of things to have blind spots, including severe ones, and for their emotional needs, or their lack of more detailed knowledge, or a combination thereof, to bias their understanding of things, and thus to prevent them from seeing things clearly. Consider the well-known reminder that even Nobel Prize winners can be wrong, or can make intellectual mistakes. This is the purpose, in fact, of the scientific peer review process – even the best thinkers in the world are subject to the weakness of subordinating clear thought and rational understanding to a preferred, emotionally comforting and reassuring belief or desire. This is why even for the most intelligent or most intellectually driven it is crucial to maintain an ongoing and genuine humility when learning about the world; if this is not done, or if it is done only partially, then at the point when such an individual no longer considers it important to maintain this genuine humility, any remaining biases and flaws and blind spots in the person's mind not yet cleared will *remain*, and will thereafter prevent the person from understanding things at a deeper level. In the case of those intelligent, passionate, creative, and driven defenders of the "true" Marxian doctrine, or of the supposed "scientific" understanding of socialism, this is the situation which applies. Consider such a person: in the person's mind there is an emotional desire to rid the world, or at least America, of social oppression; the person has read just the right socialist propaganda (which has had a couple of centuries to develop, and which appeals mostly to human emotional weaknesses and baser instincts, though it may cloak itself in scientific-sounding terminology and phraseology, and so which on the surface can be convincing) in a pamphlet or a book or a web article, or listened to just the right socialist preacher or politician, at just the right moment in his life when he is more open to suggestion and still looking for answers;[48] there has been

48 Some of us never stop looking for answers and deepening our understanding of things. The normal life progression begins with us having minimal experience with the world, meaning that at this point we have a great need to find

for the person a lack of access to or interest in books or articles or speeches which would provide more accurate explanations of socioeconomic ideas; and there is a strong desire in the person to prove himself, which he feels he has not had the proper chance to do up to that point – all this could easily combine to make such a person a vocal proponent of socialism, and a vocal critic of capitalism. Such a person might quote Marx, or might demonstrate in the streets against corporate America by drawing attention to the rights of unions and heckling strike-breakers, or might try to convince his colleagues at work that the private company of which they are employees is exploiting them.[49] But such a person has a blind spot in their mind, reinforced by the soothing song of the socialist propaganda which they continues to read, which blind spot *actively* resists any effort on their part to gain a proper understanding of capitalism and socialism. This is not helped by the fact that since socialism appeals to the baser human instincts while the ideals of capitalism appeal to the rational part of our nature, the minds of the uneducated masses find it much easier to cling to the fantastic promises made by the socialist teachings of a better life resulting from the redistribution of wealth, than to the ideas offered by the defenders of capitalism, which teach that we each must earn our own daily bread (except those who cannot work due to circumstances beyond their control), and which thus provide a more unpleasant view of reality. But this is precisely *because* capitalist ideals are *restricted to reality*, and so they call attention to the unpleasant parts of reality to the degree necessary in order to paint an accurate picture. Socialism is under no such restriction. As with *any* appeal to short-term emotional desire, a politician promoting the ideals

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answers about how the world works so that we can gain the ability to successfully navigate within the world. Then after gaining experience we find at some point that we have enough control over our lives to survive and be reasonably safe (with the level of safety we are able to attain to dependent on the socioeconomic system in which we grow up and live, and our relation to it) and maybe even to achieve some of our higher goals along the way. Beyond this point, which is different for different people, there is no longer as great a need to continue searching for answers, so our minds will normally no longer feels justified in expending the extra energy to continue searching for them, even though there are still many things we do not know; also, as we grow and age, we are placed under additional pressure by our own impending death to not exert effort on frivolous things which waste our remaining time. It is at this point that our way of viewing the world solidifies and starts more and more to resist change. Once we arrive at this point, we are much less open to new ways of viewing the world. This does not describe everyone, but it does describe most people, and, importantly, it describes the mindset of the average citizen under tyranny better than it does the mindset of the average citizen under a system of socioeconomic freedom.

49 This does not mean that no company ever exploits its workers, or has ever exploited its workers. The point is that in defending socialism and criticizing capitalism out of a desire, among other things, to prevent the exploitation of workers, the anti-capitalist is helping to bring about a system in which the central state exploits *the entire nation's populace*, and to a much greater degree and with much greater power than any company could ever hope to have in a competitive capitalist market. We do not say that in a capitalist economy no worker will ever be exploited or has ever been exploited. This is hyperbole again, and, as mentioned above, it is a favorite tool of critics who have minimal understanding of that which they criticize. Rather, we, as defenders of capitalism, say that under capitalism such exploitation will be minimized due to the nature of the competitive market for labor. Further, we say that under socialism exploitation will be *maximized*.

of socialism has much freer reign to make grandiose promises, which, depending on the history and culture of the nation to whose people he is preaching, can easily translate into more votes when he is running for office or reelection.

But does Marxian socialism actually deserve the title "scientific"? Does any brand of socialism deserve this title? I will end this section by referring to some comments from Mises, *Socialism*, which one can verify at one's leisure by reading Marx's works themselves. Mises writes the following:

> Like all other differences of opinion which divide Marxists into groups, the quarrel [over how to combine socialism and democracy under the banner of "social democracy" in a way that does not suffer from fatal contradictions] arose from the dualism which cuts right through that bundle of dogmas called the Marxist system. In Marxism there are always two ways at least of looking at anything and everything, and the reconciliation of these views is attained only by dialectic artificialities. The commonest device is to use, according to the needs of the moment, a word to which more than one meaning may be attached. With these words, which at the same time serve as political slogans to hypnotize the mass psyche, a cult suggestive of fetishism is carried on. The Marxist dialectic is essentially word-fetishism. Every article of the faith is embodied in a word fetish whose double or even multiple meaning makes it possible to unite incompatible ideas and demands. The interpretation of these words, as intentionally ambiguous as the words of the Delphic Pythia, eventually brings the different parties to blows, and everyone quotes in his favour passages from the writings of Marx and Engels to which authoritative importance is attached.
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> 'Revolution' is one of these words. By 'industrial revolution' Marxism means the gradual transformation of the pre-capitalist way of production into the capitalist. 'Revolution' here means the same thing as 'development', and the contrast between the terms 'evolution' and 'revolution' is almost extinguished. Thus the Marxist is able, when it pleases him, to speak of the revolutionary spirit as contemptible 'putschism'. The revisionists were quite right when they called many passages in Marx and Engels to their support. But when Marx calls the workers' movement a revolutionary movement and says that the working class is the only true revolutionary class, he is using the term in the sense that suggests barricades and street fights. Thus syndicalism is also right when it appeals to Marx…. (*ibid.*, p. 81)
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> Modern socialists, especially those of the Marxian persuasion, lay great emphasis on designating the socialist community as Society, and therefore on describing the transfer of the means of production to the control of the community as the 'Socialization of the means of production'. In itself the expression is unobjectionable but in the connection in which it is used it is particularly designed to obscure one of the most important problems of Socialism.
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> The word 'society', with its corresponding adjective 'social', has three separate meanings. It implies, first, the abstract idea of social interrelationships, and secondly, the concrete conception of a union of the individuals themselves. Between these two sharply different meanings, a third has been interposed in ordinary speech: the abstract society is conceived as personified in such expressions as 'human society', 'civil society'.
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> Now Marx uses the term with all these meanings. This would not matter as long as he made the distinction quite clear. But he does just the opposite. He interchanges them with a conjurer's skill whenever it appears to suit him. When he talks of the social character of capitalistic production he is using social in its abstract sense. When he speaks of the society which suffers during crises he means the personified society of mankind. But when he speaks of the society which is to expropriate the expropriators and socialize the means of production he means an actual social union. And all the meanings are interchanged in the links of his argument when-

> ever he has to prove the unprovable. The reason for all this is in order to avoid using the term State[50] or its equivalent, since this word has an unpleasant sound to all those lovers of freedom and democracy, whose support the Marxian does not wish to alienate at the outset. A programme which would give the State the general responsibility and direction of all production has no prospect of acceptance in these circles. It follows that the Marxist must continually find a phraseology which disguises the essence of the programme, which succeeds in concealing the unbridgeable abyss dividing democracy and Socialism. It does not say much for the perception of men who lived in the decades immediately preceding the World War[51] that they did not see through this sophistry.
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> The modern doctrine of the state understands by the word 'State' an authoritative unit, an apparatus of compulsion characterized not by its aim but by its form. But Marxism has arbitrarily limited the meaning of the word State, so that it does not include the Socialistic State. Only those states and forms of state organization are called the State which arouse the dislike of the socialist writers. For the future organization to which they aspire the term is rejected indignantly as dishonourable and degrading. It is called 'Society'. In this way the Marxian social democracy could at one and the same time contemplate the destruction of the existing State machine, fiercely combat all anarchistic movements,[52] and pursue a policy which led directly to an all powerful state….
>
> When dealing with the concrete expression of the will of the State, the English language provides a more subtle distinction by permitting us to use the term government instead of the term state. Nothing is better designed to avoid the mysticism which in this connection has been fostered by Marxian usages to the highest degree. For the Marxists talk glibly about expressing the will of society, without giving the slightest hint how 'society' can proceed to will and act. Yet of course the community can only act through organs which it has created.[53] (*ibid.*, pp. 128-130)

Note the clarity of expression here. This entire passage is an example of what humility and scientific integrity can produce, and after having read and digested the ideas, one has the feeling that one's understanding of the world has been expanded and clarified. On the other hand, ambiguity of the kind described in this passage as being a prominent part of the Marxian writings has no place in scientific discourse.

Next, consider the following passage from Mises, *Socialism*, which discusses the socialist vision and the psychological underpinnings of the socialist argument. Not only was this an accurate description of socialism and its psychological motivation in Mises's time a century ago, no better description could be given of the mindset and sentiments of the typical modern defender of socialism:

> To the socialist, the coming of Socialism means a transition from an irrational to a rational economy. Under Socialism, planned management of economic life takes the place of anarchy of production; society, which is conceived as the incarnation of reason, takes the place of the conflicting aims of unreasonable and self-interested individuals. A just distribution replaces an unjust distribution of goods. Want and misery vanish and there is wealth for all. A picture of paradise

50 In the Western world of today we could substitute the term *government* here and it would mean the same thing.
51 World War I.
52 That is, movements explicitly designed to *eliminate* the State.
53 That is, government, or *state*, agencies.

is unfolded before us, a paradise which – so the laws of historical evolution[54] tell us – we, or at least our heirs, must at length inherit. For all history leads to that promised land, and all that has happened in the past has only prepared the way for our salvation.

This is how our contemporaries see Socialism, and they believe in its excellence. It is false to imagine that the socialist ideology dominates only those parties which call themselves socialist or – what is generally intended to mean the same thing – 'social'. All present-day political parties are saturated with the leading socialistic ideas. Even the stoutest opponents of Socialism fall within its shadow. They, too, are convinced that the socialist economy is more rational than the capitalist, that it guarantees a juster distribution of income, that historical evolution is driving man inexorably in that direction. When they oppose Socialism they do so with the sense that they are defending selfish private interests and that they are combating a development which from the standpoint of public welfare is desirable and is based upon the only ethically acceptable principle. And in their hearts they are convinced that their resistance is hopeless.

Yet the socialist idea is nothing but a grandiose rationalization of petty resentments. Not one of its theories can withstand scientific criticism and all its deductions are ill-founded. Its conception of the capitalist economy has long been seen to be false; its plan of a future socialist order proves to be inwardly contradictory, and therefore impracticable. Not only would Socialism fail to make economic life more rational, it would abolish social co-operation outright. That it would be bring justice is merely an arbitrary assertion, arising, as we can show, from resentment and the false interpretation of what takes place under Capitalism. And that historical evolution leaves us no alternative but Socialism turns out to be a prophecy which differs from the chiliastic dreams of primitive Christian sectarians only in its claim to the title 'science'.

In fact Socialism is not in the least what it pretends to be. It is not the pioneer of a better and finer world, but the spoiler of what thousands of years of civilization have created. It does not build; it destroys. For destruction is the essence of it. It produces nothing, it only consumes what the social order based on private ownership in the means of production [i.e., capitalism] has created. Since a socialist order of society cannot exist, unless it be as a fragment of Socialism within an economic order resting otherwise on private property, each step leading towards Socialism must exhaust itself in the destruction of what already exits.[55]

Such a policy of destructionism means the consumption of capital. There are few who recognize this fact. Capital consumption can be detected statistically and can be conceived intellectually, but it is not obvious to everyone. To see the weakness of a policy which raises the consumption of the masses at the cost of existing capital wealth, and thus sacrifices the future to the present, and to recognize the nature of this policy, requires deeper insight than that vouchsafed to statesmen and politicians or to the masses who have put them into power. As long as the walls of the factory buildings stand, and the trains continue to run, it is supposed that all is well with the world. The increasing difficulties of maintaining the higher standard of living are ascribed to various causes, but never to the fact that a policy of capital consumption is being followed.

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54 The supposed laws of inevitable historical progression from pre-capitalistic methods of production to capitalistic methods and finally to post-capitalistic (that is, socialistic) methods of production, as a result of the Marxian "material productive forces" which are supposed to guide society along this historical progression, but which Marx never successfully explained or defended.

55 Recall the discussion earlier in this book about the mental division of labor, and the result of such division in the long run, which is a *net capital increase in society*. As we have discussed, capitalist methods produce a net increase in wealth in society over time, whereas socialist methods produce a net decrease, so that, eventually, without an initial, and then a continuing, influx of new capital into a socialist nation from outside its borders, and, ultimately, from net-capital-producing nations (i.e., *capitalist* nations), to cover the capital losses which will continue to be incurred as a result of the inefficient socialistic method of production, the socialist society will collapse inward of its own accord and cease to exist as a nation.

In the problem of the capital consumption of a destructionist society we find one of the key problems of the socialist economic policy. The danger of capital consumption would be particularly great in the socialist community; the demagogue would achieve success most easily by increasing consumption per head at the cost of the formation of additional capital and to the detriment of existing capital.

It is in the nature of capitalist society that new capital is continually being formed…. The progressive formation of capital is the only way to increase the quantity of goods which society can consume annually without diminishing production in the future – the only way to increase the workers' consumption without harm to future generations of workers. Therefore, it has been laid down by Liberalism [i.e., *capitalist ideals*] that progressive capital formation is the only means by which the position of the great masses can be permanently improved. Socialism and destruction seek to attain this end in a different way. They propose to use up capital so as to achieve present wealth at the expense of the future. The policy of Liberalism is the procedure of the prudent father who saves and builds for himself and his successors. The policy of destructionism is the policy of the spendthrift who dissipates his inheritance regardless of the future. (*ibid*., pp. 457-459)

Finally, consider the following passage about Marx, which provides more insight into Marx's work and his legacy:

To Marxians, Karl Marx's supreme achievement lay in the fact that he roused the proletariat to class-consciousness. Before he wrote, socialist ideas led an academic existence in the writings of the Utopians and in the narrow circles of their disciples. By connecting these ideas with a revolutionary workers' movement which till then had only a petty bourgeois aim, Marx created, say the Marxians, the foundations of the proletarian movement. This movement, they believe, will live until it has accomplished its historical mission, the setting up of the socialist order of society.

Marx is supposed to have discovered the dynamic laws of capitalist society and, with the aid of the theory of historical evolution, to have defined the aims of the modern social movement as inevitable consequences of that evolution. He is said to have shown that the proletariat could free itself as a class only by itself abolishing the class conflict, and so making possible a society in which 'the free development of each individual is the condition for the free development of all'.

Ecstatic enthusiasts see in Marx one of the heroic figures of world history, and class him among the great economists and sociologists, even among the most eminent philosophers. The unbiased observer looks on Karl Marx's work with different eyes. As an economist Marx entirely lacked originality. He was a follower of the Classical political economists, but he lacked the ability to approach essentially economic problems without a political bias. He saw everything through the spectacles of the agitator, who considers first and foremost the effect made on the popular mind. Even here he was not really original, for the English socialist defenders of the Right to the Full Produce of Labour, who with their pamphlets in the third and fourth decades of the nineteenth century prepared the way for Chartism, had already anticipated him in all essentials. Moreover, he had the misfortune to be entirely ignorant of the revolution in theoretical economics which was proceeding during the years when he worked out his system, a transformation which made itself known soon after the issue of the first volume of *Das Kapital*. As a result, the later volumes of *Das Kapital*, from the day they were published, were quite out of touch with modern science. This was a piece of bad luck which hit his infatuated followers particularly hard. From the beginning, they had to be content with barren expositions of the master's writ-

ings. They have timidly avoided any contact with the modern theory of value.[56] As a sociologist and historical philosopher Marx was never more than an able agitator writing for the daily needs of his party. The materialist conception of history is scientifically worthless; moreover Marx never worked it out exactly but propounded it in various incompatible forms. He is one of the many writers of his time, now mostly forgotten, who applied the dialectic method to all fields of science. Decades had to pass before people had the face to call him a philosopher and to place him side by side with the great thinkers.

As a scientific writer Marx was dry, pedantic, and heavy. The gift of expressing himself intelligibly had been denied him. In his political writings alone does he produce powerful effects, and these only by means of dazzling antitheses and of phrases which are easy to remember, sentences which by play of words hide their own vacuity. In his polemics he does not hesitate to distort what his own opponent has said. Instead of refuting he tends to abuse. Here, too, his disciples … have faithfully imitated the master's example, reviling their opponents but never attempting to refute them by argument.

Marx's originality and historical significance lie entirely in the field of political technique. He recognizes the immense social power that can be achieved by welding out of the great mass of workers, herded together in workshops, a political factor; and he seeks and finds the slogans to unite these masses into a coherent movement. He produces the catchword which leads people otherwise indifferent to politics to attack private property [i.e., the capitalist method of arranging property ownership]. He preaches a doctrine of salvation which rationalizes their resentment and transfigures their envy and desire for revenge into a mission ordained by world history. He inspires them with consciousness of their mission by greeting them as those who carry in themselves the future of the human race ….

As a master of demagogic technique Marx was a genius; this cannot be sufficiently emphasized. He found the propitious historical moment for uniting the masses into a single political movement, and was himself on the spot to lead this movement. For him all politics was only the continuation of war by other means; his political art was always political tactics. The socialist parties which trace their origin back to Marx have kept this up, as have those who have taken the marxist parties for their model. They have elaborated the technique of agitation, the cadging for votes and for souls, the stirring up of electoral excitement, the street demonstrations, and the terrorism. To learn the technique of these things requires years of hard study. At their party conferences and in their party literature, the marxians give more attention to question of organization and of tactics than to the most important basic problems of politics. In fact, if one wished to be more precise one would have to admit that nothing interests them at all except from the point of view of party tactics and that they have no interest to spare for anything else. (*ibid*., pp. 459-462).

56 That is, the *subjective theory of value*, sometimes called the imputation of value, marginal value, or marginal utility. Marx's theoretical framework, on the other hand, uses the discredited and inwardly contradictory *labor theory of value*.

# INTERMISSION

## A NOTE ON CONSUMPTION GOODS

We should pause here to comment on where consumption goods fit into the picture. Consumption goods are goods which are consumed directly by individuals for the purpose of personal survival or enjoyment. In fact, it is the production of consumption goods which is the ultimate purpose of all economic activity. Therefore, even under a dictatorial system, that is, under socialism, the peasants and workers must have *ownership*,[57] that is, sole right of disposal, of at least some consumption goods. This means that ownership of *consumption* goods is not a differentiating factor between the different socioeconomic systems, since under all socioeconomic systems the citizens must be allowed to own a certain amount of consumption goods in order to survive, and at least some for the purpose of enjoyment or satisfaction so that the possibility of revolt due to unbearable circumstances is preempted, or a revolt can be quashed by the central authority with a higher likelihood of success if one were to rise.

In fact, a discussion about the differences between the different socioeconomic systems is important precisely because it is these differences which have the greatest impact on the quantity, quality, diversity, and availability of consump-

57 Recall that *ownership*, in the economic sense, means the power to use or dispose of an economic resource at will. This is the case with all consumption goods when they are consumed, because in order for them to be consumed, the consumer must have the power to do so, and must therefore have *ownership* of the consumption good. We may consider that someone may be forced to consume a good against his will, but this can be explained by saying that he who does the forcing initially owns the consumption good, but once he who is forced has consumed the good, ownership has transferred to the latter person, except in the case where the latter person is owned by, that is, is a slave of, the former person, in which case ownership in an indirect sense remains with the former person, but in the direct sense it has still transferred to he who is owned.

tion goods, as well as on the efficiency with which the limited capital resources to which we have access are used in their production. And in order to bring about a substantial change in these listed things, a different arrangement of the economic resources used to produce them, i.e., a difference in the arrangement, or *ownership*, of the means of production, must be effected. Given that the various ways or systems of arranging the ownership of the means of production are fundamentally distinct from each other, it makes sense to use a different term to describe each of these different ways or systems.

# Chapter 4

# SYNDICALISM: A DETAILED DISCUSSION

## §1 Contradictory Nature of Syndicalism

In syndicalism, the ownership of the means of production is supposed to be divided among the workers in each industrial or economic concern. For example, consider the microprocessor industry. Things are always changing, so what should and should not be considered part of the microprocessor industry is to an extent arbitrary. But in order to begin the discussion with a concrete example imagine for a moment that it consists of the manufacturing facilities which produce the chip packages from other semi-manufactures that the facilities purchase from other companies and industries, the companies which design the instruction set architectures like Intel and AMD and which perform bulk sales, and the companies which may market, distribute, or resell the chips. Under syndicalism, ownership of these economic resources would be divided among all the workers in the industry, so that each worker will, supposedly, have a direct say or "vote" in the decision-making process regarding all the industry's resources. It is professed by advocates that under capitalism the worker is disconnected from the ultimate results of the business and has no personal stake in the results of his effort on behalf of the business or industry, because he is not given his rightful share of the industry's

profits, and therefore he is not being given the full produce of his labor,[58] and because his voice in the direction of the productive process is not considered or valued. It is averred that such an arrangement will cause him to be less efficient and less interested in his work than if he were to directly share in both the decision-making and the profits of the undertaking.

The proposed solution, then, is to ensure that every worker *does* participate in the decision-making process, and *does* take in some of the profits of the enterprise for himself, and this arrangement is supposed to ensure a more efficient and happier worker, because he will be "working for himself," rather than for a nameless, faceless corporate owner who may never even visit the worker's factory during the worker's tenure there.

Almost immediately, one can begin to see problems with this proposal. First, where does one industry end and another begin? Are value-added resellers of microprocessor chips to be considered part of the microprocessor industry as a whole, or are they to be considered their own separate industry? The difference is important because the ratio of profit dollars to number of workers in the "overall" microprocessor industry (defined for the purpose of this discussion as a broader collection of related businesses in the industry) could be quite different than the same ratio in the "reseller" portion of this industry considered by itself. But regardless of which one has a greater number of profit dollars per worker at any given time, there will always be an irreconcilable conflict between the two groups – those who would gain by changing the existing arrangement of the industry will vehemently demand a change of arrangement, but those who would lose from such a change will vehemently oppose it. For example, if the "overall" microprocessor industry does not currently include the "reseller" portion of the industry, and it has a greater number of profit dollars per worker than the "reseller" portion of the industry, those in the "reseller" portion of the industry will fight to join the "overall" microprocessor industry in order to earn a higher amount of profit dollars per worker, and those in the "overall" microprocessor industry will fight to prevent this from happening, because it would mean a reduction in their income. The same consideration applies in the reverse situation, in which those in the "reseller" portion of the industry are earning a higher number of profit dollars per worker than those in the "overall" microprocessor industry. One can say that at a particular time the level of profit per worker in both portions of the industry may

58 This argument bleeds into socialist complaints about capitalism on the same ground, that the worker is not given the full produce of his labor. In fact, as discussed earlier in Chapter 2, the worker is given the full produce of his labor when he is paid his previously-agreed-upon wage and other compensation which is spelled out in his employment agreement. If a share in the profits of the company is not a part of this agreement, the worker does not have the right to a share and would need to purchase one or more shares on the stock market via public trading if he wished to have any.

be equal or practically equal, and so no such fight would arise at that particular time in that particular industry; but this is not a resolution to the problem, because, first of all, economic conditions always change, and so this state of affairs in this industry is unlikely to last for long, and second, this is only one example out of thousands or tens of thousands of possible such fights which could erupt at any given time across the whole economic system. Since at any given time, much less for longer periods, it is essentially impossible that in all or even the majority of such cases the levels of profit per worker would all be equal, it is expected that at any given moment there would be many such irreconcilable debates between the sectors and sub-sectors of many industries.

Consider further that the example in the previous paragraph implicitly assumed that all workers in a given industrial or economic concern would get an equal share in the profits, which would imply that all workers had an equal share in the ownership of their industry (say, each person gets one "vote" in each decision on how to make use of their industry's economic resources). But is this reasonable? Should an inexperienced bank teller, for example, have decision-making power for the use of the banking industry's financial resources equal to that of a fully-licensed and certified loan officer with 20 years of experience? Should a factory hand with 10 years of experience at the assembly line have equal decision-making power in whether or not to spend what would be substantial capital resources to build another plant in a different state as a sales manager who has been looking at many different markets in the various states over 10 years and comparing all their details? Or consider this: should a supermarket cashier have as great a share in the profits of the supermarket chain for which he works as the director of marketing who has consistently and nontrivially helped ensure that all 50 of his stores across three states stay in business over the past 10 years by developing and implementing innovative advertising campaigns in the face of multiple competitors who are constantly trying to steal market share? In this latter case, the cashier ensures the continuance of his own job and no one else's, while the marketing director plays a substantial role in ensuring the jobs of *all* employees across all 50 stores. Clearly, different individuals with different roles in a particular industry contribute differently to the overall success of the industry; therefore, it is only fair, under the syndicalist arrangement, to try to find a way to distribute the profits in proportion to these contributions.

But then the question arises, how are we to distribute this profit? How are we to determine the proper proportions of profit share, and also voting power, which each employee has in the industry based on the type of labor they perform? It may seem at first that this question should be easy to answer, but this is only be-

cause we, as citizens who live in a capitalist economy, already have a strong understanding of the different levels of remuneration which different types of work can command as a result of free market pressures, and it is important to realize how much we take this knowledge for granted. But in a syndicalist system, a satisfactory answer to this question is *impossible*. In fact, this is the point upon which the entire labor theory of value flounders, and why it was replaced by the subjective theory of value, which is the value system ingrained into the capitalist argument and the capitalist ideals, in the 1800s – it is *impossible* to find a satisfactory solution to the problem of how to distribute remuneration to different workers based on the different types of work performed without reference to collective consumer valuation of the products of each type of labor on the open market. Should a forklift driver get 1.5 times as much pay as he who loads boxes of clothes which were brought to him by the forklift into the back of a semi truck trailer? Or should he get 2 times the pay? Or 2.1 times? Whatever ratio is chosen, it will be arbitrary, because the two types of work are *incommensurable*. And because of this incommensurability, no matter what ratio is ultimately chosen, with possibly a few rare exceptions across the entire economy, there will always be irreconcilable disagreements about the ratio – those who stand to benefit from increasing a given ratio at any time will support the increase, and those who stand to lose by the increase will dispute it, and each will have as much justification in his claim about the increase as the other, and there will be no objective standard by which the argument can be decided.

Note, further, that the previous discussion leaves out another important consideration: who is to be given the role of deciding the different rates of pay for different types of labor? And also, who is to be given the role of resolving disputes between different types of workers over their various rates of pay so that production can continue? In such cases, under syndicalism there are two options: a single worker can be given power to have final say in these matters or a group of two or more workers can make these decisions democratically. The first option reintroduces what syndicalism was introduced to eliminate, viz., the ability for some workers to make arbitrary or quasi-arbitrary decisions that affect other workers, that is, to, in the syndicalist's mind, infringe upon the person or property rights, or both, of their fellow workers, since in giving a worker the role of ultimate decision-maker in profit-sharing assignments or dispute resolution this worker's own personal preference is the ultimate deciding factor in these decisions. One would think the advocates of syndicalism would not be partial to this option, given their emphasis on eliminating precisely this kind of corporate decision-making power. This leaves the other option of a group of two or more workers

making each decision collectively. But this also runs into insurmountable problems. Not only will it greatly impede the production process if every time a dispute arises or a decision needs to be made two or more workers have to set aside what they were doing in order to confer and come to a decision, but, more significantly, the questions which we asked previously must be asked in every one of these decisions that need to be made – e.g., what is to constitute a decision on the part of the group? A simple majority? A ¾ majority? Or does everyone in the group have to settle on the same choice? Or, if whatever majority has previously been decided on cannot be reached, how should a company or industry go about resolving this stalemate? Should there be a different group of workers to decide which workers in the first group are correct and which are not? Or a single individual inside the first group? Or a single individual outside the first group? All three of these proposals reintroduce property rights infringement. And in all cases, as stated above, any decision made will ultimately be *arbitrary*, meaning that those who disagree with any given decision will be as justified in complaining about it and pushing for its reversal as those who agree with the decision because they benefit by it. Not to mention the fact that every worker has, at least on paper, an ownership stake in the company, and this will make these arguments *that much more* difficult to resolve, because this ownership stake will be, for each and every worker involved in any such dispute, yet another factor justifying his right to argue and to demand that a change be made or reversed, which will have the effect of slowing production even more, and making production in the industry that much more inefficient.

Note that this problem does not occur under capitalism, and it does not occur under socialism either. Under capitalism, there *is* an ultimate standard, an ultimate arbiter, which determines both how much each type of labor is worth and how the worth of each type of labor should change over time: the market. When consumers voluntarily choose to buy or not buy a particular product on the market at the price asked by the seller, he casts a vote for that product at that price, and this choice, and all such consumer choices, chain up to both the value of all means of production and all types of labor in any given market. Consumers do not directly set the salary of the assembly line worker, the bank teller, the loan officer, the sales director, the CEO or other executive, the actor, the football player, the supermarket store manager, etc. But by their collective decisions in purchasing on the open market, they indirectly determine the salaries which companies are willing to offer to workers who can perform each of these types of labor, as well as all others. When a manager says that he cannot offer a potential employee higher than a particular salary, he has an objective standard of reference, that of the open

market. This does not mean that the manager *could not* offer a somewhat higher salary than he is willing and still meet the quarterly fiscal projections, for example; but it does mean that as a result of the purchasing habits of consumers for the products produced by the type of labor for which he is interviewing, he has certain bounds within which he is able to offer such a worker remuneration – a store manager will not get as high of a salary offer, no matter how good he is at managing stores, or how experienced, as a professional athlete who is expected to make important contributions to his team's winning of a major title or championship; there simply is not the kind of *collective voluntary purchasing power* on the part of consumers for the types of resources and products under the direct or indirect control of the store manager as for those of the popular professional athlete. But still, in capitalism the open market serves as the ultimate, objective standard of measurement across all industries – in other words, under capitalism, that is, under a system which places highest importance on the individual *subject use value*[59] of consumption goods, incommensurable forms of labor are *made commensurable* by the common test of the open market. Under socialism, this incommensurability problem does not arise either, because there is always one single authority which ultimately decides any dispute, and this authority has the power to ensure that it is not questioned. This does resolve the syndicalist problems so far discussed, but, as described in the previous chapter on socialism, this does not compensate for all the other problems which exist in a socialist system and, specifically, which are created in society by this particular solution to the syndicalist problem.

And this is just the tip of the iceberg when it comes to the problems which would face a syndicalist system. For example, consider that economic conditions are constantly changing. Capital resources, including raw materials, are used up and transformed in the processes of production, and their ultimate products are consumed by the masses; new methods of production are invented which trans-

59 Subject use value, or just *use value* as defined and used in previous chapters, is the valuation of economic goods and labor which understands value not as inherent in either the goods or labor themselves, but rather as *imputed to* the different types of economic goods and different types of labor, either directly or indirectly, by the *subjective valuations* of individuals on an open market. Individuals decide what a given product is worth personally to them, what they expect to obtain from it in the furtherance of their own goals, and voluntarily pay the asking price or not depending on whether the money which they would pay at the asking price for the product is worth more or worth less to them than the product itself. In this way, depending on how much money a particular type of labor's product or service brings to the company offering it, how many workers there are in the market who can produce this type of product or service, and the number of companies competing for such workers, the salary of a worker in the given industry can be determined objectively within reasonably narrow bounds. This is distinct from the so-called *labor theory of value*, which states that there is inherent value in different kinds of labor, and by finding the particular way to properly measure this value, one can authoritatively and satisfactorily assign different types of labor different levels of remuneration. But, as discussed in the main text, this is impossible, since different types of labor are not directly commensurable, and this is why economic science moved away from the labor theory of value in the mid-1800s.

form industries; new types of product or service are created which make substantial impact on consumer demand; consumer demand itself changes as consumer preferences change in response to changes in their social and cultural environment; natural disasters occur which can temporarily or permanently disrupt one or more industries, either in a large geographic region or a small one; wars and other geopolitical changes can affect many industries, some potentially to a much greater degree than others; manipulations of one or more currencies by central banks or governments can bring about recessions, or even depressions, or can create artificial booms in numerous industries; changes to interest rates on long-term loans by banks can have significant effects on the number of houses purchased and the number of business ventures on which entrepreneurs take chances; and there are many other sources of change in economic conditions. Under changes such as these there would be substantial change in the level of profit per worker in many industries, different industries would integrate, single industries would split into multiple, new business arrangements would be spawned across many industries, some companies or industries would go out of business, others would expand, still others would shrink – it could even be the case that an entirely new industry or industries would rise. For a worker in any given industry, who, under syndicalism, *owns* a part of that industry, how is he to ensure that he keeps his fair share of the new industry if, for example, it was decided by collective vote of the workers in his industry that, in order to survive, they must merge with another industry? Under such an integration, which could happen in many, and often unpredictable, ways, and which is likely to have a different level of profit per worker than either of the two industries had prior to the large change or changes which precipitated the integration between the industries, is it reasonable to say that every single worker would be satisfied with the change in his level of profit or his level of ownership in the new industry? Or is it more reasonable to conclude that many of the workers will be highly dissatisfied with the new arrangement? Some workers will gain as a result of the new arrangement, but many others would lose, so that, for example, many workers would now have half the voting power and only a third of the profit share which they had before. What if paying their mortgage on time were dependent on continuing to receive the same level of profit share as they had previously? Or the feeding and clothing of their children? Under the syndicalist arrangement, all the problems previously described would repeat themselves in this new, merged industry, and they would be just as irreconcilable as before.

Or consider the situation in which the industries, at least for the moment, are relatively stable, and so are not changing, or at least not changing too rapidly. What if one worker chooses to leave one industry and tries to enter another? Cer-

tainly such a choice is to be allowed under syndicalism, since preventing workers from leaving an industry if they desire to would be the same as having a certain level of arbitrary power over the workers, and, again, presumably this is a situation which the syndicalist, who prizes workers' rights and democratic management of companies and industries, would take great pains to avoid – not to mention the fact that the same problems discussed above would raise their heads here as well, e.g., the problem of who is to be given power to tell the worker he does not have the right to leave an industry, or to join one. Should it be a single person per industry who makes these decisions? One person per company? A group of 5 of his fellow workers each from a different section of the company? Etc. And again, all of these ways of making the choice are arbitrary, i.e., not reconcilable according to an objective standard. So, then, under syndicalism a worker is to be allowed to leave an industry if he wishes and to try his hand at another. But then a further question arises, viz., how is his share in the industry he left to be apportioned to the workers still in the industry? Also, in the industry he attempts to join, how is he to gain a share, when doing so would necessarily reduce the level of shares and voting influence of at least some, and potentially all, of the existing members of the industry he is trying to join? Certainly many, and perhaps most or all of those in the industry he is trying to join would be strongly opposed to sharing what little they themselves have with an additional worker. Or, to potentially avoid these problems, say he is allowed to keep his share in the old industry and not be granted a share or voting rights in the new industry, but rather just a wage or salary. But even this presents insurmountable problems: if he no longer works in the old industry, how is he still justified in receiving a share in its profits? Also, if he does not own a share in the new industry or share in its profits, should he really be allowed to work in it? After all, the whole point of having partial ownership of an industry is to give the worker the necessary incentive to work with efficiency because his own success is tied to the success of the industry through the profit-sharing mechanism; if he has no share in the new industry, would this not be a waste of at least some economic resources as a result of the new worker's lack of efficiency and interest in the work he is doing?

Next, consider what happens when a worker retires or dies. This is inevitable for everyone, since we all age and eventually can no longer perform useful work. When a worker retires from an industry or dies, how is his share in the company to be redistributed to the remainder of the workers if he has no children? If shares are inherited, then in order to take advantage of this inheritance allowance he must have children in the first place, and not everyone can have or desires to have children. If, on the other hand, he has more than one child, how is

his share to be distributed among his multiple children? What if one or more of his children do not want to work in the industry in which one or either of their parents worked? What if a worker does have only one child, but this child does not wish to work in the same industry, or does not wish to inherit the share? All of these questions, ultimately, are *unanswerable* in the context of a syndicalist system, in the sense that though concrete decisions may be made regarding any given situation at a given time, there will never be an objective standard by which to make these decisions, and so there will be constant, irreconcilable conflicts as a result of the need to make these decisions on a frequent basis.

The syndicalist system is not the proposal of serious thinkers. The only kind of person who considers such a system workable is one who has absolutely no understanding of economic phenomena, who sees the physical labor directly performed by the laborer as the only kind of real work and all others who perform other types of work, such as managers, directors, executives, engineers, investors, entrepreneurs, etc., as superfluous, because he has no understanding of the tasks which they perform, and no understanding of the importance of such tasks in the perpetuation of production. Such people only look at things from the point of view of resentment and anger against all those who inexplicably earn a higher salary than they do. Such people think that they are the ones most capable of directing production, because they themselves perform the *physical* labor of production, and because they have no understanding of mental labor, and so they believe that production would be more efficient and workers would be more satisfied if they themselves were the ones with decision-making power in the company. Certainly, if the existing profits at any given time were distributed to the workers, then all workers would be happy for a short time. But as production continued, and as decisions about how to use economic resources would continue to need to be made, such people would be at a loss as to how to make these decisions, and, due to the considerations discussed previously, production would grind and sputter, rather than run smoothly, and eventually the state of affairs would become so unsatisfactory for everyone that production would finally resolve itself into one of the other types of socioeconomic system – capitalism, if enough workers, over time, reinforce the idea among themselves that solutions to these problems can only come about by letting consumers decide salaries and production quotas indirectly by their voluntary choices on an open market; socialism, if enough workers, over time, reinforce the idea among themselves that the only way to resolve disputes, and disputes which are brought about from efforts to resolve disputes that themselves where brought about from other efforts to resolve disputes, etc., is to have a single ultimate authority with final say in the resolution of

all disputes; or a system of anarchy, if neither capitalism nor socialism can be agreed upon by enough workers in enough industries. The point is that the system of syndicalism, due to inner contradictions, is highly unstable, and is unworkable for more than a short period of time.[60]

Finally, consider the situation of protection of the economic resources from theft, confiscation, or destruction by outside individuals or groups, not to mention from workers within each economic concern. How is this to be prevented? Should the workers of each industry have their own arms? What if the problem of theft or destruction in an industry is caused by a worker in that industry? To what extent does he have a right to destroy his own share, given that a "share" in an industry, especially advanced industries such as many of those in America today, cannot be physically distributed to different workers, because resources are often aggregated into large, indivisible things like huge machinery in factories. But since the workers themselves are the ultimate authority and the ultimate pro-

60 Here one may ask about the guilds in medieval Europe, which numbered at least in the hundreds and which were prominent in Europe roughly from the 11th to the 16th centuries. But the guilds were not syndicalist. For example, while "[a]ssemblies of the guild's members enjoyed some legislative powers … the control of guild policy lay in the hands of a few officials [i.e., guildmasters] and a council of advisers or assistants. The guild tended to be an extremely hierarchical body structured on the basis of the apprenticeship system… [where those who worked in the guild's trade] were divided into a hierarchy of masters, journeymen, and apprentices." https://www.britannica.com/topic/guild-trade-association, referenced on **7/4/23**. Furthermore, although "[c]raft guilds were organized along lines of particular trades," as is the case with the different economic concerns in a syndicalist arrangement, "[m]embers of these guilds typically owned and operated small businesses or family workshops." https://eh.net/encyclopedia/medieval-guilds/, referenced on **7/4/23**. Also, "by stipulating that masters owned their own means of production in the form of their workshops and tools, guilds thus created a permanent class divide between owners and laborers." https://www.worldhistory.org/Medieval_Guilds/, referenced on **7/4/23**. In addition, "[o]rdinary workers were even prohibited from forming their own associations and this sometimes led to riots and revolts, particularly violent ones breaking out repeatedly in Flanders and Florence, for example, in the 14th century," and "[a]s guilds made the rules and decided the wages it became difficult for ordinary workers to protect their rights and own interests." https://www.worldhistory.org/Medieval_Guilds/, referenced on **7/4/23**. Furthermore, "[a]pprenticeships became almost entirely hereditable, and masters set ridiculously high standards for apprentices to become journeymen and for journeymen to become masters," which the referenced article here includes as a factor, among others, which led to the decline of guilds in medieval Europe. https://www.britannica.com/topic/guild-trade-association, referenced on **7/4/23**. In other words, the internal structure of guilds was markedly different from the internal structure of a syndicalist economic or industrial concern. For example, in syndicalism the workers themselves are supposed to have democratic control over all means of production – in the guild system, by contrast, the workers, i.e., the apprentices and journeymen, did not own any of the means of production; only the masters did, and they did not own them collectively, but rather each master owned his own shop, tools, and materials, which is what is the case under capitalism (though we should not allow this similarity to lead us to confuse the guild system with capitalism, which it was *not* as a result of numerous other aspects of the way in which guilds and the guild system were built and run). Furthermore, it was extremely difficult for a worker to move into the position of master, because it took substantial financial means to purchase or build a shop and to buy the necessary tools and accouterments of a guild's trade in order to even partly satisfy the criteria to become a master (another requirement was to create a "masterpiece" which displayed the journeyman's high degree of skill), or the luck of being a relative of an existing master. In syndicalism, by contrast, it is envisioned that the first and primary thing to do is distribute the means of production to the *workers* and *away* from the masters. In other words, while there may be certain similarities between syndicalism and the medieval guild system, these similarities are superficial. The guild system, in fact, worked for as long as it did in part because it was *not* syndicalist.

tectors of their own industry's resources, does not the worker who is "stealing" or destroying a part of the industry's resources have the right to fire upon, and if necessary for his own survival, kill, other workers who try to stop him? After all, he is only trying to take, or destroy, what is his – who are the other workers to infringe on his property rights, or his person, for doing so? Or, if the workers are not to be armed, who is? Should there be a separate industry for security services? This may work, in fact, at least for a while. But this industry, being syndicalist itself, would be subject to the same instability and irreconcilable conflicts as all other syndicalist industries, and so would itself suffer the same ultimate fate as the rest. Or is an entity outside the process of production to be allowed to provide armed protection of an industry's resources from damage or theft? Again, this could work, at least for a while. But as the syndicalist system starts to crack more and more at the seams, and the workers get more and more desperate for a solution to their growing problems, it becomes increasingly likely that the solution they will choose, due to their preexisting familiarity with having a single outside entity which provides security services to all industries, will be the one which ultimately leads to socialism, and thus to a dictatorial system where the central authority ends up owning all economic resources and the workers of all industries no longer have any ownership stake in their respective industries, or their ownership stake is only a token one, nor do they have any resources, ability, or power to obtain a real ownership stake, either on their own or collectively.

The discussion of the problems inherent in the syndicalist arrangement could continue, but our present analysis is not meant to be exhaustive. Enough has been said already to show that such an arrangement is unworkable, and therefore we will close this discussion here by quoting from Mises, *Socialism*[61] a passage in which he provides an apt description of syndicalism:

> The redistribution of goods with the object of restoring the equality of property and wealth is at the back of the mind of the ordinary man whenever he thinks of reforming social conditions, and it forms the basis for all popular proposals for socialization. [However, unlike the case with the dividing up of land into plots,] in industry, in mining, in communications, in trade and in banking where a physical redistribution of the means of production is quite inconceivable, we get … a desire for the division of the property rights while preserving the unity of the industry or enterprise. To divide in this simple way would be, at best, a method of abolishing for the moment the inequality in the distribution of income and poverty. But after a short time, some would have squandered their shares, and others would have enriched themselves by acquiring the shares of the less economically efficient. Consequently there would have to be constant redistributions, which would simply serve to reward frivolity and waste – in short every form of uneconomic behavior. There will be no stimulus to economy if the industrious and thrifty are constantly compelled to hand over the fruits of their industry and thrift to the lazy and extravagant….

61 The entire section on syndicalism in this book is *op. cit.*, pp. 270-275.

> The values of the shares falling to individual workers in a redistribution … would be very different: some would obtain more, others less, and as a result some would draw a larger income from property – unearned income – than others. Syndicalization is in no way a means of achieving equality of incomes. It abolishes the existing inequality of incomes and property and replaces it by another….
>
> As an aim Syndicalism is so absurd, that speaking generally, it has not found any advocates who dared to write openly and clearly in its favor. Those who have dealt with it under the name of co-partnership have never thought out its problems. Syndicalism has never been anything else than the ideal of plundering hordes.

## §2 A Note on "Decentralized Autonomous Organizations"

The purpose here is not to explain in great detail the nature of DAOs, or to provide a history of them.[62] But given the similarities between syndicalism and how DAOs are organized, we should take a moment to provide a basic definition of "DAO" and to provide perspective on this form of corporate organization in relation to our discussion on syndicalism.

A "decentralized autonomous organization," or DAO, is a way of structuring a company so that there is no hierarchy of decision making, but rather all decisions about the use of company resources are made by the workers collectively through voting. In this way, there is considerable similarity to syndicalism. Each worker in a DAO has a certain monetary investment in the company, which entitles him to a proportional share of the company's profits (should the company earn profits) in addition to any wages he earns as a result of performing his actual work, as well as a proportional share in the company's losses; it also entitles him to voting rights in the company's decision-making process with, as it is typically conceived, a worker's voting power being directly proportional to the amount of monetary investment he or she has in the company. Anyone can invest in a DAO, which means that a company based in one nation can have investors from, e.g., 50 other nations – that is, potentially 50 other cultures, languages, and legal systems.

The term "DAO" was conceived in the modern age, in the context of the blockchain, which is a decentralized public ledger based on open-source software. It is not the place of this book to discuss the blockchain in detail,[63] but just to say that the concept of decentralization in a DAO evolved from the idea of decentralization already extant in the blockchain, and in fact a key part of the "DAO" definition itself involves the blockchain to publicly and non-reputably record all contracts which the company or its workers make, as well as to record publicly and non-reputably all decisions made democratically by the company. In a tech-

62 For a brief introduction to the main ideas and a little of the history, see https://www.investopedia.com/tech/what-dao/ (referenced on **2/21/23**).

63 This will be done in future writings, likely in the context of a deeper discussion about central banks.

nical sense, then, a DAO is distinct from the traditional joint-stock or privately-held company in at least two ways, viz., the traditional types of company do not record their contracts or transactions on the blockchain, and they are hierarchically-structured rather than blockchain-based and decentralized in terms of management and decision-making. Also, a key part of the definition of DAO seems to be that the money used must be *digital currency*, rather than traditional currency, which separates, again, in a *technical* way, the DAO-type company from the traditional types of company.

However, there are still substantial similarities between a DAO and a traditional joint-stock or privately-held company, since decision-making power is to a large degree in the hands of the stockholders or primary capital owners in either case, and so long as they both operate in a competitive, open market of voluntary consumer choice, then the primary overriding factor for both in the decision-making process about how to use or alter the use of the company's limited capital resources will be whether or not such use will likely bring the company a profit on the open market, or at least avoid losses. But there is an important point of divergence aside from the mentioned technical differences, and this is that a DAO is conceived to be *entirely* led by the collective, democratic decisions of all of its workers, rather than only influenced, albeit sometimes heavily, by them as stockholders; in the case of the joint-stock company, there is still substantial room for a chief executive to make decisions unilaterally. It is upon this point that we begin to see the problems of the DAO form of corporate organization.

Consider, for example, that as long as a person has a minimum of digital currency and is willing to invest it in a given DAO, then on that criterion *alone* is he given decision-making power in the use of the company's resources. This means that if a person has no knowledge of how a given industry works, but, say, has a large inheritance, and decides to invest enough money in a particular DAO in this industry to gain a 75% proportion of the digital coins which make up the company's total investment, then by all but perhaps the most extreme standards for democratic corporate decision making, he would be able to unilaterally decide everything for the company, so long as he maintained whatever the company decided was to be the majority share. It is true that any decisions he makes regarding the company's resources would be publicly recorded, and also such decisions would be subject to the stringent test of the market, and so he would be incentivized to try his best to make the best possible decisions, but a lack of understanding of the industry could easily cause him to make at least some poor decisions, simply due to inexperience, which could cost the company substantial capital (and often it only takes a single bad decision to cause a company to go bankrupt). Of

course, such a thing also happens in hierarchically-structured companies, but the latter are in at least a somewhat better position, because they are not devoted strictly or as strictly to the democratic form of decision making for all corporate decisions, and this leads to the flexibility to allow different people with different levels of skill and experience in different types of work to have disproportionate decision-making power *in their different areas of specialty*, regardless of how much of their own money is invested in the company. And the leadership of a hierarchically-organized company which operates in the open, competitive market, will be highly incentivized to associate people with different levels of skill and experience in different areas as strongly and as closely as possible to their respective areas of specialty in the company, because doing so minimizes loss, bad decision-making due to inexperience, and inefficiency in the use of the limited capital resources at the company's disposal. This will often give a hierarchically-structured company a competitive edge in an open market when it is competing with a company or companies which are arranged according to the DAO model.

Next, consider the question of how much a DAO should be willing to flex in its use of unilateral decision making. Perhaps some decisions can be made by the collective via the casting of votes, but is it possible that, for the sake of the company's survival in a competitive market, it would be useful or beneficial to allow certain types of decisions to be made unilaterally? If the answer is yes, then the question arises what types of decisions should be allowed to be made unilaterally, as well as who should be allowed to assign individuals to make these decisions, and who should be given the responsibility of unilaterally making any given type of decision? Should a democratic vote be made to decide which types of decision should be made unilaterally, and to assign specific people to each type? What if, for a given type of decision, the vote is 55% to 45%? Should the 45% be forced to accept the will of the 55%? What if the decision for who should be allowed to unilaterally make a given type of decision is between three, or more, different people? Say it is between three people, and the vote comes out to 41%, 20%, and 39%. Should the 41% be the winner? But that would mean 59% of the votes would not have been for the person who ends up making decisions of this type for the whole company. Is this fair? How is it to be decided if this is fair? Another democratic vote? But then we have circled back around to the initial problem and so are no closer to answering the main question than when we started. The point is not that *no* democratic votes could be beneficial or could be made without contradiction or substantial conflict within the company; only that given the complexity and diversity of different industries, as well as the diversity of interests, goals, backgrounds, levels of knowledge of particular areas of specialty, and, important-

ly, levels of maturity when it comes to perceiving the grander picture of economic phenomena and the competitive context in which the entire company operates in proper and clear perspective, it is very easy, and therefore likely at any given time for any given vote, to come to a stalemate of some kind, which could lead not only to the slowing down, possibly substantially, of the company's progress toward its productive goals, but in some cases to the removal of a nontrivial amount of capital from the company as a nontrivial number of voters who are not getting their way, possibly repeatedly over the course of several successive votes, take their money elsewhere. This would then make it harder, or even impossible, to proceed with the investment which the rest of the workers had decided upon through the democratic vote. Again, this is not to say that such removal of capital does not happen with traditional hierarchically-structured companies. But the latter have at least one advantage over DAOs: in the case of stalemates in primary stockholder or board of director votes (or however the company chooses to oversee the executive team), there is considerable flexibility for the chief executive, given his experience and proven ability to make sound decisions regarding the company's capital resources, to be the unilateral decider for any given decision which needs to be made, which would break the stalemate, and it could be more readily done in a way that allows all key stockholders to feel as though they each gain enough in the endeavor to not withdraw their capital from the company. In a DAO, there is a greater chance that decisions like this *will not* have the ability to be unilaterally made, due to the desire to maintain, as much as possible, a democratically-driven decision-making process for the company, and also there is a greater chance that it will be more difficult to reconcile all the different, diverse people with each other when a stalemate is reached. This will be another mark against a DAO which is competing in the open market against a traditionally-structured company – the latter will not only be more time-efficient, on average, than the former, but also the chances are higher for the latter that the decisions will be made by those who have more experience with the different areas of specialty in which decisions might need to be made at any given time, including at the highest level of decision-making, i.e., that level which regards large-scale or strategic capital acquisition and use in production; after all, some individuals are more capable, and more experienced, at managing large-scale capital resources in a competitive market efficiently, and in a more sustainably successful manner, than others, and so it only makes sense that these more capable and experienced individuals should be in charge of these types of decisions. In a DAO, it is also possible that the most capable will be the one or ones with the most decision-making power in a company regarding large-scale use of a company's capital re-

sources – say, by owning the majority of the company's digital currency holding – at a given time, but since a DAO is defined by the spirit of democratically-made decisions in the use of company resources, even when it comes to decisions made involving the largest-scale sets of these resources, and, in fact, *especially* in these cases, rather than *strictly* and *solely* by the test of the open market, then the decision-making process of how to use the company's resources is at least *partially disconnected* from market considerations. Market considerations will play a part, but given the great emphasis placed on democratically-made decisions, there can easily arise conflicts between what would actually produce a profit or avoid a loss on the open market, and what a particular democratic majority of workers decides to do with some of the company's limited resources. In the case of a traditionally-structured company which operates in the open market, the *entire* primary consideration is whether or not a particular way of investing company resources would produce a profit, and thus best help ensure the continued existence of the company; in fact, this is the reason why hierarchically-structured companies developed in capitalism in the first place, and such differentiation in decision-making power is ultimately based on the inherent, as well as acquired, differences between different people which make some people more, and sometimes much more, suitable to some types of work than others. Again, this gives the average hierarchically-structured company a competitive edge over the average DAO.

Notice that all of these considerations so far have been without reference to the specific nature of the *money* that each worker/employee invests in the company. If one searches online for the definition of a DAO, the definition will most likely state that the type of currency which workers invest in the company in order to gain voting power in the company and a share of its profits is digital currency. This is because digital currency, as it is currently defined and implemented, and transactions made via digital currency, are themselves decentralized, which in this context means they use a blockchain or distributed ledger. The concept of a DAO simply makes use of the existing decentralization of the blockchain for digital currency and layers on top of this the idea of decentralized business organization and decision-making and the use of smart contracts. The problems discussed above which give the average hierarchically-structured company a competitive edge over the average DAO in any given market are inherent in the general method of democratically-led decision making in a company, and are not specific to the *form* of currency which is invested in it. In general, decentralizing monetary control *is* better than centralizing it.[64] But this general consideration does not neu-

64 This is because a central banking arrangement gives too much power to manipulate a national currency to a small number of people, and thus it creates a system which is a precursor of, or a natural consequence of (depending on the

tralize the key problems which face the DAO form of corporate organization. The two general problems just mentioned would exist in *any* company which made decisions democratically, regardless of whether the workers' invested money was Ethereum coins, government paper money partially backed by real money, government fiat money (i.e., government-issued paper without any backing of real money at all), real money such as gold or silver, gold or silver certificates, digital bits in a bank's SQL database which represent a certain amount of open-market purchasing power in a company's bank account, debt based on the fractional reserve process, or any other form of money, and whether any of these given forms was controlled in a centralized or in a decentralized way. The point is that the stalemate problem and the incompetence problem would still occur under any of these, because the particular type of money which workers invest in a company and whether the money itself, its value and production, is managed centrally or in a distributed fashion are unrelated to the company's ability, or lack thereof, to solve these two problems. It should not escape notice that, not coincidentally, it is these very two problems which are at the core of the inviability of the syndicalist arrangement of property ownership.

We should point out, though, that the proposed DAO structure does have a leg up on syndicalism in certain ways. Specifically, though DAOs propose restructuring companies from being hierarchically-organized in terms of decision making to democratically-organized, what appears to be imagined by proponents is that these democratically-structured companies would still operate in a capitalist private market for production goods. What this means is that a particular worker can buy or sell his voting rights in any company, or in multiple or many companies simultaneously, can change industries, can sell his rights to others in one or more industries, can purchase as much as he is willing to or has capacity for, etc. – in other words, the distribution of capital resources, that is, resources which directly represent or which are used in the purchase of *means of production* for the company, is much more fluid and is itself subject to the open market,

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specific historical circumstances leading up to its creation), the centralization of economic and political control, i.e., dictatorship. Thus, any effort aimed at decentralizing control of a currency is admirable at least from the point of view of this consideration. However, it should be kept in mind that, as with anything, there are limitations and problems in the system of decentralized digital currency, and also that there are other, potentially complimentary, ways to decentralize a currency – specifically, competitive banking based on a 100% gold standard, where there is no central bank and where there is minimal to no fractional reserve banking. Such a system has been criticized by supporters of central banking, but every bit of this criticism is a smokescreen which serves the purpose of disguising the inherently totalitarian nature of central banks, and it substantially downplays the remarkable stability and vitality of a system of competitive banking, and an economy which is based on this system. These topics will be discussed more in future writings, but for good resources now see Murray Rothbard, *Mystery of Banking*; G. Edward Griffin, *The Creature from Jekyll Island*; Ludwig von Mises, *The Theory of Money and Credit*; and Vera C. Smith, *The Rationale of Central Banking and the Free Banking Alternative*.

the way it is under capitalism. So too the movement of workers between industries. This is in contrast with syndicalism, which is a much more rigid system of particular industries and their workers, and which allows for change in the flow of capital resources much less readily (and not at all in the longer run without rendering itself unworkable). Given these differences, we cannot say that DAOs could never form a part of future capitalist economic activity, and indeed, it is possible that DAOs may be better at making corporate decisions in certain industries, perhaps ones which do not yet exist, than traditionally-structured companies, or perhaps in certain types or sizes of company in certain industries or subsectors of industry at certain times or levels of maturity of those industries, due to the peculiarities of each industry at different times. Still, though, given the stalemate problem and the incompetence problem, and given what has been said about these problems not just in this section on DAOs but also in the prior section on syndicalism, it is not to be expected that DAOs will, in the long run, make more than a small impact on the overall structure of companies in a capitalist economy.

One additional thing should be pointed out. One gets the impression that one of the primary motivations of at least some of the advocates of DAOs in proposing the DAO form of corporate organization is to find a solution to the problem of CEOs of certain companies or types of company assigning themselves, or easily getting their boards to assign to them, massive compensation packages, say, in the tens of millions of dollars per year. Now, setting aside the fact that what is "too high" of a salary for an executive (or anybody) and what is not – i.e., where to draw the line – is a completely arbitrary decision, there seems to be an emphasis on democratically-driven company decision-making as a solution to this specific problem, since it is highly unlikely that a decision made about a particular worker's salary by all the other workers would assign him a salary that is, say, 500,000 times their own salary. The idea would appear to be to prevent graft and corruption at the executive level. This certainly is an admirable goal. However, in our *zeal* to use what is considered by Western culture to be the highest and most precious ideal, that of individual freedom, or *democracy* in government, to solve this problem of graft and corruption in corporate leadership salary assignment, and in our excitement that we have finally found *the* great solution to this thorny problem, and this by making use of the fundamental principle of all societal freedom, no less, we should be careful not to swing the pendulum too far in the other direction, and in our focus on what we are solving by changing the existing system underemphasize the significance of, or simply ignore, the problems which we are bringing *into* the socioeconomic mix with our proposed solution. In other words, it is important not to throw the baby out with the bathwater. Not all deci-

sions should, or can, be made democratically. Democracy, like all useful social institutions, is a tool to be used as appropriate for solving certain types of social problem. But like all tools, democratic decision-making has limits, and it can even be damaging or wasteful if done in the wrong way or the wrong context, or without properly understanding its implications. One cannot glue two pieces of board together with a hammer. DAOs represent an innovative way to structure a company using a widely-respected and revered concept, democracy. But innovation and good feelings do not guarantee success, and ultimately, as with *all* proposed innovations in the socioeconomic arena, we must maintain a keen eye toward sober scientific analysis of any proposals, and do so as much as possible in the light of a sound understanding of the general patterns and principles by which human nature and human society operate. Anything less and we are doing a disservice to the cause of freedom.

# Chapter 5

# ANARCHISM: A DETAILED DISCUSSION

## §1 Basic Definition and Implications

The system of anarchism is defined as one in which there is no formally-recognized or formally-structured government. The belief is that such a system will eliminate oppression, because a formal governmental or State apparatus is thought to be the main, or even the only, source of oppression in society. When governmental oppression is eliminated, human society will be free to spontaneously organize itself into the arrangement which will benefit each individual who is a part of it, and all will have equal access to the necessary economic resources, opportunities, and sense of safety and security which are the prerequisites of happiness. Sometimes corporate power ("big business") is conceived to be a part of that which is eliminated as well under a system of anarchism, where this corporate power can be a separate source of oppression from government, can be a source of oppression that is quasi-connected to governmental oppression, or can be built into the governmental apparatus. In any case, any source or perceived source of power or "great" power is seen as inherently oppressive and damaging to society, and is therefore dissolved under a system of anarchism.

It is true that power must be checked and balanced. But the proposals of anarchism swing the pendulum too far in the other direction. In conceiving to eliminate tyranny, they create a system of lawlessness and chaos. Consider that

throughout human history, systems of tyranny or quasi-tyranny have been quite common, and have always been difficult or impossible to overcome or eradicate. Think about the Enlightenment-era social, political, and economic scholars, and how extremely difficult it was for their ideas to spread, and how actively their efforts were resisted by the established powers of their day.[65] And, as mentioned in Footnote 65, think about how even in America, which is a nation built *from the beginning* on the ideas of individual and societal freedom, albeit not perfectly, it was a constant uphill battle to preserve freedom from the ever-present encroachment of tyranny – by which, in concrete terms, is meant specific individuals or small groups of individuals who have the desire and have or seek to gain the resources to arbitrarily impose their will on large numbers of people, and who have the drive and intelligence to find cracks in the system of freedom in order to exploit and widen the cracks so as to gain more freedom and resources for themselves at the expense of the freedom and resources of most or all other people in society.

Consider what would happen in a system of anarchy. By definition, there is no government, and so no law or law enforcement. How would a father feel if a strong, wild-eyed man forced his way into the family home and raped and murdered his daughter? Can the defenders of anarchism say that under their proposed arrangement of society this would never happen? Or imagine that a group of five friends spent a lot of time and effort over several weeks hunting, butchering, salting, and smoking meat for their small village in order to help their village

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65 Think of certain groups of the so-called Illuminati secret societies, specifically the Bavarian group of Illuminati in the 18th century which was a group of scholars that spanned multiple countries and who had to maintain a high degree of secrecy in order to protect the ideas of republicanism and free thought from being nipped in the bud by the system of absolute monarchy. Think of the nation of America, which was founded on these ideas, and how difficult it was to achieve independence from Britain. Think of how the battle for individual and societal freedom was actively *resisted* by powerful individuals *throughout* the history of America, starting from the beginning, e.g., Robert Morris and his efforts to create a central bank in America, the country's first, in the early 1780s, the so-called Bank of North America. As Rothbard, *Mystery of Banking*, explains, "Morris … was leader of the powerful Nationalist forces in the embattled new country whose aim was to reimpose in the new United States a system of mercantilism and big government similar to that in Great Britain, against which the colonists had rebelled. The object was to have a strong central government, particularly a strong president or king as chief executive, built up by high taxes and heavy public debt. The strong central government was to impose high tariffs to subsidize domestic manufacturers, develop a big navy to open up and subsidize foreign markets for American exports, and launch a massive system of internal public works. In short, the United States was to have a British system without Great Britain. Part of the Morris scheme was to organize and head a central bank, to provide cheap credit and expanded money for himself and his allies. The new privately owned Bank of North America was deliberately modeled after the Bank of England [the first central bank, which caused massive disruption in England in the late 1600s, and thereafter, for the purpose of substantially enriching a small number of powerful and wealthy men]…." (Rothbard, *The Mystery of Banking*, https://cdn.mises.org/Mystery%20of%20Banking_2.pdf, pp. 191-192, referenced on **2/23/23**). In other words, even in a new nation on a new continent, that from the beginning was conceived to be built on the ideas of individual and societal freedom, there were powerful forces which made it difficult from the outset (and at pretty much every turn, as one can begin to understand by reading Rothbard's entire book) to establish and maintain freedom.

survive the winter, and when they are almost finished all of a sudden a nomadic, weapon-wielding group of 25 individuals takes all of the meat by force, places it on a trailer or wagon, and carts it off? Can anarchists say that something like this would never happen under their system? There is no law and law enforcement whose job it is to punish the offenders or to make them give back what they have taken or to pay damages. So those from whom something has been taken have two options: accept that it was taken and find some way to live (if possible) with the loss, or take it upon themselves to find and punish the offenders. Either option quickly leads to a highly unsatisfactory situation. In the first option, if those from whom something has been taken do nothing against the offenders, this reinforces the idea in the offenders' minds that they can harm or steal from such people with impunity, and this makes it more likely that they will do so again, or, if what they want is reproducible in the longer term, such as meat from hunting, or grain from farming, the offenders could, over time, institute a system of slavery, which would turn the stealing and harming, which might have been an exception for these people up to this point, into the norm of daily life. In the second option, where those from whom something has been taken decide to take it upon themselves to punish the offenders, there could easily be great danger to themselves, and they could end up dead, maimed, tortured, or captured into slavery; and even if they succeeded in taking back what was stolen (assuming this is even possible in a particular case), this will create a strong desire for revenge in the minds of the offenders, who will feel greatly infringed upon, since they would believe that they had been in the right to steal or harm in the first place. This will create a circle of violence from which, once begun, it is extremely difficult, if not impossible, to escape. Even if we as outside observers consider that the original offenders were in the wrong and those originally stolen from or harmed were in the right, the point is that *each* group of people will believe they are in the right, and so *each* group of people will feel justified in investing considerable time and energy to force the other to pay for infringing upon their person and property. And just like in the stories of feuds or acrimony between different Houses or different villages which have lasted for 100 years or more, such feuds or acrimony between these groups of people could easily extend across generations, and each time one group made a move to infringe, in any way, upon the other, the other's resolve would be reinforced. All effort on the part of both groups which went into the feud, and preparations and exercises which related to it, would only reinforce each group's belief that it was in the right – all else being equal, the more effort we, as humans, put into something, and the more accustomed we become to all the routines and practices involved in this effort, the more ingrained these activities become in our

group's traditions and cultural and societal precedents; this creates greater certainty and stability in our and our children's minds over the years, which we latch onto strongly and rigidly in a dangerous world, and which latching on makes it much harder to free ourselves of such activities, practices, beliefs and habits. The more the groups infringe upon each other, the longer the list of grievances on each side becomes, and, in such a system, there is no accepted, agreed-upon, neutral third party who has a predetermined amount of nontrivial power to help resolve such disputes. And all these things would make it that much harder for these groups to ever free themselves from the feud, and would thus serve to weaken the bonds of cooperation and trust in society as a whole over time.

## §2 Hypothetical Anarchistic Society

Consider the best case scenario, where all social oppression is eliminated from society, all existing offenses are completely forgiven, all grudges forgotten, all punishments currently in effect annulled, etc., and we begin, so to speak, with a clean slate over the entire world. Assume further that, per the anarchist proposal, there is no government to formally make laws, and no law enforcement to enforce any laws or judges to judge according to them, and no governmental executive to perform official government action of any kind. What would happen? Assuming that *human nature* had not changed – that, in other words, the same human nature which created the tyranny of the medieval Catholic church, totalitarian dictators like Hitler, Putin and Prigozhin, Mao, Xi Jinping, Kim Jong-Un, Mus-solini, the absolute monarchs of 16$^{th}$ – 18$^{th}$ century Europe, Stalin, Lenin, and many others, which made it practically impossible for the vast majority of human history, so far as we know, to establish a strong, sustained system of individual and societal freedom and prosperity for all, which often made it extremely diffi-cult even in *America*, throughout its history, to preserve such freedom, and which, frankly, has done much already, now in the 21$^{st}$ century, to extinguish it – the list goes on – is the human nature operating at the start of this clean slate, what, ex-actly, would be expected? Say a father's daughter gets raped and murdered, or the meat store for a village, which takes considerable effort by a lot of individuals to build and maintain, gets stolen in the course of a few minutes by a marauding band of thieves. Without a recognized and accepted system of law and law en-forcement, no matter what choice is made by those infringed upon, what was de-scribed in the previous paragraph would begin again, and the system of violence, bloodshed, and slavery which would follow would quickly become a normal part of the society. A society like this would be a society of

slavery the same as a society based on socialism – only instead of a central, all-powerful State as the slavemaster and all other citizens as slaves, it would be those who were strong who would be the slavemasters and those who were weak who would be the slaves, and though the slavery would be, potentially, much more spread out and localized across the society, it would not be any less absolute, arbitrary, or tyran-nical for that. It might be imagined that not all who are strong will seek to domi-nate or enslave others – some will, perhaps, be heroes of the people, and work to bring about resolutions of feuds and disputes, and to protect the weaker ones from harm. But any who are familiar with the human weakness for power will under-stand that such strong, selfless heroes are few and far between, that selfishness, shortsightedness, impulsiveness, and the yielding to instinctual, animal drives are the norm among the vast majority, and that our minds treat any nontrivial (and of-ten trivial) infringement upon our person or property very seriously, and we hold onto those serious feelings, which then usually make a permanent impact on us and how we view the world and the degree to which we trust and cooperate with others. Imagine being infringed upon, especially as a young, inexperienced per-son, especially repeatedly, and how hard this is emotionally on such a person in a society, like America, which *does* have a system of law and law enforcement to punish offenders. Then, imagine how much harder it would be if such a person's expectation was that there would be no one to help him or her if someone does choose to infringe, and that he or she would not have any formal recourse. Imag-ine how much more anxiety, fear, uncertainty, and permanent psychological scar-ring would happen to such a person, when there is no recourse for them to redress their grievances if they are, e.g., raped, stolen from, or tortured, even if this *never actually happens to them*, much less if it does. And then consider how conducive such a mindset would (or would not) be to the strengthening of the bonds of co-operation and trust which are needed between individuals in a society in order for the society to be healthy and to grow and prosper. Such a mindset would not only not be conducive to the building, strengthening, and maintaining of societal bonds of cooperation and trust, but would instead be conducive toward the degradation of such bonds. After all, the more we already distrust others, the more likely we are to see everything they do in the light of this distrust, for the sake of our own survival, and therefore the more likely we are to see neutral actions on others' parts as actions which are intended to harm us, and even to see helpful actions on others' part in this same light, and so the more likely we are to lash out at them or blame them for trying to harm us or to actually take what we believe to be neces-sary preventative measures to harm them in some way, or to make changes in our

life in some way which show them we do not trust them. And if they are of the same, already-distrustful mindset that we are, they will reciprocate, and the possibility of working together, cooperating, building trust, dividing mental labor and becoming economically interdependent, making more and more efficient use of scarce capital resources as a result of the mental division of labor and private ownership in the means of production,[66] and thus continuing to reduce the chance of international war and conflict, would become more and more remote – it would become, in a system of anarchism, more and more of a pipe dream, a unicorn, and eventually it would not even be a concept which is understood or thought of at all, because no one would be able to remember a time in which it existed, or a time in which society was actually moving toward such a goal and had at least partially achieved it; rather, the entirety of human experience would be a system of distributed slavery, where the majority of the strong would prey on the weak, and where even those rare of the strong who are selfless heroes of the people would eventually be torn down and broken, and likely brutally killed, because the more such heroes defy the other strong to help the weak, the more enemies they will create, and eventually these enemies will join forces and destroy them – after all, regardless of how much these enemies fight each other, a selfless hero would be a common enemy for them all to rally against, and no man, however strong, can permanently withstand such a united effort.

We can say that it is possible that, like certain groups of the so-called Illuminati in the time of the absolute monarchs in Europe, some groups of people in the anarchistic system would preserve the ideas of freedom secretly, and seek to spread them so that society can reclaim the ancient system of freedom and prosperity, but that anyone would feel the need to do this would simply serve to prove the larger point – the only reason such secret societies would be needed at all would be that the broader social system was structured along oppressive, tyrannical lines; secret societies to preserve the ideals of freedom until such a time as they can be spread would not be needed if society was free and open to begin with. And, assuming these ideas of freedom did start to gain some nontrivial ground and started to change the face of society, this would not be validation of the anarchistic idea, but rather condemnation of it, because such a process would need to reinstitute a system of law and law enforcement, and thus legislators, in order to have a chance to break society out of the cycle of violence and slavery which was created by the anarchistic arrangement. Of course, there is no guarantee that the implementation of the ideas of freedom would not be co-opted by would-be dictators who would use the ideas of freedom in their propagandizing

66 See Chapter 2 above on capitalism.

and proselytizing to try to gain power for themselves, and then institute a system of socialist dictatorship if they gain enough power to do so. But this also would no longer be a system of anarchy, but rather a system of socialism. Slavery would still exist, but instead of no government, there would be a central, all-powerful government which would hold all the keys and would be master of all economic resources in the nation.

## §3 Anarchism and Property Ownership

Finally, it is important to understand what the ownership of the economic means of production would look like under a system of anarchism. Under such a system, who would put themselves through the painstaking process of acquiring and transforming enough economic resources to build a large, specialized company, and to maintain the resources they have acquired and built from theft or damage by groups of marauders? After all, to build a large company takes many years of painstaking effort, and more often than not such an effort fails even in a socioeconomic system which provides entrepreneurs with the confidence that their hard-won economic resources will be protected from theft or malicious damage by others, and that the products produced for sale on the market will, for the most part, command an honest and reasonable price so that they can replace the resources used up in production, earn at least some profit, and continue to keep their doors open. How would such an effort even have a chance of succeeding under a system where there is no guarantee of protection for these resources while entrepreneurs are acquiring and building them, or while they are engaged in daily business after enough resources have been acquired and transformed into a successful business? Would it even be possible to have a system of money, that is, a common medium of exchange which is a *sine qua non* of a complex, advanced economy, which money could be used to purchase a business's goods? Or would the economic component of the society be restricted to a much simpler, and much poorer, barter economy? If people used gold or silver as money, the norm would be that it could be stolen or confiscated at any point by anyone, and so potential consumers of a given business would be unlikely to keep such money on hand, and the entrepreneurs or business owners would not want to keep it on hand, and would be wary of growing their businesses, since the larger the amount of wealth they had in their possession, the more of a target they would be for enterprising thieves. Furthermore, under such a system of great general distrust as would exist in the anarchistic arrangement, it would be impossible to have a paper-money system, because no one would trust the issuers of paper money to be honest. Fur-

thermore, a competitive banking system, which alone could guarantee the soundness of a system of paper money,[67] could not be established because it takes a long time and great effort to build trust in banking institutions, but in a system of anarchism this trust would be undercut frequently by theft; and, for those banks which were able to protect themselves from thievery, by, say, arming themselves and training themselves in combat and staying constantly wary of possible robbery attempts, in a system of anarchism who would trust such a highly-armed and combat-ready bank with *any* amount of their hard-earned gold or silver? After giving gold or silver to such a bank for "safe" storage, what is to keep the bank from refusing to ever give it back to the depositor, or from using it for themselves? After all, there is no governing authority with laws and law enforcement to prevent them from doing so. Under a system of capitalism, on the other hand, where the general, prevailing principle for all of society, including for both the "economic" and the "political" or "governmental" sectors, is individual freedom and voluntary choice for everyone under a system of universally-applicable law, it is much easier to feel safe and secure, and thus to build enough trust in others to deposit money with them for safe keeping. Furthermore, the competitive banking system which would develop under capitalism (that is, a banking system *without* a central bank and *without* government privilege for a subset of banks at the expense of their competitors) would, as with all open market competition, serve as a powerful reinforcement of the integrity and soundness of the monetary system, because the primary overriding concern of each bank would be ensuring the satisfaction of the depositors and other customers (i.e., *consumers*), and the investors, with which the banks choose to do business. As mentioned before, the core ideas which underlie a society all interconnect and reinforce each other in many ways. In the case of anarchism, where there is no recognized and reliable government and law enforcement apparatus in the societal mix, trust could not be built to the degree necessary to establish a real competitive banking market, which would prevent genuine open market competition from growing to a nontrivial degree, much less thriving. Cooperation and trust need to be reinforced between people on a *daily* basis, and, over time, on the basis of the strengthening of bonds which this cooperation and trust creates, larger-scale beneficial social institutions such representative government, capitalist open markets, freedom of the press, speech, religion, assembly, etc., can be built, and on such a basis alone can such socially and economically beneficial institutions be maintained and reinforced.

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67 See the books referenced in Footnote 64 above for a detailed discussion of why this is the case. Also see Mises's *Human Action: A Treatise on Economics* (https://cdn.mises.org/Human%20Action_3.pdf, referenced on **8/3/23**), which has great detail on the value of the capitalist arrangement.

## §4 Meaning of Freedom

The finding of a lasting vaccine for the virus of tyranny is not an easy task – it certainly was not an easy task for those in the Enlightenment era who developed the foundation of the ideas of freedom upon which all modern Western nations are built – and, once found, the vaccination process itself can be excruciatingly difficult and painful, and can last generations. But the extent to which the vaccine spreads and develops in society is the extent to which cooperation and trust are built, and, therefore, the extent to which the average person in society starts to feel as though things are actually getting better – the person may not understand why he is starting to feel this way, but he will *feel* it – at least as a net result over time, if not at every specific moment. And as cooperation and trust are built under a system of universally-applicable law which provides the necessary backdrop of safety and security, capital wealth can accumulate, the value of the legal system is reinforced, individuals will continue to see higher standards of living, and more poverty and want and misery will be removed from society. All this will then cause trust and cooperation to strengthen again, and the cycle will continue. Anarchists talk about the need for freedom in society, but if in a system of anarchy there is no protection from the harmful actions of anyone stronger who might take it into their minds to attack, steal from, rape, torture, or kill anyone weaker at any given moment, without fear that they will be so much as slapped on the hand for it, then there really is no freedom in such a system. Individual freedom in human society really means freedom to lives one's life as one pleases *without fear of one's person or property being attacked or arbitrarily infringed upon by others*. A system of capitalism provides this, because it is a system based on the full expression of the principles of socioeconomic freedom in all parts of society. Anarchism does not provide this, because anarchism is a system based on a flawed understanding of the concept of freedom, and an even more flawed understanding of human nature, which one must *properly* and *insightfully* understand in order to provide sound recommendations on how to structure society so that we can achieve the goals of individual safety, security, happiness, and fulfillment. After all, human society is made up of nothing but interacting humans, and as such, understanding human nature is a *sine qua non* of creating a sustainable and growable freedom and prosperity in society. Without such understanding, it becomes all too easy to believe all sorts of grand and fanciful ideas about humans and about society, and to religiously follow those who perpetuate such beliefs. It also becomes all too easy to implement systems of tyranny by spreading such grand and

fanciful ideas, i.e., flawed ideas structured in emotionally-pleasing and reassuring ways, in society – including the idea of anarchism which, while ostensibly describing a system that would produce maximum freedom for everyone, would, in reality, only produce another form of tyranny.[68]

Anarchism is a socioeconomic arrangement in which there is no formally-recognized and supported system of property ownership. As such, a system of anarchism would not develop beyond a simple barter economy which could only support vastly fewer people, and those at a much lower standard of living, than would a system of capitalism. In fact, the system of anarchism is the very kind of system which a socialist arrangement of property ownership would at last devolve into after all capital resources had been spent and societal bonds of cooperation and trust had been utterly broken. In the fight between tyranny and freedom, then, anarchistic ideals and teachings are of no help to humanity, and, rather, serve to confuse and muddy the concept of freedom and thus make it that much harder for each of us to come to a sound and insightful understanding of what it means to be free.

68 The system of anarchism can be likened to the day of purging in a *purge society* (e.g., in the 2018 movie *The First Purge*), in which one day a year (in the case of the movie it was 12 hours) all laws are suspended and murder, rape, theft, destruction, torture, and every crime imaginable can be committed with impunity – only *every day* is a purge day in an anarchistic society, rather than just once a year, and a system which opts to move in the direction of anarchy will destroy itself rapidly, whereas under socialism the destruction, though no less guaranteed, is comparatively delayed, since there is at least a single, albeit absolute and tyrannical, central authority keeping everybody else in line for a while. Note that even in the case of socialist destructionism, the speed of destruction depends on who the dictator is, and how his personality and life traumas happen to reflect themselves in his economic decisions, though in all cases these decisions would be subject to the economic calculation problem, and so in general would be grossly inefficient and wasteful regardless of the dictator's best intentions.

# PART III: REIFICATION OF IDEAS

# Chapter 6

# REAL HUMAN SOCIETIES

## §1 Real Human Societies Are Dynamic and Changing

Up to now, we have discussed the different socioeconomic systems for the most part as though they were always separate from each other in implementation – a full capitalist society, a full socialist society, etc., although we have mentioned at least a few times the gradual transition of one type of society to another due to the particular nature of the socioeconomic forces at work at a given time. An important thing to keep in mind is that human societies in the real world are *historical*, meaning they have many different influences from many different independent and quasi-independent sources over time. A given human "society" is not an isolated, self-contained system which has never been and will never be changed by outside or internal forces. Many influencing forces exist, e.g., other human societies in other nearby or faraway parts of the world, changes in local economic conditions which occur as the society in question consumes the earth's natural resources and thus changes the face of the earth in their vicinity in one way or another and which may (or may not) cause them to migrate to another location, or natural disasters which substantially disrupt the existing societal arrangement and set the society on a new socioeconomic course in one or more ways. As the world's various localized populations grow, and as both global travel and global information transmission become easier, not only do human societies use economic

means of production at greater rates and in greater quantities, but inter-cultural and inter-societal influences become more substantial, widespread, and sustained, and so social and cultural change, on average, accelerates. This is exactly what happened over the course of the 20th century, and what is happening in more accelerated form in the 21st century so far, with over 8 billion people on the planet right now[69] and the global population growing rapidly, and with the continued growth and increasing global reach of the internet, and the websites and social media platforms which use the internet to spread ideas, opinions, information, and misinformation to a degree and with a scope never before seen in human history; and as the various technologies and ideas which underlie the internet advance, it can be expected that this will only continue. And note that when ideas spread to new locations, as always those who feel they will benefit from the new ideas will support their spread, and those who feel threatened by them will seek to stem the tide, and reverse it if possible. This, as stated at the beginning of this book, is the grander meaning of all large-scale social conflicts – the spread of the ideas of freedom from those nations which support the growth and continuance of these ideas, and the increasing sense of personal danger which tyrants feel when they begin to see that they cannot stop this spread in the way or ways they or their forbears once could. In the animal world, when a dog begins to be cornered he will start to growl and bark at the impending threat. But when the threat does not leave, and instead doubles down and starts pressing in more closely and more tightly, cutting off over time more and more avenues of escape, when the growling and barking do not seem to scare away the impending threat, and perhaps even seem to encourage it, the dog begins to become more desperate, to lash out in a more dangerous and deadly manner – after all, the more tightly he is cornered, the less he feels he has to lose in lashing out, and the more he starts to feel that his survival and his way of life are really, *actually*, at stake. The spread of Western ideals, that is, the ideals of capitalism and freedom, to an increasing degree, as a result, not coincidentally, of the development and spread of highly advanced systems of technology whose innovative unfolding and flowering came, and could only have come, from the mental division of labor and the system of protected private property ownership under capitalism,[70] to more and more parts

69 See https://www.worldometers.info/world-population/, referenced on **2/23/23**.

70 See Footnote 34 above for a discussion of the ultimate source of government funding. Yes, the internet started as a DoD research project, called the ARPANET, and also the basic mathematical, computational and physics research which were necessary to provide a foundation for the modern technology revolution was partly funded by universities, and by the government. However, keep in mind that universities would have substantially less money to fund such research if the funds were not given to them by individuals and families in exchange for an advanced education, by private businesses in exchange for research and development, and by wealthy individual philanthropists – and *none* of these sources of funding would exist without the capitalist method of economic production, which makes production

of the world, and the reinforcing of these ideals in the minds of the *masses* of totalitarian nations such as Russia, China, North Korea, the theocracies in the Middle East – e.g., the Taliban in Afghanistan, the Ayatollah's government in Iran, etc. – and an increasing number of others, is making tyrants and would-be tyrants shake in their boots in a serious way. They see the foundation of their privilege, that is, their ability to subordinate their own people for the purpose of self-aggrandizement, being threatened in substantial ways, and they are smart enough to realize that if they do not take action to nip these threats in the bud now, it will become more and more difficult to do so as time passes, until eventually, at some point, *their* nations, each body of citizens whom they have literally *owned*, or quasi-owned, depending on the level of tyranny in a given nation, up to that point, will break free from the shell of tyranny which had been placed on them into the light of a new day, at which point the tyrants and their friends and successors would no longer be a part of shaping the world's future. So, these tyrants are making great effort today to stem the tide of the ideas which threaten to drown them – they start wars; they take pains to solidify their dictatorships;[71] they com-

increasingly efficient over time and therefore allows the buildup of wealth in the first place, some of which is then traded or given to universities, which in turn use some of the wealth they are given to fund basic research (which money itself is then used once again on the private market to purchase equipment, resources, skilled labor, etc., in order to have the necessary resources to perform the research). It is the same for government funding – if the economy is not capitalist, then, again, efficiencies in production will not accumulate, and the citizens of the nation will then not be able to pay taxes to fund the government, which in turn uses some of the tax money to fund basic research, and still earn a reasonable, and increasing, salary over time to fund their own private initiatives. Even the case of a government which is tied to a central bank, and which thereby gains substantial money from the central bank via the process of planned inflation (the US government is the *biggest* example of this, in partnership with the Fed), which money it then can use partly to fund basic research, could never arise without a strong unit of currency – in the case of the example of the Fed, the US dollar – on which to base initial trust in the central banking arrangement (the Federal Reserve System, in the case of the US). For a central bank to issue net new money out of thin air (which is the purpose of a central bank) that the public will accept in exchange for real capital goods, the money which the bank issues has to be in a form or translatable into a unit of currency already trusted by the public, and the only way to build this trust in a particular form of currency (such as the US dollar) is through the process of capitalist production, as described earlier. In other words, the power of a national government, and the power of any central bank which colludes with it, is directly proportional to the strength and vitality of the capitalist economic system on which both piggy-back, and which is the ultimate source of real power and wealth for both. It is no coincidence, then, that the US government is the most powerful government in the world, and the US central bank, the Fed, the most powerful central bank in the world, with the US dollar being the most desired currency in the world.

71 E.g., Xi Jinping in China, who in 2022 substantially increased his own power by changing the CCP's constitution and winning an unprecedented third presidential term, giving himself the same level of power in China as the socialist dictator Mao Zedong had prior to him. And in 2023, he and his CCP have gone even further: "The newest version of the 'Working Procedures for the State Council', a document that guides the highest state body in China, no longer contains references to concepts such as democracy, rule of law, or openness, or even Marxism-Leninism, the ideology of the Chinese Communist Party (CCP)." Even the most revered former leaders of China have been scrubbed from the new Procedures, which "lack any mention of past CCP leaders, from Mao Zedong to Hu Jintao, or their ideological contributions to the regime. The rulebook only refers to the doctrines of Xi Jinping, informing State Council officials that they must heed his directives as the 'core' of the Communist Party's Central Committee." Other things have also been done to allow Xi Jinping to increase his own personal power over the CCP and its other leadership, and over the Chinese people, such as eliminating references to anything that smacks of capitalism, i.e., freedom, by removing terminology such as government "decentralization" and "efficiency." Also, "[a] newly added line, for instance, calls for

mit more, and more severe, crimes against humanity, than they would otherwise, both upon their own citizens and, via invasion and other, more insidious means, upon foreign citizens; they crack the whip of theocratic zeal more broadly and with more determination;[72] they do everything they can to tighten the nooses which they have placed around their nations' necks, and which they try to place around the necks of all free peoples, to prevent the rest of the world, and to prevent their own citizens especially, who have the most to gain by it, from not only doing the exact same thing to them, but also, once the nooses are tightened, kicking the chairs out from under them, and watching them hang.

So, it is in this dynamic that the grand battles of history play themselves out, and are playing themselves out as we speak. It is in this dynamic that each of what today we call nations was built. The forces of freedom and tyranny are in constant struggle with each other, with one or the other gaining the upper hand at any given time in any given geographic region. Much more often than not, it is tyranny which gains the upper hand. But with a sound, and complete, understanding of the essential principles and patterns by which a free human society must operate, the past few generations have started to turn the tide in the other direction. Our time, the early 21st century, is an unprecedented era with great potential for substantial global change in human social, political and economic organization, and the future of freedom is yet to be decided. But we do have the mental tools now, the *ideas*, that a human society needs in order to create a self-sustaining, self-improving world which is free, prosperous, and increasingly fulfilling for everyone; most generations before us lived in a world which was not like this, or was partially like this to a much lesser degree than it is now. Everyone who becomes a scientist and who places great emphasis on an objective understanding of the world; everyone who fights to end social oppression based on an *honest* understanding of social conditions, and not a biased one; everyone who has that indomitable spirit of the creator, the originator, who desires most of all to add to, i.e., to further build, a brighter future for society, and to leave a lasting legacy of greater freedom in their wake; everyone who chooses to muster the civil courage, while they are still able, to stand up to, and speak out against, fashiona-

the State Council to strengthen 'digital government construction,' urge 'process optimization,' and continuously improve 'the effectiveness of government.' " https://theprint.in/world/china-removes-references-to-marx-lenin-from-state-guidelines-leaves-only-jinping-thought/1519161/, referenced on **7/3/23**. "Digital government construction" clearly means to make use of advanced technology to a greater degree, including AI, to make it easier to dominate the Chinese people, as well as to expand Xi's CCP's totalitarian reach beyond the borders of mainland China. And of course, any dictator will seek to continuously improve the "effectiveness" of his government, by which is meant the effectiveness of his own ability to dominate and oppress those he governs in order to shape the world, to as great a degree as possible, to his own liking.

72 Think, for example, of the gradual elimination over time of more and more freedoms for the women in Taliban-led Afghanistan after Biden pulled all US troops out of that country in 2021.

ble, but ultimately destructive, waves of public opinion, and to call such waves out by all means possible for what they are – sources of tyranny, either direct or indirect – and to provide courage to others in the fight for freedom by setting an example; everyone who chooses to say a kind word instead of a mean one, or who makes the extra effort to try to see the world from someone else's perspective and circumstances, to see their adversaries as other humans no different from them, struggling and fighting for their basic right to a happy life; everyone who defends the basic human rights in society, such as freedom of the press, of assembly, of religion, of speech, the right to privacy, the right against unreasonable search and seizure, and others, by simply exercising these rights, which shows others that it is acceptable to exercise them, and by standing up, to the extent they are able, to violations of them; everyone who recognizes that freedom is *conditional*, and that the first step in losing freedom is to take it for granted – these are individuals who, through their actions, work, both consciously and subconsciously, to preserve and extend freedom in society.

Each of us, however small we may seem to ourselves, holds great power in our hearts, and even the world's biggest tyrants are afraid of it. They always have been. This is why they spend so much of their lives, and their nations' fortunes, trying to expunge it. If we wished to pick something specific, and personal, to encourage us from time to time while we are still in the trenches, and while those whom we fight still desperately cling to power, we could say that it is *a smile of genuine happiness* on a subject's lips which most frightens the tyrant, because a smile of genuine happiness is a smile of *genuine freedom*. And while a single smile is like a flickering candle in a long, darkened hallway, and is certainly not enough to topple a kingdom, a hundred million of them is a shining sun, before which even the coldest, darkest, most oppressive shadow the world has ever known would be forced to flee.

## §2 Sustainability of a Particular Arrangement of Property Ownership Under Conditions of Constant Societal Change

We can consider a society as a particular nation with definite geopolitical boundaries and a particular government (or lack thereof), or a particular group of people with shared cultural values and a shared history but with no defined geopolitical boundaries, such as the Jewish community, or perhaps we could say the Jewish community prior to the creation of the modern state of Israel. Regardless, a human society is, at any given moment, a self-sustaining collection of interacting humans.

But just because a particular way of arranging society works, or appears to work, at one point in time does not mean that such an arrangement is stable – i.e., such a society may be highly subject to dissolution into parts or to changing itself into another, more stable form of society (this is the case with syndicalism, as discussed earlier). Other ways of arranging society can persist for much longer, and these include both systems of tyranny and systems of freedom. In the case of systems of tyranny, such societies sustain themselves by continuing to forcibly extract wealth from the majority and transfer it to the ruling minority, which is a process that can take numerous forms; and the majority in such situations could be the direct subjects of the ruling government or subjects of free societies outside the system of tyranny's borders as a result of indirect transfers of wealth, which, again, can take numerous forms. However the wealth is acquired by the society's ruling government, the government then uses it to reinforce its ability to continue acquiring it, which allows it to maintain its privileged position and therefore to keep being able to forcibly acquire wealth from others. So long as there is wealth to extract from others, and so long as this government is able to maintain its ability to extract it, the system of tyranny will persist, and in this sense it can be called stable.

In the case of systems of freedom, participation in which is based on voluntary choice on the part of all parties, which systems politically are based on a commonly-accepted system of limited government and universally-applicable law, and which systems economically are based on private ownership in the means of production, stability and self-sustainability are brought about by a different method. In this kind of socioeconomic system, the chance that one person will arbitrarily infringe on the person or property of another is minimized, because there is a commonly-accepted system of law to punish and to force remuneration on the part of the offenders; and because, as a result of a combination of the mental division of labor, the private ownership of the means of production, and voluntary choice on the part of all sellers, all buyers, and all workers, efficiencies in production processes accumulate, and producers are maximally incentivized to invest their creative energy in finding new, better, and more efficient ways to satisfy the needs of others, because under such an arrangement, doing this ensures each producer the best possible chance of satisfying his or her own needs and achieving his or her own personal goals.[73] This does not mean that under such a societal arrangement *everyone* will *at all times* and *in all transactions or negotiations or investments* be *perfectly* satisfied with the outcome. This is a caricature of the cap-

73 See Chapter 2 on capitalism.

italist argument, and is purposely misleading.[74] It means that under such an arrangement, everyone will be incentivized to conduct themselves in ways which, over time, strengthen the social bonds of cooperation and trust, because doing so will, under this societal arrangement, be the same as doing that which benefits each of us individually in our own lives. Such an arrangement, where *self-interest* is the primary, underlying factor motivating the establishment of and strengthening of societal bonds of cooperation and trust, is a system which, of its own accord, will sustainably replenish and reinforce such cooperation and trust, because this replenishment and reinforcement depend on a permanent, powerful, and unchangeable force, viz., the human individual need to *survive*, and the inherent self-interest which this need perpetually generates. Now, we all know that self-interest can cause individuals or groups to do things which harm others, sometimes considerably; again, the argument has never been that a capitalist arrangement of human society will prevent all crimes or solve all our problems perfectly. The point is that in settling on and defending the capitalist arrangement of property ownership as one which is more conducive to the achievement of individual human happiness, fulfillment, and contentment than the socialist, anarchist, and syndicalist arrangements, we are settling on and defending a socioeconomic arrangement which *minimizes* the chance that self-interest will cause any individual or group to *harm* others, and *maximizes* the chance that individual or group self-interest will be directed down a path which ultimately ends up *benefiting* others. As a result of this, then, these selfish efforts continue to reinforce and strengthen the arrangement of society which provides the freedom of choice and opportunity, access to resources, and sense of security necessary for each of us to continue to feel incentivized to direct our self-interest down this path. In other words, the capitalist arrangement of property ownership is the arrangement which *minimizes* the socially-detrimental aspects of selfishness and *maximizes* the socially-beneficial aspects of selfishness. Capitalism, and the associated system of common law and limited government, which mutually imply each other, is the system of socioeconomic arrangement that was the *scientific result* of rational inquiry into the nature of human society for the purpose of finding the *best* way, given unchangeable human idiosyncrasies and tendencies, to arrange society so that we can maximize the benefit which each individual receives from being a part of society. Socialism has deep flaws – yes, the vast majority earn more equal incomes and the distribu-

74 In fact, this is exactly the promise made by many of the promoters of *socialism* over the past 200 years, e.g., the Marxian branch of socialism, which has enjoyed considerable influence in many countries. The socialists promise a grand paradise, where all needs are met and there is no such thing anymore as an unfulfilled desire or an unachieved personal goal. It is the socialist prophets, not the defenders of capitalism, who promise that under their system all problems will be solved.

tion of wealth is more equal for the vast majority under socialism than under capitalism, but this is only because the wealth distribution for the vast majority under socialism is forcibly made to be equal by a small number of extremely wealthy and powerful individuals, and they do so not for the benefit of the people, as their propaganda will proclaim, but for their own benefit and at the price of slavery on the part of the people, and so "equality" under socialism, in the most important senses in which the defenders of socialism use this term, viz., equality of opportunity, equality of happiness and fulfillment, the equal ability to achieve one's personal goals and take personal control of one's life and destiny, is nothing more than a grand facade. Syndicalism is a system which is inherently unstable and completely impracticable and unworkable over more than a short period of time, and would, of its own accord, in short order evolve into one of the other systems. Anarchism removes the possibility of safety and security in person and property by removing entirely a system of law and law enforcement. Each of these latter three systems falls short of the complete solution by one or more factors, because each of them is not based on a *fully* rational inquiry into *all* the relevant factors which must be considered in order to answer the question which one, if any, of the proposed socioeconomic systems gives us the best chance of solving our problems as individuals and as societies. Rather, each of these latter three systems focuses only on one or a few factors *to the exclusion of other relevant factors*, and thus prevents itself from seeing social and economic problems in true and proper, that is *complete*, perspective. Instead, because the perspectives of the latter three systems on social and economic problems are flawed, though emotionally pleasing and reassuring, they end up exaggerating the importance of some factors and underemphasize the significance or twisting or altering the meaning and interpretation of other factors. These mental gymnastics lead to warped views of socioeconomic reality, views based on a combination of partial truths and emotionally pleasing and reassuring lies or falsities. Thus, concrete recommendations based on such warped views about how to solve one or another of society's problems will themselves be warped and flawed, and so, except in the rare case of pure luck, which can be neither controlled nor predicted, will lead only to further problems, typically without solving existing ones, and often in ways which make existing problems worse.

Finally, consider what such a system of belief is in the most general sense, that is, a system which combines partial truths with emotionally pleasing and reassuring lies, for the purpose of preventing the believer from having to directly face the aspects of reality which are most unpleasant to them. This is exactly what a *religion* is. The systems of socialism, syndicalism, and anarchism are sets of *reli-*

*gious beliefs*, albeit of a socio-economico-political complexion, which complexion can disguise their fundamentally religious nature, because their purpose is not to clarify and deepen our rational understanding of socioeconomic problems and conditions, but rather to provide for their adherents sweet-sounding half-truths which they can latch onto and use to convince themselves that the most unpleasant parts of their own existence are not, in fact, what they seem – that, for example, physical death is not the end of conscious experience; that I do deserve part of the wealth of another and that the government is right to forcibly redistribute it regardless of how the wealth was originally acquired; that I am just as inherently talented and capable as the most attractive and popular actor or singer or writer or artist and that if only I had the opportunity to showcase my skill the world would see that I am just as artistically gifted as they; that I am special and most or all others around me are not, even if all evidence points to the fact of my averageness; that I understand the grand scheme and patterns of the world, and I may even share them with you, at least partially, if you first acknowledge my superior insight and wisdom; and any and all other possible pleasing thoughts of the unrealistic dreamer who cannot come to grips with reality. If the system of ideas is structured in just the right way, it can gain more than a trivial number of adherents, and so, through the recommendations and actions of its adherents, can become a nontrivial force in society. But the primary motivating factor, the most important of all factors, in the construction and maintenance of such a system, that is, of a *religious belief system*, is whether or not a particular idea, which may or may not be added to the system, sounds pleasing enough to enough adherents or potential adherents to allow the system to maintain and grow itself when the new idea is incorporated into it. This is in contrast to a *rational* system of ideas, whose sole important factor is whether or not an idea accurately and objectively explains one or another part of the world, even if the idea is emotionally less pleasant, less reassuring, less gratifying, less entertaining, less attractive, than other, competing ideas. Socialism, syndicalism, and anarchism are sets of ideas derived from the former method of looking at the world. Capitalism is a set of ideas regarding socioeconomic reality which is based *solely* on the considerations of the latter.

There is one more thing to say before we turn our attention to an analysis of some real human societies. When a socioeconomic system allows for both a sense of security on the part of each individual that the results of his creativity and industry will accrue to him rather than be forcibly taken by and given to others, and also allows for each individual to feel as though he is not in desperate straights because he at least has access to opportunities to achieve his goals and

build his life in his own way because the socioeconomic system in which he resides does not have any formalized or institutionalized, either overt or covert, system of oppression, then the socioeconomic system in question is one which maximizes individual creative energy and industry, and also, through the mental division of labor, maximizes the ability of specialized individuals, in collaboration and cooperation with individuals who are specialized in other ways, to find creative, full, and lasting solutions to their society's problems at any given time. In other words, in the context of an unpredictable future and a frequently changing world, it is this kind of societal arrangement which allows the society to be *maximally adaptive*, and thus allows the society to have the greatest chance of both surviving, and incorporating to its members' benefit, the inevitable, and ongoing, changes which befall it. But note that it is, as we have discussed, *capitalism* which is the exact incarnation of this type of arrangement. On the other hand, the socialist system is inherently, and extremely, rigid, because it is a system which will always work, or attempt to work, to ensure the satisfaction and glorification of its dictator, at the expense of the satisfactions and the needs of the majority of its constituents, and so such a society will subordinate acknowledgment of changing realities to the wishes, whims, desires, and beliefs of its all-powerful leader *about* reality. Such a leader will seek to prevent useful and beneficial change to broader society if such change would bring about a reduction in his own power, and will put himself through the necessary mental and ideological gymnastics in order to find a way to believe that he is in the right to block such change from happening. In the face of change which the leader perceives to be nontrivial and increasingly influential in his own subjects' minds – more specifically, influential in ways which are harbingers of broader cultural change, which is a type of change that becomes deeply and broadly embedded in society and which persists down through subsequent history – the leader will bring to the fore all his resources: his military, his financial and banking means, his alliances with other governments outside his borders, his propaganda machine, his trade ties with other nations, the most loyal of his inner circle and his public defenders, his own personal will, resolve, intellect, creative capacity, energy – because the more influential the despised change or changes become, the more individual power, both ideological and physical, that his subjects gain, the more desperate the dictator begins to feel, and so the more willing he will be to resort to costly and resource- and effort-intensive means to reverse the tide of change, or to destroy what he perceives to be the source of it. And such effort will inevitably mean greater oppression of and infringement upon his own people, greater tightening of the leash to compensate for their straying. But as the change itself mounts – and here we are talking just about the most sub-

stantial type of change, that is, change as a result of the spread of the ideals of freedom to a nation which lives under tyranny – the subjects of such a nation perceive more and more that the ideals of freedom are to their own benefit, and so they internalize them, and this becomes a powerful basis for reinforcing and renewing the fight for freedom in their homeland. If the tide of the spread of the ideals of freedom cannot be stemmed by the tyrant, then such a system is one which will, sooner or later, split apart at the seams, and thus have a much greater chance than it did before of becoming the type of system which places a premium on individual freedom, viz., a capitalist system. No tyrant, no matter how powerful, can permanently resist the will of his collected citizens when they are inspired by the ideals of freedom and well-supported by the source of these ideals from beyond their borders. The system of socialism, that is, the system of totalitarian control of all economic means of production, is a system which would be destroyed as a result of this type of change. But the system of capitalism, in which the ideals of freedom inhere and upon which ideals the entire socioeconomic system is based, would only strengthen as a result of the interfacing with another system and another culture which was based on the same ideals.

In an uncertain and changing world, long-term survival is based on adaptability and discipline. A system which is structured according to the socialist arrangement is one which prizes short-term consumption at the expense of long-term maintenance and growth, because it is a system which places primary importance on the needs and desires of one man at its head, so that he is satisfied and fulfilled in his own lifetime. A system of capitalism, on the other hand, is one in which, like the scientific peer review process, each individual is able to fight for his own right to live his own life as he pleases in a social context which does not privilege or oppress anyone, and such a system is one in which when one person tries to make a better life for himself by arbitrarily infringing upon the person or property of another, or by wasting economic resources, others will have the power to call him out, and to either have him punished or to choose a competing, more frugal, producer on the open market. A system of socialism is one which eventually runs itself into the ground because of the wastefulness, prodigality, and selfishness of its leader; a system of capitalism is one which conserves and builds economic resources, and so gives the members of its future generations that much greater of a chance at happiness.

# Chapter 7

# MODERN AND HISTORICAL EXAMPLES

## §1 Introduction

In discussing specific human societies in the context of the ideas presented in this book, it should be kept in mind that each society is complex and has a long history, and interacts and overlaps in many ways with other societies. Here only a brief discussion can be had for each of the examples given. But the discussions here will be enough to provide at least some insight into each example and clarity as to the socioeconomic system or systems into which each would best be classified. It is important to realize that, especially in modern times, when information and ideas can spread from one side of the globe to the other in less than a second, and the potential for it to do so, and to do so more robustly and more lastingly, is only increasing, the preservation, growth, and spread of ideas, and specifically the ideas of freedom and capitalism, occurs without regard, except in a few circumstances, to geopolitical or national borders, and even in these few circumstances the stemming of the spread of these ideas fails to be 100% effective. Geopolitical or national borders are important for the sake of the preservation of pockets of freedom in a world which still runs to a large degree according to systems of tyranny, and such borders are also used by tyrannical leaders to defend their own systems of tyranny and personal privilege against the spread of the ideals of freedom among their subjects from outside free nations. But a natural consequence of the

spread of the ideals of freedom is a reduction in the reliance on geopolitical or national borders, because a natural consequence of the spread of the ideals of freedom is greater global mental division of labor and economic interdependence, greater efficiencies in the processes which produce production and consumption goods, greater respect for the institution of private ownership in the means of production, and all the other logically-associated ideas, and these things lead to an increasing satisfaction over time of the needs of each *global citizen*, regardless of national origin or location of residence. And the more we as individuals, or as nations, feel we have the ability to satisfy our own needs and desires and to achieve our own goals by *honest* economic means, the less likely we will be to feel justified in arbitrarily infringing on the person or property of others in order to accomplish these things, either as individuals or as nations. So, for example, it is quite important, in today's world, for the American government and military, and for its states and its people, to energetically and creatively defend the territorial integrity of the United States, as well as of its friendly nations which are also bastions of freedom, against invasion by the Chinese military, the Russian military, the North Korean military; against air assaults in the form of ICBMs, tactical or strategic nukes, drones, balloons, etc.; and against attacks of a more insidious kind which target a different, but no less important, type of territorial integrity, that of the ideological arena of the mind, i.e., attacks which make use of propaganda, however such propaganda may be disguised in order to be fed to the American masses via social media, speeches by leaders of adversarial nations, or any other means. It is also important for our IT security companies and related companies to continue working energetically and creatively to help us protect our territorial integrity in the form of user passwords, bank accounts, medical history, social security numbers, private pictures and images stored in a cloud-based storage account, business records, and much else besides; to help us protect ourselves from email and phone phishing scams and social engineering; and much else, so that we minimize the financial resources which are stolen from and flow out of our country into the hands of those tyrants and would-be tyrants who would use them to help defeat us. Territorial integrity is highly important. But the broader point is that as the ideals of freedom spread, there will be fewer and fewer who desire to steal or attack, because there will be more and more who are able to obtain what they need in their own lives by honest, and thus less dangerous, means. In the longer run, we are interested in changing things globally, so that eventually the ideals of freedom themselves, which are the same ideals that made America the powerful, free nation that it is today, will, as they should, take precedence over the territorial integrity of the American nation as we know it now. We are all hu-

man, American or not, and we all strive after the same things. The most important thing that we can do as individuals right now is to help, in what ways we can, to whatever degree we are able, to bring about that state of affairs in which *everyone* the world over is free, in which tyrants cannot rise, and in which economic production is maximally efficient and always mutually beneficial. Such a global system of freedom will not be achieved in our generation's lifetime; but such a system is, nonetheless, realistic and practicable, because it is based on sound reasoning about the human condition, and therefore it is a system which can, eventually, be attained by and fully expressed in a future generation of world citizens, so long as we do not drop the torch now, or let it be extinguished.

## §2 What is Putin's Russia?

Putin's Russia evolved from a historical background of Soviet communism and the subsequent quasi-privatization of the communist government-run enterprises under Boris Yeltsin in the early to mid-1990s after the collapse of the Soviet Union, which led to the acquiring of vast amounts of wealth and economic control by a small number of oligarchs.[75] Note first of all that in the Marxian literature and in early Soviet Russia, the terms communism and socialism were used interchangeably, and the distinctions which emerged later on in Soviet Russia were not distinctions based on any fundamental difference between the systems.[76] Both meant, and ultimately mean, the same thing, viz., complete centralized governmental control of all means of production, that is, all productive economic resources; and not coincidentally, the Soviet regime was incredibly oppressive and

75 See https://en.wikipedia.org/wiki/Privatization_in_Russia (referenced on **2/26/23**) and https://en.wikipedia.org/wiki/Russian_oligarchs (referenced on **2/26/23**) and these pages' sources for a more detailed investigation into the Russian oligarchs and the process of privatization of government-run industry in Russia starting in the early to mid-1990s.

76 See Mises, *Socialism*, *op. cit.*, particularly the section on "Socialism and Communism" in the epilogue, pp. 543-553. For example, "In the terminology of Marx and Engels the words communism and socialism are synonymous. They are alternately applied without any distinction between them. The same was true for the practice of all Marxian groups and sects until 1917. The political parties of Marxism which considered the *Communist* Manifesto as the unalterable gospel of their doctrine called themselves *socialist* parties…." (p. 543) He goes on to explain that in subsequent development, the two terms came to be seen as distinct from each other by many due to the bitter feuds between the various socialist/communist political parties and their supporting scholars, writers, and propagandists as each vied for political power and debated the various alternative methods of achieving the future socialist/communist society, and due to the specific names attached to, and usages of these words made by, each of the various competing parties. For example, "Lenin did not differentiate between socialism and communism as social systems. The goal which he aimed at was not called communism as opposed to socialism. The official name of the Soviet government is Union of the *Socialist* (not the *Communist*) Soviet Republics. In this regard he did not want to alter the traditional terminology which considered the terms as synonymous." (p. 549) The distinction between the terms came into being as a result of subsequent political disputes and name-calling, not because there is anything fundamentally different between socialism and communism, both of which seek to centralize control of the means of production, and thus both of which inevitably produce a system of tyranny.

totalitarian. The Soviet background included collective farming – i.e., central government ownership of all farming land and direction of all farming initiatives – which helped bring about, and sustain the intensity of, numerous widespread famines because, though the famines themselves were often precipitated by natural disasters like droughts or by war, it is still the case that the centralized control of farmland gave substantial power over the crop yields to the central authority, which could use them to its political advantage at the expense of the people, especially given that the central authority had ownership of all other means of production in other industries as well; and, as discussed in Chapter 3, the centralized control of all economic resources creates a system of gross mismanagement and wastefulness of the resources. Under a capitalist arrangement of economic production, on the other hand, the detrimental impact of the droughts and the war which served as outside facilitators of famine would have been minimized by more efficient, more adaptable, and more creative methods of organizing the farming process, and of distributing the crop yields through sale on many open markets across the country and in other countries.[77] The historical background of Putin's Russia also includes, for example, substantial genocide by Stalin,[78] as well as punishment of the "kinship group"[79] under both Stalin and Lenin.

All this is important because the historical and cultural background of a nation, or a group of people, has substantial influence on many things, including the difficulty with which a would-be tyrant can actually become a dictator of the people of that nation. The way of life in a system of tyranny was deeply entrenched in the minds of the Russians and in the social and political institutions which survived the collapse of the USSR. This had two effects: the first is that the Russian

77 See https://en.wikipedia.org/wiki/Droughts_and_famines_in_Russia_and_the_Soviet_Union (referenced on **2/26/23**) and https://www.rbth.com/history/332225-horrific-famines-of-ussr (referenced on **2/26/23**) for an introduction to the famines in the USSR.

78 See https://news.stanford.edu/2010/09/23/naimark-stalin-genocide-092310/ (referenced on **2/26/23**).

79 See https://www.cambridge.org/core/journals/comparative-studies-in-society-and-history/article/abs/stalin-and-the-politics-of-kinship-practices-of-collective-punishment-1920s1940s/252774ED1459B17A4EBA73E8F1319BA1 (referenced on **2/26/23**) for kinship group punishment under Stalin. E.g., "The Soviet security police … issued detailed instructions regarding the punishment that should be assigned to the spouses, children, siblings, parents, and even ex-wives of state enemies. Campaigns against anti-Soviet elements rounded up kinship groups" instead of just punishing the offender himself. In the case of Lenin, see Mises, *op. cit.*: "It is true that sometimes also the non-socialists – the last vestiges of the old aristocracy – toyed with the idea of an aristocratic revolution modelled according to the pattern of Soviet dictatorship. Lenin had opened their eyes. What dupes, they moaned, have we been! We have let ourselves be deluded by the spurious catchwords of the liberal bourgeoisie. We believed that it was not permissible to deviate from the rule of law and to crush mercilessly those challenging our rights. How silly were these Romanovs in granting to their deadly foes the benefits of a fair legal trial! If somebody arouses the suspicion of Lenin, he is done for. Lenin does not hesitate to exterminate, without any trial, not only every suspect, but all his kin and friends too. But the Czars were superstitiously afraid of infringing the rules established by those scraps of paper called laws. When Alexander Ulyanov conspired against the Czar's life, he alone was executed; his brother Vladimir was spared. Thus Alexander III himself preserved the life of Ulyanov-Lenin, the man who ruthlessly exterminated his son, his daughter-in-law and their children and with them all the other members of the family he could catch…. " (p. 573)

people had a deeply poignant understanding of the suffering caused by a system of socialist tyranny, and so a nontrivial number of them were and are willing to fight to preserve and extend the freedom which the collapse of the USSR's socialist government afforded them a real opportunity to fight for; the second is that any would-be tyrant, such as Vladimir Putin, can take advantage of the same, well-tried methods of tyranny used by his predecessors, in a social and cultural environment which is familiar with and at a certain level numb to and even inviting of tyranny, because tyranny is what they or their parents have known, and because that which is familiar, even if ultimately detrimental to the individual in the longer run, can still be inviting and comforting because it provides a bulwark against the terror which can easily be induced by the general uncertainty of life. Putin, in other words, would have had a harder time becoming a tyrant in, e.g., America, which has a long and deeply-entrenched history of protecting the institutions of individual freedom and private property, than in Russia after the fall of the Soviet Union.

Mostly starting with Yeltsin in the early 1990s, a large effort by the post-Soviet Russian government was made to privatize economic activity by selling vouchers for shares in many sectors of the economy to the public; this was the chosen method to transfer ownership of the means of production from the government to the public, and thus eliminate, or at least substantially reduce, government control of economic resources. Even though the vouchers were distributed equally among the population, though, through open trade between members of the public the vast majority of the shares ended up in the hands of the managers of the various enterprises. Note that in general the consolidation of wealth is not *necessarily* a step toward socialism, so long as the enterprises compete on the open market for both consumers and workers, and so long as there is no government favoritism given to any of the companies in exchange for corporate favoritism to government officials. A capitalist market is not defined by how spread out or how consolidated the corporate structures are at any given time – e.g., how many "large" companies there are compared to how many "small" companies. The most important aspect of capitalism is that there is always an open market and voluntary choice on the part of producers, consumers, and workers in all transactions, and, depending on the economic and social context in which a particular industry finds itself, this could lead to greater or lesser concentration of wealth in a particular industry or across multiple industries at a given time.

However, in early post-Soviet Russia, the attempt at separation of economic control from political control, while a very important step in the right direction, was hindered by efforts to maintain ties between the governmental and economic

sectors. So, for example, the privatization of the oil sector in 1992 "had been partial because the federal government had obtained ownership positions in several companies and had also retained full control over the transport of oil to lucrative world markets."[80] Also, "… contrary to the government's expectations [regarding the effects of the voucher program], insiders managed to acquire control over most of the assets, which remained largely dependent on government support for years to come,"[81] meaning for years these companies had an unfair advantage in the open market in the form of ongoing government subsidies, and with these subsidies the government would have been able to retain a certain amount of influence – i.e., *ownership* – of the resources of these companies. Also, "from 2004 to 2006 [in the early years of Putin's presidency], the government took control of formerly privatized companies in certain 'strategic' sectors: oil, aviation, power generation equipment, machine-building and finance. For example, the state-owned defense equipment company Rosoboronexport took control of Avtovaz, the primary producer of Russian cars. In June 2006, it took 60% control of VSMPO-Avisma, a company that accounts for two-thirds of the world's titanium production. In 2007, United Aircraft Building Corporation, a company that is 51% government controlled, combined all of the Russian companies producing aircraft."[82]

Consider also the oligarchs under Putin. When Putin rose as Yeltsin declined in influence, many of the oligarchs, who were the leaders of the economic sectors and enterprises which arose out of the privatization efforts of the Yeltsin plan, were imprisoned, emigrated, died under mysterious circumstances, or sold off their assets. And when new oligarchs began to take their places, these oligarchs were "friends and former colleagues" of Putin.[83] "These oligarchs worked in close cooperation with the government, displacing a system of crony capitalism with a system of state capitalism whereby the new oligarchs benefited from financing by state-owned banks and access to public procurement projects."[84]

Consider in even more recent times – 2022, the era of the Ukraine invasion – the following: "Several dozen business people with family connections to top politicians include President Putin's younger daughter Katerina Tikhonova, who through her investment fund has been the recipient of numerous large contracts from state-owned energy companies. Her former husband Kirill Shamalov runs the largest Russian petrochemicals company Sibur as well as his own investment

80 https://en.wikipedia.org/wiki/Privatization_in_Russia (referenced on **2/26/23**).
81 *Ibid*.
82 *Ibid.*
83 See https://en.wikipedia.org/wiki/Russian_oligarchs (referenced **on 2/26/23**).
84 *Ibid.*

fund."[85] And consider, as described on the same page, the list of oligarchs with strong ties to the Putin government who were sanctioned by Western nations as a result of their support of Putin's Ukraine invasion. Note that not all Russian oligarchs have supported Putin's Ukraine invasion, and some who have criticized the invasion have died under mysterious circumstances.

Next, consider the following:

> Russian government ownership of various companies and organizations, collectively known as state-owned enterprises (SOEs), still [plays] an important role in the national economy. The approximately 4100 enterprises that have some degree of state ownership accounted for 39% of all employment in 2007 (down from over 80% in 1990). In 2007 SOEs controlled 64% of the banking sector, 47% of the oil and gas sector, and 37% of the utility sector.
>
> State corporations are established by the Russian government to boost industrial sectors. Rosstat figures show that 529,300 enterprises are partly or wholly owned by the state, of which between 30,000 and 31,000 are commercial companies (generating revenue). The 54 largest enterprises account for over two-thirds of the total revenue generated by state-owned organizations. SOEs account for 40% of the capitalization on the Russian stock market, one of the highest shares in the world.[86]

Note that a government owning a business or having an investment stake in a business does not necessarily mean that we can describe such ownership or investment as socialist. If the government-owned business or the business with a substantial government stake in it still operates in an open market and is fully and solely governed by its performance in that market – i.e., to no less of a degree than all other companies competing in the market, not just for its sale of products but also its sources of funding – then this company is one which adheres to the primary principles of the capitalist arrangement of economic ownership, and thus should be described as capitalist. To the extent, however, that the government uses funds or support which it receives from other sources than the sale of its products on the open market or private loans under the same kind of terms which any private company would receive from a private bank or voluntary investments from private citizens – sources such as the redirection of tax money to support its enterprise, or the passing of legislation or the approving of lax regulations which favor its enterprise in the market at the expense of its competitors, or the use of an associated central bank to create new money for the government to use to support its own enterprise at the expense of its competitors – it is to this extent that the government is arbitrarily infringing on the property, and possibly the person or persons of the employees, of the companies it is competing with by using the privileged position it has as a legislator and law enforcer and leader of the nation's

85 *Ibid.*

86 https://en.wikipedia.org/wiki/State-owned_enterprises_of_Russia (referenced on **2/26/23**).

military to give its own business an unfair advantage. It is to this extent, in other words, that the government's actions are directed *against* the preservation of the system of voluntary choice and socioeconomic freedom, and therefore are directed *toward* a reduction of this freedom, i.e., toward tyranny. It is this latter kind of activity on the part of a government which can be called socialist in spirit, since actions which arbitrarily infringe upon the person or property rights of others by a governing authority will, if unchecked, lead to complete control of the nation by the governing authority – this is the reason we have, e.g., the separation of church and state in America, the reason we separate out the different branches of government so that they serve to organically and mutually check the power of each other, and the reason we have term limits on various important political offices; and, as discussed in Chapter 3, it is inevitable that a system of total political control will also be one of total economic control.

Also, consider Putin's totalitarian tendencies. In the beginning of his tenure as president in 2000, the new Russian constitution imposed a limit of two consecutive terms for the president. Putin did not have the authority to arbitrarily overrule this (the way, for example, Stalin would have), so in 2008 at the end of his second term, his ally Dmitry Medvedev became president; however, "Putin was still regarded as the main power within the Kremlin"[87] during Medvedev's tenure as president. Consider the widespread voting irregularities and ballot stuffing during Putin's runs for reelection; the extension by Medvedev of the presidential term from 4 years to 6 when he began his presidential term in 2008, even though he himself only served 4 years as president and said that the 6-year term limit would only officially begin with the following presidential election, with Putin being reelected to presidential office in 2012;[88] the frequent deaths and imprisonments under mysterious circumstances of Putin critics over the years; the arresting and detention of 20,000+ Russian citizens for peacefully protesting Putin's war in Ukraine (a war which the vast majority of Russian citizens did not and do not want); and the barring of Navalny from running for reelection, as well as his eventual poisoning and imprisonment. Consider Putin's constitutional amendment in January 2020, where he "announced his intention to modify the Russian constitution in a way that would scrap term limits for presidents, paving the way for him to remain in office indefinitely…. The proposed constitutional changes were speedily approved by the Russian legislature, but Putin scheduled a national referendum on the matter, a move that critics described as little more than political

87 https://www.britannica.com/biography/Vladimir-Putin, referenced on **2/26/23**.

88 https://www.cnn.com/2008/WORLD/europe/12/30/russia.presidential.term.extension/ and https://www.wilsoncenter.org/blog-post/breaking-presidential-term-limits-russia-and-beyond, referenced on **8/5/23**.

theatre…. Unsurprisingly, the result was an overwhelming affirmation of Putin's agenda, but opposition groups noted that there was no independent monitoring of the election process…."[89] Consider that there is substantial state control of media outlets in Putin's Russia, especially after the Ukraine invasion, including, for example, Putin having "signed into law a measure criminalizing reporting that contradicts the government's version of events,"[90] and also well before this in 2002 with NTV and ORT,[91] just to give two examples – measures by Putin's government to restrict freedom of the press. Consider the fact that Putin has a net worth that, by the best estimates, is in the tens of billions of dollars - $60 billion according to Forbes, but it could potentially be more.[92] Consider that the leader of the Russian Orthodox Church, Patriarch Kirill, supports Putin's war in Ukraine - e.g., he says that Russian soldiers who die in the war with Ukraine will be "cleansed of all their sins,"[93] at the same time that Pope Francis has condemned the war and criticized Kirill for supporting it. This is not by coincidence. A dictatorial regime cannot coexist for long with an independent religious authority within its geopolitical domain of control; a religious authority has great power over its followers, and if a religious authority teaches its followers, however indirectly, spiritual things which in any way impugn the legitimacy of the politico-economic authority, it can create substantial problems for this authority. The great political and economic power which the earthly authority has in such a system then means that the authority will take the necessary measures to either force the church to comply with its mandates, i.e., force the church to change to support the political authority, abolish the church outright, or arrest/imprison/execute its leaders and install compliant ones in their place, the way it would do on the political stage to create puppet regimes outside its borders. Lenin did this after the 1917 revolution; e.g., in 1925 "the [Soviet] government forbade patriarchal elections to be held. In 1927, in order to secure the survival of the church, Metropolitan Sergius formally expressed his 'loyalty' to the Soviet government and henceforth refrained from criticizing the state in any way."[94] It is true that starting in 1943 Stalin re-

89 *Ibid.* Note that this is the same thing which Xi Jinping has done in China, viz., modified the CCP's constitution to enshrine his own values and to effect for himself an unprecedented third presidential term, with the strong possibility, due to the constitutional changes, that there will be no further term limits for him, and that he will be president for the rest of his life, and will likely be able to hand-pick his successor. See the section below in this chapter on Xi Jinping's China.

90 https://www.npr.org/2022/03/07/1084870797/russia-has-reasserted-state-control-over-the-country-s-major-media-companies, referenced on **2/26/23**.

91 https://en.wikipedia.org/wiki/Political_groups_under_Vladimir_Putin%27s_presidency, referenced on **2/26/23**.

92 https://richestinfo.com/richest-presidents-world-forbes/, referenced on **2/26/23**.

93 https://www.reuters.com/world/europe/orthodox-church-leader-says-russian-soldiers-dying-ukraine-will-be-cleansed-sin-2022-09-26/, referenced on **2/26/23**.

94 https://www.britannica.com/topic/Russian-Orthodox-Church, referenced on **2/26/23**.

versed this policy and allowed the establishment of many churches across Soviet Russia; as stated in Chapter 6, human societies are dynamic and changing, and no individual human society will perfectly conform to a particular type of socioeconomic system at all times. But in the longer run, due to the totalitarian nature and tendencies of a socialist society's government, any nontrivial independent authority, whether religious or otherwise, cannot survive if the socialist government itself is to survive – consider that after Stalin passed the torch to Khrushchev and Brezhnev, "a new and widespread persecution of the church was subsequently instituted under [their] leadership."[95] Only after Gorbachev came into power in the 1980s, with his, albeit flawed, efforts to bring about a freer Russia based on private ownership in the means of production and expanded social freedoms were the persecutions of the church once again lifted.

Consider also the St. Petersburg economists and lawyers.[96] It would appear that a key part of Putin's administrative team is a set of academics who are his key advisors when it comes to managing the process of transforming the nation's economic system into a market economy and continuing to reduce the central government's influence in the economic sector, i.e., when it comes to the process of replacing the socialist-style nature of the old Soviet socioeconomic system with one styled after capitalism. But who can say how much Putin actually wishes this transformation to take place? Presumably at most only a small number of insiders would know Putin's true feelings about the value of the market economy in the long run, and it would be premature at this point, due to a lack of available information, to use this as an aid to any argument one way or the other regarding the nature of modern Russia's socioeconomic system.

Given all these considerations, it is reasonable to conclude that there are totalitarian tendencies in Putin's efforts, since he has done numerous things over the past 20 years to consolidate his own power and to eliminate or silence many of the voices of dissent. This, combined with the substantial, and increasing, influence which Putin's government still has in the economic sector, as well as the historical and cultural context of tyranny in which Putin operates that, in some ways, makes it easier for a tyrant to rise in Russia than in many other nations, it is reasonable to say that there are socialist tendencies in Putin's Russia. Putin does not have the level of total control which Stalin had, or which Lenin had, with their total ownership of all means of production. But Putin's policies have moved Russia in this direction over the past 20 years, by both maintaining tight connections with key economic sectors and taking measures to increase his own political pow-

95 *Ibid.*

96 https://en.wikipedia.org/wiki/Political_groups_under_Vladimir_Putin%27s_presidency, referenced on **2/26/23**.

er directly, such as with the constitutional amendment in 2020 – and remember, solidification of power in either the economic or the political realms reinforces and drives the nation toward solidification of power in the other. The only thing which has kept him from solidifying power faster, aside from the well-remembered abysmal failures of the Soviet system of economic management, is that the ideals of capitalism and individual freedom have spread from the West and have been internalized by many Russian citizens, and these citizens therefore understand that these values are worth the fight to preserve and extend. Putin's Russia is partly capitalistic and partly socialistic, but it appears to have become more socialistic, that is, more totalitarian, over the past 20 years of Putin's leadership. Tyrants always see themselves as being wrongly accused and attacked, as acting only in self-defense, and in a way this is true – when the ideals of freedom spread, this is a direct threat to a tyrant's power, because his status and privileged position among his own people is built on and sustained by his ability to oppress his fellow citizens, to arbitrarily infringe on their person and property. The more this ability is challenged and undercut, the more the tyrant is backed into a corner, the more desperate he begins to feel that his life and his legacy are at stake, and so the more creative energy and effort he will put into countering this threat by making efforts to consolidate and extend his power. Putin has done precisely this over the course of his tenure as Russia's president, and by doing so he has moved Russia further back toward the Soviets' system of socialism, and thus further back toward total government control over life and property, compared to when he first took office in 2000.[97]

Finally, one may ask whether Putin, in consolidating his own power in Russia, acts in justified self-defense when we consider that NATO has continued to expand its borders and push closer to Russia since 1949 when NATO was formed with the original twelve members and which now has thirty-one members, including the recent accession of Finland, and soon Sweden,[98] normally die-hard neu-

97 Note that I have not discussed the Russian mafia in this section. Could it be that Putin sees his consolidation of power at least partly as a response to the need to reign in Russian organized crime syndicates? But if he does, this still does not justify many of Putin's actions, against both the Russian people and the Ukrainian people – one's fighting of a corrupt system does not justify corruption in one's own system. And the need to rid society of organized crime does not mean that building a totalitarian government is justified, or that such a government is beneficial to those who are governed by it. There have been many instances in history of dictatorships being overthrown only to have the overthrowers become dictators themselves – Fidel Castro, for example. In any case, this point would appear to be moot, since there are strong indications that Putin makes substantial use of Russian organized crime to his advantage, following an entrenched, widespread practice of doing so that spans back to Stalin in the early 1900s, and before: https://bpr.berkeley.edu/2019/12/16/gangs-and-gulags-how-vladimir-putin-utilizes-organized-crime-to-power-his-mafia-state/ (referenced on **2/26/23**) and https://en.wikipedia.org/wiki/Russian_mafia (referenced on **2/26/23**).

98 https://theconversation.com/sweden-is-joining-nato-what-that-means-for-the-alliance-and-the-war-in-ukraine-209539, referenced on **7/22/23**. Though Sweden is not, as of this writing, technically and formally a member of NATO, the last obstacle was removed when Turkey's Erdogan agreed to allow Sweden to join, with Hungary following suit shortly

trals in the US-Russia divide,[99] as a result of the war in Ukraine, along with the placing by the US over time of "around 100 nuclear weapons in Europe, positioned in Belgium, Germany, Italy, the Netherlands and Turkey according to the Federation of American Scientists," as well as the fact that "Britain and France, both NATO members, also maintain their own independent nuclear arsenals" and that "the Polish government said [as of the article's date, 10/26/22] it had held discussions with the U.S. government about hosting U.S. nuclear weapons, though this hasn't been confirmed by Washington."[100] One may argue that NATO has been provoking Russia to an ever-greater degree and thus is destabilizing the geopolitical and socioeconomic arenas. One may observe that the US would see it as a major threat to itself if Russia or China, for example, kept increasing and broadening its military and nuclear presence along the US's borders, and would be justified in taking action to defend itself; we certainly have had problems with, for example, socialist Cuba in the not-too-distant past. But who, exactly, is Putin defending by consolidating his power in Russia by the means discussed in this section? How does changing the constitution to extend his term as president make things better or freer for the average Russian citizen? Or the use of Russia's criminal underground to do some of his dirty work? Or the assassination or imprisonment of his political rivals? Or the election tampering? Or the invading of Ukraine, which did not present a military threat to Russia at the time? Or the maintaining of substantial economic centralization via cozy relationships with many pro-Putin oligarchs? How does any of this help the Russian people live freer, happier, more prosperous, and more fulfilled lives? Of course, none of it does. The only reason Putin does these things is to preserve his own privileged position in Russia. The real way to help the average Russian citizen is to allow the ideals of democracy and capitalism to spread and strengthen among the Russian people. But given the historic divide between Russia and the US, and given Putin's status as primary, and heavily vested, representative of the totalitarian ideals which are rooted in Russia's Soviet and Tsarist eras, the spread of the ideals of genuine democracy and capitalism is anathema to Putin, since it would mean the passing of the political, and economic, torch to others, and, specifically, to the people themselves. None of this is to say that the US has not made any foreign policy or other international blunders. It has made many. But one must have perspective. The larger battle is, as it has always been, between tyranny and freedom, not between the US and Russia, or between NATO and Russia. Yes, increasing NATO's bor-

after. Sweden would increase the number of NATO countries to thirty-two.

99 https://en.wikipedia.org/wiki/Enlargement_of_NATO, referenced on **7/22/23**.

100 https://www.newsweek.com/finland-will-allow-nato-place-nuclear-weapons-border-russia-1754925, referenced on **7/22/23**.

ders along Russia and adding US and NATO nuclear weapons to NATO's nuclear weapon stockpiles near Russia's borders triggers the totalitarian leader of Russia, and makes him more dangerous, and given Putin's power it is wise to be very careful in the making of these decisions, and to take all relevant factors into account. But we should also keep in mind that Russia, and for that matter China, has infiltrated America in certain ways too, such as the propagandizing efforts and the election tampering, to name only two examples, and this itself is quite dangerous to freedom. The bottom line is that Putin is not acting in the interests of the Russian people when he increases and solidifies his own economic and political control in Russia. He is acting to defend himself and his privilege from increasing ideological and military threats which would serve to free the Russian people from the quasi-tyranny under which he forces them to live. If the overriding socioeconomic principle in Russia was democracy and capitalism, NATO would not see Russia as a threat to freedom, but as a collaborative political and economic partner. We may agree or disagree with the specific tactics NATO or the US have chosen at any given time in order to achieve this goal for Russia, but the fact remains that unless freedom is actively protected, actively fought for, it will be swallowed up by the forces of tyranny. This is true both for non-NATO tyrannical adversaries and for any elements of tyranny which are part of or which threaten to rise within any or all of the NATO countries themselves. Putin may fear that certain tyrannical elements in NATO countries, e.g., the US's illegal black budget programs and efforts, may wish to tear down the existing power structure in Russia and make Russia a puppet state of these NATO-based tyrannical efforts; this possibility cannot be discounted, though much more needs to be known to understand the extent to which such efforts exist, and the extent to which they influence the thoughts and decisions of Putin and other world leaders. To the extent that such efforts are in play, Putin is right to defend the independence and sovereignty of Russia. However, one cannot justify a system of tyranny which oppresses a people by saying that it exists to counter the threat from another, outside system of tyranny. This is like the mafia running a protection racket: if you pay us money, we will protect you from those other bad guys, but if you do not pay us money we will hurt you. The way to increase the chances of genuine freedom and happiness for the Russian people is, as in America, to work to implement and strengthen a system of proper checks and balances on power, both economic and political, which can then serve to strengthen the value to the people of the economic system and the political system, and thus make these systems, and the freedom and happiness which they create, more resilient and adaptable in the face of challenges and change. The transition of a nation from tyranny to freedom is al-

ways difficult and fraught with challenges, and is not guaranteed in any given case to succeed. But one does not help this effort by increasing and working to maximize one's arbitrary power over others, but rather harms it. Putin's efforts to consolidate his own personal power in Russia are efforts at self-defense against NATO efforts to push him, either directly or indirectly, to relinquish power as well as against various elements among the Russian citizenry to do the same thing, but they are not efforts at *justified*, i.e., *moral*, self-defense because, as stated before, he is defending his own ability to arbitrarily impose his will on the Russian people, i.e., he is defending his own privilege among the Russian people, and is working to increase these things. He is right to defend Russian independence against any tyrannical or destructive elements both from within Russia and from outside it which seek to split Russia into a set of petty dictatorships or into a system of anarchy, but to do this one must use one's political influence to promote strong checks and balances on power, not to centralize power under oneself, and this especially includes gracefully relinquishing one's direct political authority according to the term limits specified in the nation's constitution or when an honest election process has elected someone else. It also includes using one's social influence as a former political leader to continue promoting the ideas of freedom and democracy among one's people, and among the people of other nations as well to the extent that one has such influence. Human nature is such that the giving up of power is very difficult and the idea of growing one's own arbitrary power over others very enticing, and this is why check and balances are needed in society in the first place. One may have eminently good intentions when one makes efforts to consolidate one's power, but if this power is not checked appropriately, its meaning and significance can be too easily twisted in one's mind so that the gaining of arbitrary power over others can, and almost inevitably will, begin to be thought of as eminently necessary and justified.

## §3 What is Xi's China?

The Chinese Communist Party (CCP) is the single political party in China, and as such it runs the government. The CCP has a long history over most of the 20th century, and now the 21st century. The CCP has been continuous since the early 1900s, with the 1st National Congress of the CCP in 1921, though there have been ebbs in its power, such as during and after the Northern Expedition from 1927 to 1937 which resulted in the Nationalists controlling most of China, and which preceded the Second United Front from 1937 to 1945 against the Japanese invasion. After World War II ended, the alliance fell apart, which led to civil

war from 1945 to 1949 between the Maoists and the Nationalists which gave control of mainland China back to the CCP. In terms of repressive power it reached a peak (so far) in Mao Zedong's Cultural Revolution from 1966 - 1976, which brought to a height the Mao personality cult, in which Mao Zedong himself was made into a god and worshipped as the shining beacon and savior of China, the leader who would purge China of the disease of capitalism and capitalist ideals, as well as of traditional Chinese cultural values, and would be China's great defender of the glory of Communism, and of the prosperity and happiness which Communism was to bring about for the masses.

Note that the Cultural Revolution was marked by widespread chaos, numerous massacres across the nation, cannibalism, destruction and looting of cultural and religious sites, and severe persecution of tens of millions for doing anything or being suspected of doing anything against the wishes of Mao and his ultimate vision for how the face of China should be reshaped.[101] And, as was the case with Lenin's system and Stalin's system, Mao's also did not deliver on its promise of great prosperity and happiness for the people, because it *could* not. A single value system superimposed from above like this always leads to tyranny and oppression. Note that Mao also did not distinguish between the terms "communism" and "socialism" – e.g., in 1959 he called for "grassroots socialism" which eventually turned into the Great Leap Forward, which was a massive, forced reorganization of labor. Such massive reorganizations of labor are standard socialist fare, and they are advertised to the masses as being part of a more "rational" arrangement of economic production, which is, therefore, supposedly more efficient in its use of economic resources than the so-called anarchy of production under capitalism. However, as with the collectivized farming in Soviet Russia, the Great Leap Forward was a colossal failure, with low-quality products and low-yield crop harvest, and it caused the death by famine of more than 30 million people, due to the mistaken belief, inherent in socialist ideology, that centralized ownership of economic means can somehow produce at a higher degree of efficiency in the use of capital resources than private ownership.

Under Mao there was also strong xenophobia and the purging of cultural minorities. Further, Mao greatly admired Marxist-Leninist socialist theory, and his overall efforts in China were an attempt to reify these pure principles of revolutionary Marxism, with certain modifications for his own country. But we have already seen how meaningless, in a fundamental sense, is the difference between the terms "communism" and "socialism." The centralization of the means of production, which is the economic definition of socialism, inevitably leads to the cen-

101 https://en.wikipedia.org/wiki/Cultural_Revolution, referenced **3/1/23**.

tralization of political power, and vice versa, and it is no coincidence that Mao's Chinese *Communist* Party, which was a great centralized political authority, also had complete control over the movement of labor on a massive, country-wide scale, as well as complete ownership over, for example, all farm land and steel works, as well as, either directly or indirectly, all other means of production. And again, Mao was a follower of Marxism-Leninism, and he implemented this system with certain of his own modifications to account for Chinese cultural habits and norms. In other words, Mao's CCP can rightfully be labeled socialist.

Next, consider the CCP's direction after Mao died in 1976. Its leadership was taken over by moderates Deng Xiaoping and Liu Shaoqi and their followers, who denounced the Maoist cult of personality, the economic policies of the Cultural Revolution, and Mao's wholesale rejection of capitalism, which rejection led to economic and humanitarian disaster. Under their leadership and that of their near-term successors, China has opened its doors to the capitalist ideals of free trade and an open market, and, not coincidentally, the quality of life of millions of Chinese citizens has been steadily rising. However, these moderates still operated under the Communist party name, and still sought to realize Communism in China – just with what has often been called a *revisionist* tint, viz., Marxian principles which have been revised to include some elements of more "bourgeois" economic and political theory, such as the subjective theory of value, which deviate from a "purist" interpretation of the original Marxian scripture. The attempt is made to maintain centralized political control while at the same time allowing for at least some free trade and capitalist influence among the Chinese people, so long as this influence does not lead them too far astray from the core ideals of Communism. This is effectively a policy of interventionism, about which some comments will be made in Appendix C of this book – but it is interventionism with the gravity of focus being on government and the belief that the primary or strategic power should be, and remain, in the hands of the government, rather than the free market process, with capitalism as more of the "exception," so to speak, useful and beneficial only so long as it is tightly controlled. (The other form of interventionism is the one in which the gravity of focus is on the capitalist economic process, upon which high value and significance are placed, and in which government intervention into the economic process is seen only as a measure of last resort in emergency conditions, and always only as a *temporary* measure, to be removed as soon as possible when it is no longer needed, and in which the government itself is seen as an institution which needs strict limits placed on it by the people in order for it to be a social institution which is beneficial to the people.) And the fewer limits which are placed on a government's actions by the governed,

the higher the chance that the government will become, if it is not already, absolute, i.e., that it will eliminate all sources of freedom, including economic freedom.

After Mao, but before Xi Jinping, there was substantial focus by the influential CCP leader Deng Xiaoping on relaxing the constraints on the capitalist mode of economic production, and relaxing the severeness of punishment of political rivals which had existed under Mao, making Deng's policies similar to those of Nikita Khrushchev in Soviet Russia, who worked to reverse or diminish the severity of punishment of political rivals which existed under Stalin. "In 1979, the CCP made a pledge to the nation that it would never again embark on mass campaigns like the Cultural Revolution."[102] Under Deng, the idea of the class struggle, so crucial to the Marxian theory of historical evolution, was rejected as a guiding principle for the development of Chinese society, and instead economic construction was to be the focus. "The post of chairman was abolished to ensure that no one person could ever dominate the party as Mao Zedong had done."[103]

However, there were other forces in the CCP which sought to maintain and strengthen the socialist nature of the party – e.g., during this time Li Xiannian was appointed to the post of President, which is a title typically used for the leader of a free nation; but Xiannian was a central planner, i.e., a socialist, and the title of president was given to him as a way to appease the revisionists and promoters of the capitalist method of production. Also note that at the 1979 Fourth Plenum of the Eleventh National Party Congress Central Committee, "Vice Chairman Ye Jianying declared the Cultural Revolution 'an appalling catastrophe' and 'the most severe setback to [the] socialist cause since [1949].' "[104] Note how the term "socialist" is used here. Socialism itself is still seen as the ultimate goal, and the ultimate good for society; the blame placed on Mao here was not that the socialist method of arranging and controlling production which he used in the Cultural Revolution was fundamentally flawed and grossly inefficient and wasteful, and that this is why it failed, but rather that Mao made some mistakes in his implementation of socialism, things which were accidental features of Mao's time and personality, and which, when corrected, would allow for socialism to be seen for what it is, viz., beneficial to the masses and superior to capitalism as a socio-economic arrangement. Through the entire time since Mao, the CCP has been primarily focused on implementing a socialist system, viz., centralized control of economic production, in China – just one which avoided the humanitarian exces-

102 https://en.wikipedia.org/wiki/History_of_the_People%27s_Republic_of_China_(1976%E2%80%931989), referenced on **3/1/23**.
103 *Ibid.*
104 *Ibid.*

ses of the Maoist Cultural Revolution. Witness the 1989 Tiananmen Square incident, which was one of many protests around the country that had been happening for at least a decade at that point against corruption and dictatorial control by the CCP, and which, like the other such protests, promoted genuine democracy. In the case of Tiananmen Square in 1989, it is estimated that over 10,000 people were killed by the army for promoting democracy in China.[105]

There is much else that could be said about the history of modern China and Chinese economic reform. The reader is highly encouraged to research this economic reform, as well as the broader political and socioeconomic struggles between different groups over the extent to which capitalism and capitalist ideals should be allowed to operate in the post-Mao socialist arrangement of Chinese society. One thing worthy of note in Deng's time is the following from the 13th Party Congress in 1987: "The major policy declaration of the 13th Congress was formal endorsement of 'market' socialism and that it was necessary to 'adapt the principles of socialism to fit reality rather than bend reality to fit ideology.' "[106] This was an official acknowledgment by the CCP in the late 1980s that capitalism is a necessary component of a prosperous society. But also notice that they use the term "market socialism," which is a phrase that, like "decentralized planning," is a contradiction in terms. Such contradictory terms and phrases, and numerous others,[107] go back at least to the early 1900s, and in particular to Mises's influential paper in 1920[108] which was the primary introduction for the economic scien-

105 https://www.bbc.com/news/world-asia-china-42465516, referenced on **3/1/23**.

106 https://en.wikipedia.org/wiki/History_of_the_People%27s_Republic_of_China_(1976%E2%80%931989), referenced on **3/1/23**.

107 https://en.wikipedia.org/wiki/Socialist_calculation_debate, referenced on **3/1/23**.

108 Ludwig von Mises (1920). *Economic Calculation in the Socialist Commonwealth*. (https://cdn.mises.org/economic_calculation_in_the_socialist_commonwealth.pdf, referenced on **3/1/23**). Also see Mises, *Socialism: An Economic and Sociological Analysis*, which was originally published shortly after the 1920 essay in 1922 in German, and which, in the second German edition published in 1932, discusses the tenor of the debate in economic science which had been initiated by his 1920 essay as well as the first edition of *Socialism* in 1922, and discusses the numerous attempts which were made by the socialist writers to refute his argument. He discusses how none of the refutations stood up to scrutiny, and that the efforts to integrate the market economy with socialist central planning made by other writers to try to solve the problem of economic calculation all had fatal flaws which made them unworkable, i.e., impracticable. His book also greatly expands on his critique of all varieties of socialism, and is a sound, definitive validation of capitalist ideals, and the definitive refutation of socialism. Regarding the economic calculation debate specifically, and his published work which led up to it, see pp. 17-18 in https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf (referenced on **3/1/23**): "Since the first publication of this book, problems previously ignored have come into the foreground of scientific interest; the discussion of Socialism and Capitalism has been placed on a new footing. Those who were formerly content to make a few vague remarks about the blessings which Socialism would bring about are now obliged to study the nature of the socialist society. The problems have been defined and can no longer be ignored…. The arguments by which I demonstrated that, in a socialist community, economic calculation would not be possible have attracted especially wide notice…. The problem, which had scarcely been touched before, at once roused lively discussion in German-speaking countries and abroad. It may truly be said that the discussion is now closed; there is today hardly any opposition to my contention…." (pp. 17-18).

ces to what he called the problem of economic calculation in the socialist commonwealth, in which he argued that under socialism, that is, centralized ownership of the means of production and centralized economic planning, economic calculation, or the ability to assess monetarily the likelihood of profit or loss in economic ventures and investments, would be impossible, because socialism rids society of the market economy for production goods and thus rids society of accurate market prices for production goods (whose prices in a system of capitalism are indirectly set by the collective consumer valuations of the consumption goods which these production goods are used to produce). Such elimination of the ability to monetarily calculate the value of production goods causes socialist economic planning to be blind, and not just prior to an investment of capital goods – socialism is just as blind *after* everything is produced and distributed as well, because under socialism there is no way to determine after the fact whether the venture has been profitable, has operated at a loss, or neither, since, again, calculation in terms of money would be impossible under a system which does not allow a free market for production goods. This argument inspired the socialists of Mises's time to considerable effort and ingenuity in order to try either to refute it, or, frequently, to integrate the market economy (capitalism) in some way with socialism, so that the defenders of socialism could eat their cake and have it too – i.e., so that they could still cling to the idea that somehow socialism could actually be made workable in a real human society, while acknowledging at the same time that economic calculation under what up to that point they had understood to be socialism could not proceed rationally, that is, at all, and that this problem uncorrected would spell the end of socialism. Thus were born terms such as "market socialism" and "decentralized planning," which were attempts to solve the economic calculation problem by combining an open market for production goods with centralized economic planning. But if one reads the arguments of these writers in detail, one finds that not only are they flawed and do not solve the core problem of economic calculation in the socialist community, none of these arguments, even the modern variations of them in the late 20th and early 21st centuries, presents anything fundamentally new, nor presents anything that Mises himself, in the early 1920s, had not already anticipated and refuted. The belief of the Deng-led CCP in China in the 1980s and the statement quoted above from the 13th Party Congress is exactly a belief and an argument of this kind: it tries to reconcile irreconcilable concepts, i.e., to solve a problem which is unsolvable. The standard of living has continued to increase in China among the masses not because of the policies of "market socialism" which somehow combine "the best of both worlds" so that the "deficits" of each system can be neutralized or made good by the "ben-

efits" of the other. It has increased because the ideas of capitalism, democracy, and individual and societal freedom have made inroads into the minds and the institutions of average Chinese citizens, and have been allowed, albeit within limits, to bear their fruit in Chinese society. As is the case with these values making inroads into the Soviet Union toward its end, and to a substantial degree thereafter in post-Soviet Russia, the ideals of freedom – what are sometimes called *liberal*[109] ideals, a word which has a colorful history – continue to spread and make themselves felt in China, and continue to deepen their impact on the minds and institutions of Chinese citizens, because the Chinese citizens are realizing to a greater degree over time that Western ideals of freedom and capitalism are ultimately *to their own benefit*. And as in Russia, with Putin tightening his grip on power, this spread of and ingraining of the ideals of freedom among Chinese citizens frightens tyrants and would-be tyrants in China substantially, because it represents, if unchecked, a deeply personal loss for themselves, their power, and their legacy.

After Tiananmen Square in 1989, the private sector continued to expand, and by 1999 the Chinese government recognized the private sector as an "important component" of their economy, which they still, however, saw as fundamentally socialist.[110] For example, note that even though there was substantial decentralization of economic ownership, as well as substantial influx of foreign capital (from, to a large degree, the only possible source of net new capital, viz., *capitalist* economies, outside their borders), the CCP still felt it necessary to ensure that what they believed to be the most important, strategic economic sectors remained under the central government's control, those sectors which are sometimes called the "commanding heights of the economy," such as banking and petroleum.[111]

In the 2010s under Hu Jintao and Jiang Zemin, the government increased its control of the economy again, though capitalist economic activity remained strong, and, though the policies differ in various ways under Xi Jinping's leadership starting in 2012 and continuing to the present, there still remains a reasonably strong capitalist market in China, though there also remains substantial government influence, such as with the "strategic" sectors like some heavy industries,

109 Mises himself discusses his usage of the term "liberalism" and its corresponding adjective "liberal" in his magnum opus, *Human Action*. In his words, he uses the term liberalism "in the sense attached to it everywhere in the nineteenth century and still today in the countries of continental Europe. This usage is imperative because there is simply no other term available to signify the great political and intellectual movement that substituted free enterprise and the market economy for the precapitalistic methods of production; constitutional representative government for the absolutism of kings and oligarchies; and freedom of all individuals for slavery, serfdom, and other forms of bondage." Mises, *Human Action: A Treatise on Economics*, 3rd ed. (Chicago: Regnery, 1966).

110 Brandt, Loren; et al. (2008), Brandt, Loren; Rawski, G. Thomas (eds.), *China's Great Transformation*, Cambridge: Cambridge university press. Referenced in https://en.wikipedia.org/wiki/Chinese_economic_reform, referenced on **3/2/23**.

111 https://en.wikipedia.org/wiki/Chinese_economic_reform, referenced on **3/2/23**.

as well as "finance, telecommunications, petroleum and other important sectors of the economy."[112] However, the article just quoted goes on to say that private entrepreneurs have continued to make inroads into these public enterprises, and also that price controls have been lifted to a greater degree. Given how substantial the opening of China to capitalist ideals and capitalist markets has been, it is no surprise that we see results such as the following:

> China's economic growth since the reform has been very rapid, exceeding the East Asian Tigers. Since the beginning of Deng Xiaoping's reforms, China's GDP has risen tenfold. The increase in total factor productivity (TFP) was the most important factor, with productivity accounting for 40.1% of the GDP increase, compared with a decline of 13.2% for the period 1957 to 1978 – the height of Maoist policies. For the period 1978 – 2005, Chinese GDP per capita increased from 2.7% to 15.7% of US GDP per capita, and from 53.7% to 188.5% of Indian GDP per capita. Per capita incomes grew at 6.6% a year. Average wages rose sixfold between 1978 and 2005, while absolute poverty declined from 41% of the population to 5% from 1978 to 2001. Some scholars believed that China's economic growth has been understated, due to large sectors of the economy not being counted.[113]

So what is Xi's China? Before we answer this question, consider Xi's policies since he came to office in 2012. Since 2012, Xi's policies have led to greater state intervention in economic activity, including some quite recently,[114] and Xi's system politically is still totalitarian and perpetrates many human rights abuses, both on the Chinese people and internationally – e.g., massive cultural and religious oppression in Tibet; substantial, and recently growing (2022-2023), threats against Taiwanese independence; the mass oppression of Uyghur Muslims, and the establishment of concentration camps for Uyghur Muslims that began in 2017 – five years into Xi Jinping's presidency – which includes organ harvesting of these minority groups,[115] as well as heavy oppression of all cultural and religious minorities; the effort to force the autonomous region of Hong Kong, which by adherence to the principles of capitalism has had incredible economic success which has resulted in a substantially-increased standard of living and expansion of individual freedoms for its people, to reunify politically with mainland China; the fact that politically China is a police state with mass surveillance and invasion of privacy, and people, including high-profile people with more wealth than the vast majority in China, can be abducted, or "disappeared" without a trace; Xi's increasing crack-

112 *Ibid.*

113 *Ibid.*

114 See https://www.economist.com/the-world-ahead/2021/11/08/xi-jinpings-crackdown-on-chinese-tech-firms-will-continue, and many other articles that you can find with a simple web search, on the economic regulatory crackdowns of the Xi Jinping-led CCP. Referenced on **3/2/23**.

115 https://www.libertymagazine.org/article/oppression-and-genocide-in-china, referenced on **3/2/23**.

down on his country's news media;[116] the growing effort by Xi and his propaganda machine to build a personality cult around him, which hearkens back to Mao's personality cult;[117] Xi's successful effort to push through CCP constitutional changes to enshrine himself and his personal values into it, as well as to effectively eliminate presidential term limits;[118] and much else. Taken together, it is becoming increasingly clear that Xi Jinping is working to completely solidify his rule, and has taken numerous and substantial steps in this direction already, including heavy crackdowns in just the last couple of years (2020-2022) on high-profile, large companies and people, like Alibaba founder Jack Ma, Bao Fan, Guo Guangchang and others in the financial sector, Chinese-Canadian businessman Xiao Jianhua,[119] Peng Shuai, Ai Weiwei, Zhao Wei, and many others.[120] Xi Jinping is also cracking down on entertainment culture, as with Zhao Wei, an actress, and Gui Minhai, a bookseller, in an effort to force Chinese entertainment to line up with his own personal, and therefore the current CCP's, values.[121]

So what is China under Xi? We can first say that to a nontrivial degree it is capitalist. However, this capitalism is not the result of Xi's efforts, but of the efforts of Xi's post-Mao predecessors. Since Xi took power, it has become more and more clear that he is interested in consolidating his own power so that he can reshape China the way he wishes, like a plastic surgeon who reshapes his patient's face not according to the patient's standard of beauty, but according to his own very different standard. Certainly many in China approve of Xi, for a number of reasons – his massive propaganda machine's success, his crackdown on official corruption, etc. – but, as discussed earlier, the centralization of political power

116 https://www.theguardian.com/world/2016/feb/19/xi-jinping-tours-chinas-top-state-media-outlets-to-boost-loyalty, referenced on **3/2/23**.

117 https://www.theguardian.com/world/2015/oct/21/chinese-media-xi-jinping-toast-of-britain-royalty, referenced on **3/2/23**.

118 https://www.npr.org/sections/thetwo-way/2018/03/11/592694991/china-removes-presidential-term-limits-enabling-xi-jinping-to-rule-indefinitely, referenced on **3/2/23**.

119 https://www.dw.com/en/why-is-china-cracking-down-on-prominent-business-figures/a-64850116, referenced on **3/2/23**.

120 https://www.theguardian.com/world/2021/nov/19/china-disappeared-high-profile-figures-who-have-gone-missing-during-xi-jinpings-rule, referenced on **3/2/23**.

121 Later in 2023, Xi continued this pattern by eliminating from the Working Procedures for the State Council, the official guiding document of the State Council, the highest state body within the CCP, references to the most revered names in Communist/Socialist history, including Marx, Lenin, and even Mao himself, as well as Xi's other predecessors and previous leaders of the CCP, in an effort to increase his own personal control over the CCP and over China. See https://theprint.in/world/china-removes-references-to-marx-lenin-from-state-guidelines-leaves-only-jinping-thought/1519161/, referenced on **7/6/23**. Xi also ensured that references to concepts that even smack of capitalism and individual freedom indirectly, such as the terms "decentralization" and "efficiency," or the concepts of openness, the rule of law, and, in particular, democracy, were removed from the Working Procedures as well. It should be noted that it is entirely unsurprising that the concept of democracy, not to mention the rest of these items, was removed from the Working Procedures: a socialist ideologue who desires complete control over his nation, such as Xi Jinping, will have no room for democracy, and Xi's 2023 changes to the Working Procedures are confirmation of this. Once again, despite what the social democrats will tell us, socialism and democracy are not compatible.

leads inevitably to the centralization of economic power, and vice versa – it is no coincidence that Xi has increasingly begun cracking down on the private sector to bring it more in line with the CCP's ideology. This kind of centralization of political and economic power also leads to suppression or extermination of religious systems which enshrine and teach values that are at odds with the values of the ruling political authority – no different from Kirill's open support for Putin's war in Ukraine. Consider the horrific treatment of the Uyghurs in concentration camps – an estimated 1 million out of a total population of 11 million in China – or the decades-long oppression of the native culture and religious identity of the people of Tibet.[122] In either case – economic or religious – and also in the case of rival political parties or powers, either in its own nation or in foreign nations, a centralization of authority like that which is happening under Xi Jinping today, and has been happening over the past 10 years, cannot brook any other possible source of power, and if there is one which stands a chance of threatening the absolute dictatorship or the rise to absolute dictatorship of the dominant power, the dominant power will seek to assimilate or extinguish the threat.[123] This is no different from the dictatorship of Mao. The forces of capitalistic economic production are still reasonably strong in China, as a result of the post-Mao, pre-Xi reforms, but already capitalistic activity is showing signs of cowing under the might of Xi's CCP's political and military pressure.

Even during the reform period post-Mao, during which capitalism spread substantially in the country (though in some places, like coastal cities, more than others), the CCP still held political dominance the entire time, and the plan, even under Deng Xiaoping, has *always* been that the gravity of power remain with the central political authority, rather then allowing the capitalist market to develop of its own accord, and so, just like Mao's CCP, the CCP of the reform era was eminently *socialist*, viz., the socialist ideal of central planning had been diluted with the party's decisions to allow for the spread of capitalism and foreign capital investment – i.e., with a relaxation of governmental, that is, centralized, control of the means of production – but the overall strategic direction of the economy was

122 "We people are the original people, black hair, yellow skin, inherited onwards," Xi once told Trump. "We call ourselves the descendants of the dragon." https://www.straitstimes.com/asia/east-asia/xi-gives-trump-a-chinese-history-lesson and https://www.msn.com/en-us/news/world/china-needs-immigrants/ar-AA1e2em0?ocid=msedgntp&cvid=60947457e9e94202b8e540cb3a9e8712&ei=24, referenced on **7/22/23**. One wonders to what extent Xi's understanding of his own history serves as a reinforcement for his view that he is justified in oppressing cultural and religious minorities, both in China and elsewhere. After all, he is a member of the "original" race, is he not? He therefore has more of a right to impose his will on those who are not like him, does he not? Not surprisingly, Hitler oppressed religious and cultural minorities in Germany, and Stalin did in the USSR.

123 The hits keep on coming: Xi's CCP has embarked on a 10-year project to rewrite the Bible, Quran, and other religious texts so that they conform with Xi's socialist ideology: https://americanmilitarynews.com/2023/07/chinese-communist-party-rewriting-the-bible-turning-jesus-into-violent-killer-gop-rep-warns/ (referenced on **7/22/23**).

still to be controlled *centrally* by the same political party with the same overall political and economic ideals, principles, and ambitions, albeit modified in particulars, as the one controlled by Mao during the Cultural Revolution. This is why we see terms such as "socialism with Chinese characteristics"[124] and "market socialism,"[125] among others, to describe this relaxation, one in which the primary source of guidance for structuring economic activity, and its primary spirit, is now, as it has always been, socialist ideals, not capitalist ideals; it is just that this time there are a few characteristics of capitalism sprinkled in to soften out the rougher edges, that is, the more obviously-damaging aspects of direct economic tyranny. Given that Xi Jinping has solidified political, economic, and religious power during his tenure so far, and shows every sign of continuing to do so, and that he does so from the basis of Marxist/Leninist socialist ideology,[126] or more precisely from his own add-ons to and twists on Marxist/Leninist socialist ideology, it is appropriate to say that his system is heavily socialist in spirit, and that to an increasing degree it is also outwardly socialist. And, as with Hitler's Germany, which we will discuss below, just because an economy *appears* capitalist on the surface, does not mean that the ultimate ownership of the means of production of any given company or industry rests with private individuals; an economy can *appear* capitalist, that is, can appear *economically free*, but if the political authority has absolute political and military control over its nation, then effectively this economy is a socialist one, because the political control has ultimate ownership, that is, ultimate right of disposal, of the economic resources in its domain. To the extent that the political authority continues to "allow" a free market under its rule, one might be justified in saying that to this extent the economic operations are capitalist, at least in the smaller, tactical sense. But, as with Xi's crackdown on the tech, media, and financial and entertainment sectors, among others, in the past 10 years, in the longer-term sense this capitalism is *only apparent*, because as soon as any of these industries does something which is against the party line, they get shut down, fined, their executives are "disappeared" or silenced, the state can take over operations of the company in whole or in part if it wishes with only the barest of pretext, the state can threaten further harm down the road if the company does not toe the party line…. Real capitalism, that is, real *individual freedom*, is the ability of a company to sell to an *open* market *without* having to take into account the whims of an arbitrary state authority, or the whims of anyone or any group with arbitrary power. Real capitalism is the ability of consum-

124 https://en.wikipedia.org/wiki/Socialism_with_Chinese_characteristics, referenced on **3/2/23**.
125 https://en.wikipedia.org/wiki/Market_socialism, referenced on **3/2/23**.
126 https://en.wikipedia.org/wiki/Socialism_with_Chinese_characteristics, referenced on **3/2/23**.

ers or potential consumers to consume what they wish and, by doing so, to direct the course of economic production to best suit *their* interests, *their* desires, *their* wants, needs, and preferences, and to not have to worry about whether they will get arrested for purchasing something or consuming something or enjoying something which is somehow against the dictates of a particular ideological party doctrine. This individual freedom of choice, preference, and expression is the core of true capitalism, and it is precisely this core which is being increasingly gutted in Xi's China's economic system.

Chinese citizens still have a chance to fend off greater tyranny, with the help of outside nations that, at least for now, are bastions of freedom. But this chance has grown more slim under Xi's rule. As is the case in general, and as is clear in both the history and the modern events of China in particular, a system which promotes socialist ideals is one which, unless checked by the ideals of freedom, will eventually lead to all-round, absolute tyranny. This tyranny can take many forms, and can have many faces, faces which might, on first glance, appear to be fundamentally distinct from each other in origin and arrangement of features. In fact, the face of a nation might be blindingly beautiful – as national cities of tyrannical governments, cities like Kim Jong-Un's Pyongyang,[127] for example, are purposely made to be, the better to fool tourists, reporters, and other inquisitive outsiders – and quite different in appearance from what we might have come to understand up to this point is the face of tyranny. But, nonetheless, if such a system is one whose inner workings are socialist, then instead of blood the heart inside would still pump ash, and, if one looked closely, one would still see that the eyes were dull and lifeless. Individual freedom, economic or otherwise, cannot exist in a rigidly mechanical body, in a body which grinds repetitively according to another's gears, regardless of how, or how carefully, the gears are arranged. The same is true of a nation.

## §4 What is Kim's North Korea?

Kim Jong-Un's system is one of the clearest examples of a totalitarian dictatorship. The original leader, Kim Il-sung, was a Communist guerrilla fighter during World War II, and was aided in his rise by Soviet Russia in 1948. He ruled until his death in 1994, when he passed on leadership to his son, Kim Jong-Il, who ruled until his death in 2011, when he passed on his rule to his son, Kim Jong-Un. From the beginning, this arrangement was highly centralized, with the

127 https://www.mediaite.com/online/north-korea-expert-the-interview-gets-a-lot-right-about-north-korea/, referenced on **3/2/23**.

government controlling all economic resources and having the power of life and death over the people. Kim Jong-Un himself preaches that capitalism is evil and socialism will save the Korean people. In 2023, due to widespread threat of famine significant enough to be comparable to the "Arduous March" of the 1990s, Kim Jong-Un has said that the solution to this problem is to *further centralize* control of farmland under government direction. One can read many articles about the centralization of control in North Korea, and the stories from many of the North Koreans who have defected (the number who have defected to South Korea is estimated to be over 30,000 since the founding of the country in 1948). In fact, despite the hatred which Kim Jong-Un and his predecessors have preached for capitalism and capitalist ideals, there has developed an unofficial capitalist market in North Korea as a result of desperate need to find a solution to the great famine of the 1990s (the "Arduous March"), because the government's method of centralized ownership of the means of production failed to solve this problem; and the unofficial capitalist market, unsurprisingly, has been of benefit to the populace, and while not officially sanctioned by the Kim regime, the regime nevertheless allows it to continue, presumably because it settles at least some potential unrest and thus makes it easier for the Kim regime to stay in power.

This is not the place to go into great detail about the Kim regime and the tyranny which it has perpetrated on the North Korean people for over 70 years. Links to articles that will give the interested reader an introduction to this regime are in the footnotes.[128] Suffice it to say that the North Korean regime is probably the best modern example of a socialist arrangement of property ownership, with all key economic decisions made by Kim Jong-Un himself, perhaps in consultation, at least sometimes, with one or a few of his trusted advisors, and with the ability of Kim himself or his military force to arrest, detain, torture, or execute anyone in the regime for practically any reason. He can also arbitrarily infringe, in whole or in part, on the property of any North Korean, in order to confiscate,

128 This is only the tip of the iceberg. The Kim dynasty has brutally oppressed the North Korean people. Here are a few articles which are representative (all referenced on **3/8/23**): https://www.hrw.org/news/2020/01/14/north-korea-systematic-repression, https://www.bbc.com/news/world-asia-56685356, https://www.bbc.com/news/world-asia-44164948, https://www.bbc.com/news/world-asia-44290822, https://www.bbc.co.uk/news/resources/idt-sh/king_of_pyongyang, https://www.bbc.com/news/world-asia-40871848, https://www.bbc.com/news/world-asia-42910896, https://www.bbc.com/news/world-asia-44234505, https://www.bbc.com/news/world-asia-41266764, https://www.bbc.co.uk/programmes/p05fvlt8, https://www.bbc.com/news/world-asia-41235157, https://www.bbc.com/news/world-asia-56178271, https://www.bbc.com/news/world-asia-49346262, https://www.bbc.com/news/world-asia-49408555, https://www.bbc.com/news/world-asia-46610882, https://www.bbc.com/news/world-asia-46789925, https://www.bbc.com/news/world-asia-46744459, https://www.bbc.com/news/world-asia-44351808, https://www.bbc.com/news/world-asia-47301876, https://www.bbc.com/news/world-asia-41228181, https://www.bbc.com/news/world-asia-40318246, https://en.wikipedia.org/wiki/History_of_North_Korea.

destroy, or redirect the use of the property. Also, note that one of the most heinous crimes which can be committed in North Korea is the watching of foreign films and listening to foreign music, such as American films, k-Dramas, k-Pop, and any other form of entertainment which shows that it is possible to find deep emotional fulfillment by doing something besides worshiping Kim Jong-Un, and shows that a life in a nation structured according to capitalist ideals is much more conducive to the finding of happiness for the average citizen than the Kim regime is or than the Kim regime would have its people believe. In other words, as with the spread of Western capitalist ideals into Russia and China, the spread of these ideals into North Korea continues to expose, and to a greater degree over time, the lies of the Kim regime's propaganda about the supposed evils of capitalism, and about the supposed benefits of socialism. And just as with Putin in Russia and Xi in China, the more these ideals spread among the populace of Kim's nation, the more desperate he feels to hold onto the system of tyranny and privilege from which he benefits greatly, and the more willing he will be to lash out in more noticeable and more risky ways against his perceived enemy, and to use whatever power is currently at his disposal to do so. The spread of capitalist ideals through entertainment media is especially threatening to those at the head of a dictatorship, because it teaches that *emotional* fulfillment can be found, in powerful ways, in a capitalist system – and, furthermore, that it can be found in ways which make a person aware of their own inner strength, rather than in ways which depend solely on the grace and power of their government. This emotional impact is substantial, and just as a dictatorial government cannot brook an independent religious authority, because its emotional impact on the people can, over time, threaten the foundation of the dictatorship, so can it not brook entertainment media from capitalist nations.

Any defender of socialism (e.g., many on the American left – see the section on this group below), especially those who have never lived under a real socialist system but rather who have grown up in and live in a system built in large part by capitalism, should take a hard look at the North Korean government, and what it does to its people, and then ask themselves whether what they have read and heard about socialism from their favorite books and websites and blogs and politicians is accurate, honest, and complete, or whether in actuality it leaves out much that is important to a proper understanding of things. And those defenders of socialism who make it a point to promote the socialist ideals as being scientific, that is, objectively true, while at the same time saying, albeit indirectly, that a system like Kim's North Korea could never exist, because the socialist arrangement of economic production would never bring about anything so horrible, and, in

fact, quite the opposite, would do well to reexamine their own ideas and beliefs, and what they think they know, to make sure they are not being hypocritical. It is important to understand that a defense of capitalism, rightly understood, is not a defense of unfair inequality and monetary oppression, but rather a defense of individual freedom and prosperity, while a defense of socialism, rightly understood, makes the defender every bit a Putin, a Xi, a Kim, as the tyrant men themselves. It is not surprising, and, in fact, is expected, that North Korean defectors frequently choose their final destination to be South Korea, because not only is the culture and language more similar to North Korean culture and language (though not the same) than to the cultures and languages of other countries, along with South Korea being the closest free nation to the family and friends whom they left behind in the North, but also, importantly, because South Korea is the fourth largest *capitalist* nation in Asia, and also, not coincidentally, a nation where individuals are much freer than they would be in the North, and where they have more opportunity to take control of their own lives and destinies, which control is a prerequisite of genuine happiness and fulfillment. The socialistic way of arranging property ownership seeks to extinguish this individual control, while the capitalistic way seeks to maximize it. It is no wonder, then, that despite the high likelihood of death or being sent to a prison labor camp if they are caught, over 30,000 North Koreans have defected to South Korea since the founding of the nation,[129] while there is hardly a record[130] of anyone "defecting" from South Korea so that they can live and be free under the glorious system of the socialist commonwealth of the North; and those who do go back from South to North more likely do so only because they are much more familiar, and therefore more comfortable, under the tyranny of the North, having grown up in the North and settled into its harsh ways, than in the freedom of the South, or because, possibly, at least some have been blackmailed to cross back, and therefore have not crossed back of their own free will.[131]

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129 https://www.cnn.com/2022/02/18/asia/north-korea-defectors-return-intl-hnk-dst/index.html, referenced on **3/8/23**.

130 *Ibid.*

131 *Ibid.* Also, the following is a quote from a different part of the same article which reinforces the fact that a system of socialism, i.e., economic tyranny, like the Kim regime's, is also a system of political tyranny, and vice versa: "According to a survey of 3,000 people released this year [2022] by the North Korean Refugees Foundation, food shortages are one of the most common motivations for defection, with nearly 22% saying that was why they had defected. The most common reason given – at 23% – was that people didn't like being controlled or monitored by the North Korean regime." (Referenced on **3/8/23**.)

## §5 What is the Taliban's Afghanistan?

Theocracy is, at least on the surface, a special case – a special type of tyranny. Underneath, it is rooted in the same psychological source as what one might call political tyranny, but its outward form can differ from the type of political tyranny which is more obviously and directly political in nature, just as the outward forms of the political tyranny of different tyrants in different national and cultural contexts can differ. While political tyranny can be defined as a religious system which makes the State supreme and its leader as one to be admired and worshipped, religious tyranny (theocracy) is a political system which is based on the worship of an otherworldly deity of some kind and the following of its dictates, with those in charge of government seen as vessels to carry out the deity's orders and ensure obedience to the Holy word. But there is considerable overlap between the two,[132] because they are not fundamentally different – the underlying psychological basis of both is the same, viz., the desire by those in control of the State apparatus to find fulfillment, completion, and certainty[133] for themselves – in the case of theocracy by identifying their own personal value and desires with those of God, through the agency of a religious text and tradition, and then forcing the population to conform to these desires.

A system of political tyranny can be defined as one which places a premium on the acquisition and maintenance of worldly power. It may be associated with religious ideas, such as Putin's with Orthodox Christianity, but the point is that the *primary* source of authority is the worldly authority, not the spiritual authority, and the spiritual authority then must fall in line. By contrast, we can say that a system of religious tyranny is one which places primary emphasis on an interpretation of a religious text, with the implication that the leaders of such a system do not *necessarily* seek absolute control over their population, but rather seek it only to the extent that the dictates of their understanding of the sacred text impel them to do so, and do not seek it to the extent it prohibits them from doing so. The purpose of a religious system is to allow believers to feel that they have conquered death, and the fear of death is the most powerful fear in the human psyche, from which all other fears spring.[134] This means that a system of *political* tyranny, like a system of any other kind of tyranny, can seek to do no greater thing than avoid death for the tyrants, and that, in fact, the efforts on the part of

132 See the discussions of "state atheism", "anti-clericalism", "secular state", and other such terms and ideas at https://en.wikipedia.org/wiki/State_atheism (referenced on **3/11/23**), which are expressions of the overlap, and the underlying sameness, of religious tyranny and political tyranny.

133 These are basic human needs which we all share.

134 Much more will be said on the nature and source of religious belief in a future writing.

the tyrants are to do precisely this – to force others to not think or do things which the tyrants find to be a threat or potential threat to their own survival, and to ensure that they themselves have a lasting worldly legacy after they die. In the case of *religious* tyranny, the way to conquer death is by following the dictates of the sacred text and, in the political and social realm, by ensuring that others are forced to follow these dictates, which serves to reinforce the existence and the importance of the dictates, sacred text, and religious belief system in broader society, which, in turn, serves the primary goal, which is that the tyrants themselves feel as comforted and as secure as possible in their ability to conquer their own death.

Note that for a system of religious tyranny to take hold, the religious ideas by which the tyrants control their society must be those which underlie a preexisting religious tradition in the society, one which is, in one fashion or another, already adhered to voluntarily by those who are to be controlled, even if they do not agree with all the specifics of the tyrants' interpretation of the tradition and its rules, because otherwise the people would rebel too much for a system of religious tyranny to take hold, due to their adherence to their own conflicting religious and cultural tradition, and so in this latter case the conquering of the people by the would-be tyrants would have to take the form of what we have called political tyranny, at least initially. But the larger point here is that whether the system is one of political tyranny or religious tyranny, it will be based on the same psychological underpinnings in the tyrants' minds, and so while there are important differences between religious and political tyranny, which differences have implications for the structure of tyranny in society, they are not fundamentally different; rather, the difference is a technical one – a religious tyranny can spring up under the specific conditions that there is a religious tradition based on a sacred text which the majority of people already use as their foundational guide for life, and so at such a point in the history of the society the path of least resistance for the would-be tyrant in order to conquer his own death is to base his system of tyranny on an extreme form of the shared religious tradition; while a political tyranny will spring up when there is no such strong, shared religious tradition in the society, and so the path of least resistance at such a point in the history of the society for the would-be tyrant to conquer his own death is to centralize worldly control, which, as we have discussed, necessarily includes economic control (Kim's North Korea is an excellent example of this).

The Taliban in Afghanistan are a case of religious tyranny. In other words, to the extent the Taliban's doctrinal interpretation of the Quran tells them to centralize economic control in their nation, they will do so, but to the extent their

doctrinal interpretation of the Quran does not make provision for centralizing economic control, they will either not care about doing so or at most do so only indirectly for the purpose of solving or compensating for some other problem, and to extent that it prohibits it, the Taliban will actively work against such centralization. This is not because they do not seek to make their dominance complete. They seek to make their dominance just as complete as that of a system of political tyranny, which is the point – the underlying psychological motivation in the mind of the political tyrant to establish a system of tyranny is the same as that of the religious tyrant. The religious tyrant seeks absolute certainty in his own life, and an absolute guarantee in his own mind that he has conquered death, just as the political tyrant does, and this is the primary motivation for both. The religious tyrant makes his dominance complete by controlling his society completely according to his understanding of the dictates of his culture's religious text, whereas the political tyrant does not have a religious text and shared religious tradition with which to do so. What this means is that to the extent the Taliban's understanding of the Quran does not care about centralizing control of the means of production, or actively prohibits it, the Taliban's system of tyranny is *not* socialism. In fact, given a religious tradition's strong ability to be reinforced across generations, we can say that if the tradition does not care about centralizing economic control, or actively prohibits it, then this lack of care or prohibition has a greater chance of persisting across generations, and so less of a chance than a political tyranny would have of eventually centralizing economic control completely, and thus becoming a full or mature socialist system. Whereas a political tyranny will inevitably move in this direction unless countered by outside forces, a religious tyranny which does not care about centralizing economic control or which actively prohibits it will, of its own accord, not move in or actively work against movement in the direction of absolute economic control, and so will not take full part in or will actively work against the progression of the socioeconomic system toward full socialism.

One thing to note, however, is that, as mentioned previously, human societies are dynamic and changing. Along with this, another thing to note is that the basic human need to survive, that is, to avoid, and ultimately conquer, death, as expressed in the tyrannical efforts of both the religious tyrant and the political tyrant, can be expressed in multiple different ways – e.g., in the great lengths a person will go to in order to keep from starving or dying of exposure to the elements, or the great lengths a parent will go to in order to save the life of their child, sometimes at the expense of their own life. The same underlying psychological motivation is behind all of these, and this motivation is the most powerful driving

force of human action. However, some triggers of this need for survival are more immediately threatening than others – again, this is not a fundamental difference, but a technical one. For example, if there is enough of a threat from changes in the ideological makeup of a religious tyrant's society, say by the influx of cultural, political, or religious ideas from other nations, then the religious tyrant may be willing to bend on a religious dictum which he previously held as sacred, or which his predecessors did, because not doing so could more immediately threaten his own survival and power. If the threat is, say, one which could plausibly remove him from power in the next few years, or one which has a reasonably high likelihood of successfully bringing about his assassination, or one which would likely strip him of most or all of his acquired material wealth and ideological influence over his people and make him a virtual outcast in his own society, the more immediate need for survival in his mind which is spurred by these things will make him more willing to impose stricter *political* tyranny in an attempt to extinguish the threats, or reduce their likelihood, even if the stricter political tyranny overrides or contradicts one or more religious dictums which were previously held as sacred. Being the religious authority, he would be motivated to find a creative way to reinterpret the religious dictum, and superimpose the reinterpretation on broader society, so that he can justify to the people what, on the surface, would appear to be a violation of the sacred writings. To the extent that such forces are, and continue to be, at play in the religious tyrant's society, we will see a gradual shift to political tyranny, and thus, to the centralization of the control of the means of production – i.e., to full socialism.

In the case of the Taliban in today's world, we can research online and find a lot of information about what they have done so far since they recaptured the country in 2021, we can look at their rule in the country from 1996-2001, and we can look at the socioeconomic, historical, and religious context in which they have operated and are operating, and as with all other examples of real human societies this will give us the best chance to make our determination of the type or types of socioeconomic system exemplified by the Taliban in Afghanistan. But given that it has been only about two years since they took back the country, there is perhaps a greater than average lack of clarity on what the society will look like, e.g., 10 years from now. But given the things which they have chosen to do so far and what so far they have shown to the world that they consider as important, it would seem that their system of religious tyranny does not place any real emphasis on the centralization of the ownership of the means of production. Rather, it seems to place primary emphasis on the subjugation of women,[135] as well as on the eli-

135 https://en.wikipedia.org/wiki/Treatment_of_women_by_the_Taliban, referenced on **3/11/23**.

mination of the Shia religious minority.[136] To the extent that women, say, owned businesses while US troops were still in the country, or held certain types of job[137] and earned certain levels of wages,[138] it is to this extent that the Taliban has intervened in economic affairs by, e.g., forcing women to give up their roles as business owners[139] or employees, or as skilled workers.[140] But its purpose in doing this is not to gain ownership of the economic resources themselves, or to centralize or consolidate such ownership, but rather to take power from women, both economic and otherwise; and so, for example, they would much more readily destroy or force a permanent closure of a woman's business, or give it into the hands of her male relatives, than to take ownership of it and transfer ongoing operations of it to themselves. Furthermore, given the strong religious tradition of Islam in Afghanistan,[141] it seems more likely than in a culture which does not have a strong religious component and sacred religious text that an extremist interpretation of Islam will maintain influence across generations, so that tyranny is maintained by continued reference to a particular interpretation of a sacred text which does not appear to care about centralizing control of the means of production, and so it is less likely that this system of religious tyranny will progress into full socialism over the course of the lifetime of the existing tyrants and into the next generation. So we can say then that the Taliban's Afghanistan is a system of tyranny, but not a system of socialism.

Note that earlier in the book I equated tyranny with socialism, so it would seem that my conclusion about the Taliban is in contradiction with this previous statement. However, the point I have tried to make is that the primary motivation for a tyrant's actions is the need to ensure his own survival, both before he dies and after he dies (which is no different from the primary motivation that drives all

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136 See the section titled "ISIL attacks mosques" at https://www.aljazeera.com/news/2022/8/9/key-events-since-taliban-takeover-of-afghanistan-a-year-ago?traffic_source=KeepReading, referenced on **3/11/23**.

137 As an example: "In July 2022, the Taliban advised female employees in the country's finance ministry to suggest a male relative to replace them so that the women could be dismissed from their positions. Up to 60 female employees reported receiving calls from the HR department requesting them to introduce a male family member to replace them." (https://en.wikipedia.org/wiki/Treatment_of_women_by_the_Taliban, referenced on **3/11/23**).

138 As an example: "While the new regime has not directly fired female government employees such as Samar, it has restricted women from entering the workplaces, paying them a significantly reduced salary to stay at home, many working Afghan women told Al Jazeera." (https://www.aljazeera.com/news/2022/8/11/a-year-of-taliban-takeover-the-missing-women-in-afghan-workforce, referenced on **3/11/23**).

139 https://www.csis.org/analysis/women-owned-businesses-afghanistan-are-jeopardy, https://alarabiyapost.com/2021/09/28/businesses-owned-by-taliban-to-women-to-remain-close/, https://www.forbes.com/sites/monicahaider/2021/09/03/its-hard-on-a-woman-afghanistans-female-entrepreneurs-speak-out-on-uncertainty-under-taliban-rule/?sh=6a1178965fb6, https://www.forbes.com/sites/forbeswoman-views/2022/05/17/how-the-talibans-new-burqa-order-threatens-economic-and-workplace-progress-for-afghanistans-women/?sh=7fe2e88c1a63, all referenced on **3/11/23**.

140 See **Note 121** above.

141 See the introductory section of https://en.wikipedia.org/wiki/Islam_in_Afghanistan. Referenced on **3/11/23**.

of us), i.e., to ensure his own immortality. The centralization of ownership of the means of production is one way to attempt to do this, but it is a less attractive way to do this when there is already a religious tradition which can be used and leaned on by a would-be tyrant in the society in which he finds himself, because a religious tradition is, for the would-be tyrant in his time, a *pre-made* method that was originally designed and developed and sustained over generations *for the same purpose*, i.e., for the purpose of conquering death. And in an uncertain and changing world, a world in which, furthermore, life is all too short, and also a world in which the human psyche is evolutionarily built to be driven to a large degree by short-term, animal impulses and instincts, latching onto a pre-made solution for ensuring his own survival is a much more attractive alternative to the would-be tyrant than developing or creating a new solution, because latching on to a pre-existing solution takes much less effort for the tyrant to achieve a given level of psychological and emotional reward. Combine this with a rejection of any and all rational thought and education which challenges the ideological system (and which would make more plain the inner contradictions and absurdities of it), and this leads to the perpetuation of religious tyranny across generations. In fact, this is the source of the enduring appeal of the socialist/communist ideology – it has great emotional appeal to the uneducated masses, as well as to those of the educated and intelligent who refuse to allow sound rational analysis to penetrate this particular part of their belief system (in other words, the psychological source of belief in the supposed benefits of socialism is the same in the minds of both uneducated and educated, both unintelligent and intelligent, believers), because the socialist ideology provides a grand system of society and of the world which places the believer at the center and makes him of primary importance in the progress of history and in the determination of things, and, crucially, provides, in the context of this system, a way for acolytes to believe that they have conquered death[142] – in other words, socialism is a religion. It is just a religion which seeks bliss on earth, rather than in an otherworldly, spiritual plane. The different outward appearances may seem to show a fundamental difference, but, actually, there is a fundamental *sameness* between political religions and "religious" religions. Socialism is tyranny because it seeks absolute control in the worldly realm, and thus the centralization of economic ownership is part and parcel of it, and, as described earlier, is appropriately thought of as the defining characteristic of it. Extremist religious ideology is also tyranny, because it seeks absolute control in the worldly realm

142 E.g., in socialism of the Marxian variety, which is the most widespread variety, both implicitly and explicitly, the proletariat is to be the overthrower of the entire class war, which up to now has determined the entire course of human history, and usher in the final culmination of history in the form of the classless society, where everyone is fully satisfied and blissfully happy – not unlike the Christian concept of Heaven.

*with respect to* dictums and laws from the otherworldly realm. The essence of both is tyranny in the worldly realm; the different ways of achieving this tyranny reflect the differences in sociocultural, socioreligious, and historical circumstances in which the different would-be tyrants find themselves. But notice that because it is the tyrants who have the social and political power, it is *their definition* of total control which is relevant. If a tyrant's definition of total control is based on an interpretation of a religious text which considers the subjugation of women as the only really important thing, then a capitalist free market for production goods can fully exist among the men, in which case the society, in actuality, is not *fully* based in tyranny, as some freedom still exists, and furthermore, this freedom can easily be *protected* by the adherence of the tyrants to their religious ideology. But from the *tyrant's* point of view, their dominance, their control, is *complete* if they have implemented what they consider to be all the important points of their interpretation of their religious law. In the case of religious tyranny, only if the tyrant's understanding of his religious text places specific importance on the centralization of the ownership of the means of production, or if it does not explicitly prohibit it and he feels he needs to take such measures in order to ensure his own survival, will he take measures to implement such centralization, in which case the system of religious tyranny would, if these measures are not countered or reversed, end up as just another instantiation of socialism, just with the outward hue of that society's particular religious and cultural tradition. On the other hand, if the religious tyranny does not implement centralized control of the means of production, then from the *outward* perspective it is not as tyrannical as political tyranny as we have defined it, which will *always* centralize economic control, either at the outset or at some point over time if economic control was not a primary factor of importance in the tyrant's mind when he rose to tyranny. And since we live in *this* world, and no other, and since political tyranny is inevitably absolute tyranny, including economic tyranny, in *this* world, then it is appropriate to say that an implementation of socialism is an implementation of full tyranny *outwardly*, that is, in the context of the real, worldly experience of all members of society, which experience is the only experience all of us have ever known;[143] whereas a system of religious tyranny, while always being *inwardly* – that is, in

143 Despite claims to the contrary – e.g., near-death experiences, experiences of the paranormal, the supernatural, otherworldly realms, visitation by spirits, angels, demons, and the like. These are all either phenomena of the brain and the human psychological need to avoid having to fully accept its own mortality, or, to the extent that something more than this is happening, whatever it is is, and *must* be, *rationally explainable*, because anything which actually happens, or which actually *could* happen, will always happen in *this* world, that is, the world of the rational, which is the only world which exists and can exist, rather than in another or higher realm which is somehow beyond or partially beyond the bounds of rational comprehension. The nature and source of religious belief, and the implications of the totality of rationality for existence and the universe, will be discussed at greater length in future writings.

the mind of the tyrant himself – absolute tyranny, is only absolute tyranny in socioeconomic and political reality if the religious tradition says that it should be so – in which case, it will inevitably progress toward and transform into a system of socialism. This, then, justifies the equating of socialism with tyranny while at the same time allowing us to say that religious tyranny which does not centralize economic control is still tyranny. In both cases, the tyrant needs to believe that he has ensured his own immortality with regard to his own understanding of how immortality can or must be ensured; a religious tyrant can believe this without actually gaining complete worldly control of the population, while a political tyrant, not having a religious text and tradition to lean on, does not have a way to believe this which would halt his efforts toward complete worldly control before such efforts were actually complete, and so he never stops trying to gain complete worldly control of the population. Once again, the system of socialism, which is a system of worldly (i.e., economic, and therefore political) control, can be seen to be a system of complete worldly tyranny – i.e., complete tyranny, plain and simple.

## §6 What is the Ayatollah's Iran?

Currently, a substantial portion of Iran's economic infrastructure is owned and operated by the Iranian government. In fact, Article 44 of the Iranian Constitution states that all major industries, utilities, finance, public works, and others, are to be owned and operated by the state, and that beyond this the state has an economic role in the "cooperative sector" that includes the Bonyads (charitable institutions, though there are reports of corruption and central government control of the funds of these), and only a relatively small portion of economic activity is relegated to private hands.[144] However, it appears that Article 44 was never strictly enforced, and there have been recent efforts to move in the direction of privatization to a substantial degree,[145] though these efforts have been hindered as a result of the expectation that there will be many job layoffs when economic resources transition from government to private hands, due to the many unnecessary workers hired by the government-operated businesses in order to reduce unemployment.[146] As things stand right now, we can say that the Ayatollah's Iran is heavily, though not completely, socialist, due to the strong concentration of economic resources in the hands of the central government;[147] however, Iran appears to be moving in the direction of capitalism, that is, private ownership of the

144 https://en.wikipedia.org/wiki/Privatization_in_Iran, referenced on **3/13/23**. In particular, see the section "The Iranian constitution" and the introductory section.

145 *Ibid.*

146 *Ibid.*

means of production, and, though it is very difficult to predict the future in these matters, we may say that it is at least somewhat likely that the system will become less socialist and more capitalist over time.

The Iranian example serves to illustrate an important point about the difference between socialism and capitalism. In the case of socialism, because the ownership of productive economic resources is centralized, the political control is absolute – he who has control over all of the nation's productive economic resources has absolute control over the population. In the case of capitalism, where the ownership of economic resources is divided into many private hands according to the dynamic pressures of the open market for production goods, power itself is divided into many hands across the nation, and so the only kind of central government which can exist in such a system is one that is limited and representative. In the first case, where the central government has complete economic control, it is not subject to any market pressures in its use of the economic resources at its disposal; rather, if it makes an uneconomic decision, such as hiring more workers than needed to perform a task, or hiring workers to perform a task which produces a product that can only sell on the open market at a loss, or investing certain of its material capital goods in ways that are unprofitable, and which thus cause a net decrease in the total capital stock in the nation after production is complete, those in charge of making these decisions do not suffer any substantial personal loss if the resources are wasted – because they have control of the economic resources of the nation, they can simply take or redirect resources from some other part of economic production or from other funds gathered from the people, to cover the losses, and to *make it appear* from an accounting perspective as if there are no losses. The reality, though, is that no matter how wealth is moved around to cover this loss, the overall capital stock of the nation has still decreased because the economic decision made was a poor one, and this in turn decreases the likelihood that the existing or current standard of living of the nation's people can continue to be maintained, much less improved. A government, whether totalitar-

147 It has been this way since the Iranian Revolution in 1979, which overthrew the Shah and created the current theocratic government. See *Ibid.*: "In July 1979, six months after the victory of the Revolution, 23 private banks that held 43.9 percent of the total assets of all the Iranian banks in their possession, were declared nationalized by the government. At the same time, all the car-making, copper, steel and aluminum industries, as well as the assets of 51 capitalists and major industrialists and their next of kin were declared nationalized by the government. In 1982, Mostazafen Foundation of Islamic Revolution alone came to possess 203 manufacturing and industrial factories, 472 big agricultural fields, 101 major construction firms, 238 trade and services companies, and 2,786 big plots of real estate." The next comment is telling, and provides an example of the general nature of socialist economic production: "Immediately following the outbreak of the Iran-Iraq War over 80% of Iran's economy came under the control of the government. This created numerous problems for Iran as previously internationally competitive companies, such as Iran Air or Iran Khodro, degraded into basic domestic companies that could barely function without massive government subsidies – primarily derived from oil revenues" (referenced on **3/14/23**).

ian or representative, has substantial, continued pressure on it as it performs its daily tasks and duties. But in the case of a socialist government, there is much less incentive to put in the extra mental effort to ensure that the economic resources which it has at its disposal are efficiently used; after all, if they are not efficiently used, more can be taken from elsewhere to cover the losses, because the socialist government *has the power to do so*. In the case of a representative government, which is the only kind of government possible when the economic system is arranged according to the capitalist scheme, if the government is inefficient in its use of resources, the people, who have substantial economic power, and thus political influence, and whose economic resources (e.g., taxes, loans from private banks) are being inefficiently used by the government, will force a transition in leaders, according to an election system, which is the political mirror of the same general principle that underlies consumer choice between multiple producers in a capitalist open market. So, in other words, the kind of government which will arise in a system that arranges economic production according to the capitalist scheme is one which has much greater incentive to *not* waste the economic resources at its disposal, because it stands the real risk of *losing* control of them – again, no different from the pressure on a producer in a capitalist market, who stands the risk of taking a personal loss if his investment decisions do not take in more capital resources than they use, or of losing control entirely if he continues to make poor investment decisions over time. In a socialist arrangement, on the other hand, the economic decision makers have no competing producers or employers with which to contend, and they therefore have much broader limits on their use of the economic resources at their disposal, so they are not incentivized to put in the extra mental effort required to be creative and efficient in their use of these resources. This is another reason why the socialist arrangement of economic production is inefficient and wasteful, separate from and in addition to the intellectual reason referred to as the economic calculation problem, which was discussed earlier.

Another way of saying this is that the different ways of arranging economic production place different levels and types of pressures on the central government when it comes to using economic resources. In the case of the socialist scheme, efficiency in the use of the resources is not a concern, or as great a concern, so other pressures become much more important – e.g., if the people are starting to become a problem for the ruling authority because of the increasing levels of unemployment, the socialist government can easily use some of the additional economic resources at its disposal to hire them for jobs which are not strictly necessary or do not produce a product or service which is worth the investment cost,

just to quell the unrest. In other words, *political* concerns become a more important factor than *economic* concerns, that is, than ensuring the most efficient use of limited economic resources. A representative government, by contrast, would face much greater pressure to use the economic resources it has at its disposal (e.g., money collected via taxation, or loans made to it by private banks or other organizations with capital and which institutions require the loans to be repaid on time, no different from a private debtor) efficiently, because there would be much more powerful constraints on its ability to acquire these resources, which constraints, in turn, exist because the people of the nation, from whom the resources must be acquired, have greater control over how the resources which they own and produce and the money which they earn are used, including by their own government. And over time, as discussed in Chapter 3, a socialist government will continue to be subject to the same pressures and so, as a result of both this and the economic calculation problem, will continue to be inefficient and wasteful in its use of economic resources, with a consequent continuing decline in the overall capital stock of the nation, whereas a representative government will be more efficient in its use of the limited economic resources at its disposal, and, combined with the net capital growth produced by a capitalist arrangement of economic production (see Chapter 2), the overall result in a capitalist socioeconomic arrangement is both conservation of limited economic resources and overall growth of capital in the nation. We can quote Mises again[148] on this point:

> It is in the nature of capitalist society that new capital is continually being formed…. The progressive formation of capital is the only way to increase the quantity of goods which society can consume annually without diminishing production in the future – the only way to increase the workers' consumption without harm to future generations of workers. Therefore, it has been laid down by Liberalism [i.e., *capitalist ideals*] that progressive capital formation is the only means by which the position of the great masses can be permanently improved. Socialism and destructionism seek to attain this end in a different way. They propose to use up capital so as to achieve present wealth at the expense of the future. The policy of Liberalism is the procedure of the prudent father who saves and builds for himself and his successors. The policy of destructionism is the policy of the spendthrift who dissipates his inheritance regardless of the future. (pp. 458-459)

In the case of the current Iranian government under Ayatollah Khamenei, an example of exactly what has been describe above can be seen. As stated in the Wikipedia article:[149]

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148 Mises, *Socialism: An Economic and Sociological Analysis*. https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf (referenced on **3/13/23**). This was part of a quote that also appears on pp. 45-47 in Chapter 2.

149 https://en.wikipedia.org/wiki/Privatization_in_Iran, referenced on **3/13/23**).

> It is widely believed that if current governmental organizations are privatized they will need to become more efficient. At present many are not profitable due to large numbers of unnecessary employees hired by the government to reduce unemployment. Furthermore, many of these companies are subsidized by oil revenues. True privatization will inevitably lead to many unpopular job cuts and large scale layoffs.

Another thing that is worthy of note is the reason why many involved in the efforts to privatize Iran's economic resources have chosen the stance they have. As is the case with Kim's North Korea, with the collapse of the USSR and the bringing of capitalist ideas into the failing USSR by Gorbachev and into post-Soviet Russia, the major capitalist reforms in China which began under Deng Xiaoping after Mao died, and numerous others, those in favor of privatizing economic production in Iran have recognized the eventually undeniable fact that the socialist way of arranging property ownership is grossly inefficient and wasteful, easily subject to political corruption, and reinforces and is reinforced by an authoritarian-style political system. This Middle East Report[150] on the Wayback Machine states the following:

> Since the 2005 election of President Mahmoud Ahmadinejad, the burning economic issue in Iran has been the privatization of public assets and, more recently, the elimination of subsides for a vast array of goods and services. Leading figures, including the Supreme Leader, Ayatollah Ali Khamenei, have called the privatization program "an economic revolution." But it is not only the economy that private ownership is supposed to rescue. There seems to be a consensus across the political and ideological spectrum that public ownership of economic assets is the cause of a host of social and political ills, from authoritarianism to corruption and nepotism.

However, keep in mind that the fact that it is recognized that there are substantial problems with the centralization of economic ownership, as well as that the method of private ownership in the means of production is more efficient and accountable, due to market pressures, i.e., the separation and checks and balances of power, does not mean that the transition to capitalism in Iran will be smooth, or even that it will be successful. In a nation which has been run in an authoritarian fashion in one way or another for its entire history, there will be a strong vested interest on the part of many who are politically powerful, either individually or collectively, and who will stand to lose, often substantially, by a genuine privatization of economic resources, to oppose such efforts. It is possible that the "privatization" efforts which are underway now in Iran may not end up producing a genuine privatization, due to the entrenched system of government corruption and privilege. A true privatization is one which both removes all government corruption, privilege, and favoritism in economic activity, so that a business interest

150 https://web.archive.org/web/20100620055348/http://merip.org/mer/mer250/ehsani.html, referenced on **3/13/23**.

stands or falls entirely on its ability to perform in the open market, and creates a sociopolitical environment which imposes a common law impartially across everyone, whether they are individual citizens, companies, police officers, or government officials, which judges impartially according to this common law, and which has a police force both capable of enforcing the law and prevented by general checks and balances of power throughout society from imposing itself on the people for any purpose other than that of the enforcement of existing law. Furthermore, this system of "true privatization" is one which, should it be realized, has to be *actively maintained*, as is the case with freedom in general – any violation of the principles of freedom in the economic realm, or any other sector of society, on the part of any member or group of members in society, must be called out and dealt with quickly and efficiently, for the preservation of the system as a whole. Given Iran's history of authoritarianism, and the substantial corruption in the Islamic Republic's government after the revolution, a transition of the socio-economic structure according to Khamenei's dictum is unlikely to produce a full privatization, as the article[151] discusses:

> If actually carried out, these policies would indeed precipitate a neo-liberal[152] economic transformation not dissimilar to the Egyptian *infitah* or, more disturbingly, given Iran's international isolation under sanctions, Saddam Hussein's selloff of the Iraqi public sector in the late 1980s. Given the absence of transparency and accountability, in all likelihood, "privatization" of public assets will replace state monopolies with equally unaccountable private monopolies and multinational capital, without necessarily benefiting "the public" in any discernible way…. [Some] have argued that, in the absence of strong regulations and a transparent and accountable legal

151 *Ibid.* The articles goes on to discuss examples of this in the modern efforts at "privatization" in Iran.

152 The term "liberal," like many words in the highly contentious and emotionally fraught world of politics, has been misused a lot over the past 200 years. Here the use appears to be the same as what is meant in the modern term "neoliberal globalization," which sees multinational corporations taking on the role of unregulated centers of power, and which vaguely equates this economic arrangement with the term *capitalism*, which then in turn is used by critics to show how capitalism itself is damaging to society, or how privatization of economic functions is damaging to society. But it is important to keep in mind that a particular system of economic ownership (capitalism, socialism, syndicalism, anarchism) does not exist in an economic vacuum, but rather has broader implications for the rest of society, since everything in society is interconnected and interdependent. This means, e.g., that if economic ownership is truly arranged along "capitalist" lines, this does not just mean the privatization of specifically economic functions, but also a system of government which is representative and a system of impartially-applied common law and law enforcement, and that as long as a nation or culture tries to privatize while at the same time attempting to maintain its system of government privilege and favoritism for a specific group or groups of people and its authoritarian style of control in the political realm, then this is *not* true privatization, i.e., true capitalism; such an effort to privatize would be one which aims to do something that, because of the political constraints it has placed on itself, it will not be able to accomplish, even though it may upturn many things about the existing arrangement of society. That is, a considerable change may still happen in such a society as a result of this "privatization" effort, and outwardly it may appear that the changed society is now capitalist, or at least more capitalist than it was, but, nonetheless, we would still *not* be justified in calling the resulting system a system of capitalism, or in saying that the economic resources have been actually privatized, in the true spirit of the term *privatization*. At best we could say that the reform effort resulted in partial or hampered capitalism. We would also not be justified in calling the system "liberal" in the true meaning of the term, which meaning *includes* a system of representative government and impartial, universal law, and limited but effective law enforcement, *in addition to* private ownership in the means of production, and not just the latter by itself.

> system that can resist political interference, replacing state ownership with private property will amount to replacing one type of oligarchy with another, a state mafia with a private one.

History is a source of powerful constraint on the future development of a nation; this is why, for example, socialism can look different when implemented in different countries – Stalin's USSR vs. Hitler's Germany vs. Mao's or Xi's China vs. Kim's North Korea, etc. Different national histories and cultures place different constraints on how a would-be tyrant can, and wishes to, create and sustain a system of tyranny. Likewise, different national histories and cultures can place different constraints on the ability of a people to transition to a system of capitalism, in some cases making it effectively impossible, or impossible for the foreseeable future. This is not to say that this will be the case with Iran. But it is to say that Iran's case, like many others, is one which will, at best, transition to capitalism with substantial difficulty, and at some point if the modern efforts at privatization are announced as complete or essentially complete, or if scholars or observers eventually notice that a substantial economic change has taken place in Iran's society as a result of these privatization efforts, the deeper question would still need to be asked, viz., whether the system had moved in the direction of genuine capitalism. If the new system is one which still maintains authoritarian political control, in one form or another, then the economic change will have been a surface change only, without having moved, or moved substantially, in the direction of genuine individual freedom. In such a situation, it would not be justified to call the system capitalist, and it would not be justified, as the critics of capitalism would be wont to do in this situation, to use Iran as an example of why capitalism does not work. Words have meaning, and, especially in cases of words which describe things that are both complex and that have high emotional stakes attached to them, it is important to ensure that we have a proper understanding of what the words mean, or what they *should* mean, when we use them, and also that we are consistent in our use of them when we do use them; otherwise, we just end up doing more harm than good, sowing confusion and prolonging controversy. The purpose of explanation is to clarify; unfortunately, it is all too often used to *avoid* doing exactly this. Clarity of understanding is the foundation of real progress. But clarity of understanding also means having to come to terms with our own failures, flaws, and shortcomings, our own transientness and insignificance in the grand scheme of things, none of which can be ignored or suppressed if we are to know the *whole* truth, and not just a part of it. By using terms like "capitalism" in ways which stroke emotional needs at the expense of rational understanding, we may gain an audience of uncritical minds who search for and latch onto some-

one who is willing to tell them pleasant lies, but we do not help in the effort to find genuine solutions to our problems – rather, we help the tyrants and would-be tyrants in their efforts, who *always* seek to sow confusion and lies among the rest of us, the better to keep us from thinking of a way to break free from their tyranny, or from feeling that a desire or impulse to do so is justified; or so that it will be easier for them to impose tyranny upon us if we are free.

## §7 What was Hitler's Germany?

If one listened only to what the party line was when Hitler was leader of Germany, and only looked at the surface of things, one might be convinced that the economic system in Germany under Hitler was not socialist, but capitalist. After all, Hitler made it a point to say that "the basic feature of our economic theory is that we have no theory at all," and Hitler considered one of the strengths of his National Socialist party that there was no explicit economic program which was part of its plan for Germany.[153] There was also a program of privatization of state industry which was begun after the Nazi Party took control. Consider also the official stance of the Nazi Party on private ownership in the means of production: "Nazi ideology held entrepreneurship in high regard, and 'private property was considered a precondition to developing the creativity of members of the German race in the best interest of the people.' The Nazi leadership believed that 'private property itself provided important incentives to achieve greater cost consciousness, efficiency gains, and technical progress.' "[154] If one looked no further than this, one might conclude that the Nazi system was one which favored capitalism. In fact, it is not hard to imagine that there are leftists in America who do precisely this, and who conclude that capitalism is bad for society because it was the economic policy of Nazism.

However, this would be a premature conclusion, even if Hitler's system did have some elements of capitalism. As is the case with any complex system, such as a human society, where many independent and quasi-independent factors are at play, one must look beneath the surface to properly understand the economic conditions of Germany under Hitler. Consider, first of all, that not long after he became Chancellor of Germany in 1933, Hitler unilaterally shifted the focus of the German economy toward military rearmament to align with his Party's vision that war was "the primary engine of human progress…. During the 1930s, Nazi Germany increased its military spending faster than any other state in peacetime, and

153 https://en.wikipedia.org/wiki/Economy_of_Nazi_Germany, referenced on **3/15/23**.
154 *Ibid.*

the military eventually came to represent the majority of the German economy in the 1940s."[155] Note that in wartime, or in preparation for immanent war, it is typical for the central government of a nation to exercise increased power over the people, as war or the credible threat of war are emergency conditions which necessitate a unified national response and effort for the purpose of preserving the nation's integrity and sovereignty. Recall that in Chapter 3 on socialism it was said that centralized political control necessitates centralized economic control, and vice versa – i.e., that if a government is driven to achieve one of these, the other will eventually follow, if such development is not interrupted by outside forces. The only way to centrally control and manage a nation's economic resources is to have the political and military power necessary to force into submission anyone who disagrees with one's economic plan for the nation, in order to preserve the integrity of the plan in the longer run; and the only way one can centralize political and military power is if one has ongoing control of the substantial economic resources necessary to ensure that one's political propaganda machine can continue operating; that one can feed, clothe, equip, pay, and grow one's military force and one's civilian police force so that one can continue projecting an image of power to the population, which is an essential part of keeping them in submission; and that one can fund the necessary social measures to keep one's people from revolting, such as government subsidies or public works projects when unemployment rises. The two, political tyranny and economic tyranny, go hand in hand.

But unlike a nation which is only responding to an outside threat to its ability to direct its own course in safety and security and its ability to protect the individual freedom of its citizens, and which shifts production toward military purposes temporarily in order to respond to the threat, Hitler's system was one which was heavily bent on centralizing political and military power primarily for the purpose of wars of conquest, i.e., for the purpose of threatening and invading other nations and subduing other peoples.[156] Furthermore, consider that if Hitler had

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155 *Ibid.*

156 It is important to point out here though that to the extent Soviet Communism was spreading in Germany (e.g., with the Communist Party of Germany, or KPD, from 1918 – 1933; see, for example, https://en.wikipedia.org/wiki/Communist_Party_of_Germany [referenced on **7/7/23**]), it is at least to this extent that there was an outside threat of tyranny which needed to be resisted. Such a need does not justify any of the atrocities Hitler's regime committed. But it is important to remember that just because Hitler's regime was totalitarian and cruel does not mean that Soviet Communism was not, or that it would not have been so in Germany had it gained the political helm, rather than peaking at 16.9% of the vote in the November 1932 elections before Hitler became Chancellor in 1933. Dictators and would-be dictators seek to dominate each other and each other's nations from time to time for a number of reasons, including whenever they feel that if they do not make the effort to do so they will be defeated and liquidated themselves, or their country's way of life will be substantially altered and subordinated to that of an invading or conquering nation, whether such invasion happens militarily, ideologically, or otherwise. Just because a person is a

won World War II he would have forced, or attempted to force, various other European nations into submission; but in order to keep them in submission, he would have had to maintain ongoing control of vast amounts of economic resources in order to maintain the necessary political and military machinery which would be needed for this purpose, along with additional resources in order to train the youth of other nations, and his own, in the Nazi way and to erase all traces of other cultures which would serve to hinder his efforts. He would have also needed to keep the members of both his own and the conquered nations from having much or any direct ownership (i.e., control) of productive economic resources, with which they could increase their chances of mounting a successful resistance or revolt, since it would be the productive economic resources which would be the necessary material means for producing the material things needed for the revolt (food, clothing, weapons, etc.). In addition, he would have had to ensure his ongoing control of vast economic resources even beyond this, to prevent a fully transformed population from straying according to either imported ideals of freedom or according to any ideals which might spring up directly in the minds of the people under his control. In other words, if Hitler had had his way, he would have had to maintain political tyranny perpetually, and in order to do so, he would have had to maintain economic tyranny. Fortunately for the world and for freedom, this did not happen. But the economic actions and decisions of Hitler's Germany from 1933 through the end of World War II are an illustration of the principle that if left to develop of its own accord a system which starts as political tyranny will show signs of evolving into one of economic tyranny as well.

Consider first that in Hitler's Germany those business interests which were supportive of the Nazi agenda were favored by the Nazi Party at the expense of their competitors, since the Party granted them "advantageous contracts, subsidies, and the suppression of the trade union movement."[157] But it did not stop there. The article goes on: "In exchange [for supporting the Nazi agenda], owners

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dictator or has dictatorial tendencies does not mean he cannot see the dictatorial tendencies of another dictator or would-be dictator, or that he cannot recognize another dictator's dictatorial ideology or policies when he sees them. Trotsky, for example, understood the inherent dictatorial nature of Stalin's regime, and even commented on it when he was in exile. Just like in America, it is important anywhere to work against the spread of communistic ideals, which are ideals of tyranny; such effort is a prime example of justified self-defense, and self-defense to neutralize immediate or credible threat of arbitrary infringement is always justified. It is just not justified for a person to infringe on those who are not a real part of the tyrannical efforts being made against them in order to defend themselves against tyranny – there were numerous other components of Nazi ideology, such as *Lebensraum*, the Jewish conspiracy, and the racial argument which were flawed, and which served to reinforced Hitler's sense that he was in the right in his decisions to commit the atrocities that he did. It is important to note that if he had not been so deeply insecure then he would have had a better chance at understanding things more rationally, and so of being able to more precisely pinpoint the real threats to freedom in Germany, rather than seeing threats which mostly, though not entirely, did not exist and embarking on the build-up of a massive war machine and imperialistic and colonialistic efforts in order to neutralize these threats.

157 https://en.wikipedia.org/wiki/Economy_of_Nazi_Germany, referenced on **3/15/23**.

or managers of [these supportive] German businesses were granted unprecedented powers to control their workforce, collective bargaining was abolished and wages were frozen at a relatively low level. Business profit also rose very rapidly, as did corporate investment. The Nazis granted millions of marks in credits to private businesses. Many businessmen had friendly relations to the Nazis…."[158] This is a form of central government control of economic resources, because if a company spoke out against the Nazi agenda or operated in a productive capacity which was not in line with Nazi decrees and demands, at the very least it would not be granted any of these privileges, and it also stood a good chance of being punished in some way,[159] and both of these things would make it considerably harder for such a company to compete in the marketplace. This is what is sometimes called "crony capitalism," which is an arrangement whereby certain business interests obtain political advantage at the expense of their competitors by providing funds or other compensation or support to the government officials who provide the political advantage; in other words, it is an effort to *obstruct* the process of free market competition by a company or group of companies who seek to have an unfair advantage in their marketplace. And since capitalism is a system of genuine free market competition between companies, *none* of which has been granted any favors from a political entity which would give them an unfair edge in their marketplace (which favors would constitute an arbitrary infringement by the government and the favored competitors on the property rights of the unfavored competitors), then the system of crony capitalism is a system which seeks to *obstruct* the process of capitalism. It is *not*, as its name implies, a *type* of capitalism; it is, rather, an effort to limit and artificially redirect the capitalist economic process along lines it would not have taken on its own – that is, an effort to *stifle*, to one degree or another, the process of free market competition, for the sake of a political agenda and financial assistance and rewards for the privileged companies.

Consider, next, that Hitler's system, almost from the beginning, placed heavy emphasis on the cartelization of business. "Cartels and monopolies were encouraged at the expense of small businesses, even though the Nazis had received

158 *Ibid.*

159 *Ibid.*: "The rhetoric of the Nazi regime stated that German private companies would be protected and privileged as long as they supported the economic goals of the government – mainly by participating in government contracts for military production – but that they could face penalties if they went against the national interest." The article goes on to say that "however, such threats were rarely carried out in practice," and that there were even examples of companies refusing to comply with the Nazis' economic demands. But the argument of Peter Hayes in the subsequent paragraph of this same Wikipedia article makes sense, viz., that there was little need to carry out these threats because once they were carried out a few times the example was set, which then for the most part ensured that businesses fell in line. Hitler's Party had considerable political power, and thus considerable ability to make life very difficult for non-compliant businesses. One would think that once the Party showed that this threat was credible, the business owners, who would be keenly interested in preserving their livelihood, would have quickly heeded the message and adjusted their behavior.

considerable electoral support from small business owners."[160] And even though the official stance of the Nazi party was that private enterprise is a good thing, note the following from further down in the same article: "… the privatization was 'applied within a framework of increasing control of the state over the whole economy through regulation and political interference,' as laid out in the 1933 Act for the Formation of Compulsory Cartels, which gave the government a role in regulating and controlling the cartels that had been earlier formed in the Weimar Republic under the Cartel Act of 1923."[161] Consider also the following: "Hitler's administration decreed an October 1937 policy that 'dissolved all corporations with a capital under $40,000 and forbade the establishment of new ones with a capital less than $200,000,' which swiftly effected the collapse of one-fifth of all small corporations. On July 15, 1933 a law was enacted that imposed compulsory membership in cartels, while by 1934 the Third Reich had mandated a reorganization of all companies and trade associations .... [As a result of these measures,] the Nazi regime was able to close most of Germany's stock exchanges, reducing them 'from twenty-one to nine in 1935,' and 'limited the distribution of dividends to 6 percent.' "[162] Consider the overall effect of these measures. If a political authority wishes to maintain and grow itself, it makes sense that it would reduce the number of independent sources of economic ownership, so that the economy is left with a small number of larger, concentrated economic actors; in a system where the central political authority has substantial power and desires to maintain and grow it, it is much easier to make use of large amounts of concentrated economic resources under the friendly direction of a small number of people who are political allies than economic resources which are spread out among millions of people across the country, under which condition each such person controls only a tiny amount of the resources. But Hitler's government went further than just providing political and financial incentives toward this concentration of economic resources; it enacted legislation that *forced* this cartelization, in order to better achieve the desired end, and this had the further effect of substantially weakening the open market for company stock, which is another way of restricting economic freedom, since now fewer companies could compete to be traded, fewer people had wealth with which to trade as a result of the consolidation of economic resources under more centralized control, and the companies which were left to trade were much more heavily aligned with the agenda of the established political party, rather than being aligned solely with the need to satisfy the interests of con-

160 *Ibid.*
161 *Ibid.*
162 *Ibid.*

sumers making voluntary choices on the open market. There was also an additional infringement on the economic freedom of the investors of the companies which remained, viz., that any dividends paid out to investors were capped at 6% – meaning that any additional dividends beyond the 6% which *would* have been paid out on an open market would have instead almost certainly made its way to the coffers of the Nazi Party and their friends.

Next, consider the Nazi Party's attitude toward trade unions. The defenders of capitalism have never argued that workers should not have the right to organize together or to collectively stop work in order to demand a better rate of pay from their employers. Rather, they have argued against the policy of violence employed against the strikebreakers. This is because such a policy arbitrarily infringes on the person and property of the strikebreakers, which is a violation of the general principle of individual freedom, upon which the process of capitalist competition and production in an open market depends for its continuation. But note that if trade unions have the ability to forcibly prevent others from working in place of the strikers, then they have the power to arbitrarily impose their will on companies and industries, not to mention on the strikebreakers themselves who are prevented from doing the work which they have voluntarily chosen to do, and from earning the wages for it.

Note also that if a strike is successful, that is, the strikers succeed in raising wages for themselves above the level of wages determined on the open market for the type of labor which they perform, this does not typically affect the level of consumer desire or interest for the products these laborers produce, nor does it affect the company's or industry's costs of production, aside from increasing the cost of labor. This means that the company or companies in a given industry will need to reduce cost in some way in order to ensure that their returns continue to cover their increased expenditures. In a non-vital industry, this can happen within the industry and its associated industries by making various adjustments in production and labor elsewhere, and those adjustments will then have the effect of taking resources from other companies or workers in order to satisfy the higher wage demands of the successful strikers. But in a vital industry, such as transportation of goods or electric power generation, or in the case of a general strike, the effect is that the trade union which strikes will have absolute control over the nation or a critical part of it, viz., they will have placed themselves atop a system of absolute tyranny. If they control vital branches of production, and they collectively refuse to produce, then everyone else, including the established government of the nation, will be at their mercy. This possibility of a group of workers in an industry threatening the power of the central political authority is something that

the political authority will take every necessary measure to prevent. Just as with independent religious authority, a central political authority which seeks to be absolute cannot brook the existence of a nontrivial economic power within its geopolitical domain, so it must either bring it in line or exterminate it. In the case of Hitler's Germany, consider the following: "The Nazis banned all trade unions that existed before their rise to power, and replaced them with the German Labour Front (DAF), controlled by the Nazi Party. They also outlawed strikes and lockouts. The stated goal of the German Labour Front was not to protect workers, but to increase output, and it brought in employers as well as workers."[163] This is very much in line with the agenda of a totalitarian government. The same was the case with the Soviet system. Consider what Mises says on this point: "A government abdicates if it tolerates any non-governmental agency's use of violence. If the government forsakes its monopoly of coercion and compulsion, anarchic conditions result…. What generated dictatorship in Russia and Germany was precisely the fact that the mentality of these nations made suppression of union violence unfeasible under democratic conditions. The dictators abolished strikes and thus broke the spine of labour unionism. There is no question of strikes in the Soviet empire."[164] Further, note that this is yet another form of consolidation of economic control. All independent labor unions were abolished, which substantially reduced the power of workers in many enterprises, and a single, central "labor union" was formed which did not even advocate for workers' rights, the essential function of a labor union. Rather, it *fronted* as a labor union, while in reality it was used as an additional economic tool to further the political agenda of the Nazi Party.

Additional examples of economic consolidation could be considered. For example, "the Chamber of Economics (whose president was appointed by the Reich minister of economics) absorbed all existing chambers of commerce. By 1934 these two groups [the Chamber of Economics and the German Labour Front] merged somewhat when the Chamber of Economics also became the economics department of the DAF. To aid this, a board of trustees run by representatives of the Nazi Party, the DAF and the Chamber of Economics was set up to centralize their economic activity."[165] Or consider that in 1936 "Hitler faced a choice between conflicting recommendations. On one side a 'free market' technocratic faction within the government … call[ed] for decreased military spending, free trade, and a moderation in state intervention in the economy. This faction

163 *Ibid.*

164 Mises, *Socialism: An Economic and Sociological Analysis*. https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced on **3/15/23**.

165 https://en.wikipedia.org/wiki/Economy_of_Nazi_Germany, referenced on **3/15/23**.

was supported by some of Germany's leading business executives…. On the other side the more politicized faction favored autarkic policies and sustained military spending."[166] Not surprisingly, given Hitler's belief in conquest rather than free trade across Germany's borders, he chose the latter option, which prevented efforts to reduce the state's role in managing economic production. Or consider the massive centralization of heavy industry in the late 1930s and into the 1940s, under Hermann Goring, who was the Nazi Party's highest economic manager starting in 1937 after Schacht resigned: "In July 1937, the Reichswerke Hermann Goring was established as a new industrial conglomerate to extract and process domestic iron ores from Salzgitter, as the first step in a general effort to increase German steel production in preparation for war…. At first, the Reichswerke began as one of the smaller German iron and steel corporations, but it was able to expand rapidly after the German annexation of Austria in 1938, by acquiring large sections of Austrian heavy industry ranging from raw material production to armaments, manufacture, sales and distribution. A number of the Austrian firms acquired by Reichswerke had owned stock in smaller foreign businesses as well, so the Reichswerke became the owner or co-owner of various coal, iron, and steel companies across Central Europe even before the outbreak of war…. The German occupation of Czechoslovakia in 1938-39 enabled the Reichswerke to undergo another major expansion immediately prior to the war, by acquiring shares in Czech coal mines, armaments firms, and iron and steel manufacturers…. Later, during the war, the Reichswerke would expand by incorporating over 500 companies in key German industries and much of the heavy industry of occupied nations, including between 50 and 60 percent of Czech heavy industry and slightly less in Austria. By the end of 1941, the Reichswerke had become the largest company in Europe, after absorbing most of the industry captured by Germany from the Soviet Union."[167]

Other examples could be cited, but the point is clear. The substantial concentration of economic resources under Hitler's regime means that his regime was socialist. Furthermore, the substantial concentration of economic resources *in spite of* the Nazi Party's official stance that private ownership in the means of production was highly regarded and was better than government ownership, serves to illustrate the point that a focus on absolute political power, such as Hitler's, necessitates a focus on absolute economic power. This is indicated by the progressive concentration of capital resources under central government management over the 1930s and into the 1940s. The facts that economic management was not explicit-

166 *Ibid.*
167 *Ibid.*

ly set up to be centrally managed by the government in the vein of the Soviets' system of central planning and that Hitler waged bitter political and military battles with Soviet Communism and the influence of the communist parties are beside the point. Regardless of how the economic resources end up being centralized, and what that centralization looks like outwardly, the strategic or long-term end result is always the same, viz., centralized control of *all* power in the hands of a small number of people, typically headed by a single dictator, and absolute subservience on the part of the rest of the people. This means that if one were to classify Hitler's National Socialism and the Communism of Soviet Russia each into its respective class of political system – that is, a category which defines all the essential patterns by which a political system operates and which ignores irrelevant or accidental factors – then one would be forced to place them into the *same* class of political system, viz., dictatorship, and therefore the class of system which centralizes control of the means of production. In other words, they are both examples of socialism.

One must not let the terms "Left" and "Right" confuse the issue, either, as they are apt to do. In the common understanding, Hitler's system is considered right-wing in the political spectrum, and Communism (and "socialism" as a general term) is considered left-wing in the political spectrum; so it would seem, at least on the surface, that the two could not be more different. However, as with Hitler's economic policy itself, and anything else besides, if one wishes to have a sound understanding of the similarities and differences between Hitler's system and the system of Communism/socialism, one must dig deeper than the surface-level labels. At first, one might think that the difference lay in the fact that Hitler's system was strongly nationalist, isolationist, and imperialist, while the system of Soviet Communism was internationalist, and preached a world socialist society under the leadership of Moscow. However, despite these differences, notice that in either case, there was not room for more than one ultimate political power – Hitler's system could not brook nontrivial Soviet influence in Germany, and broader Europe, and the Soviet system could not brook Hitler's expansionism. Both systems were totalitarian, and so each understood that their own fate would be miserable if the other gained control of the European territories. Both were great powers at the time, and they clashed violently with each other during World War II. Given that the Soviets' system was considered left-wing already, it would make sense that this massive political and military conflict – not just the War but also the build-up to it – would spill over into political terminology, which would make it easy to label Hitler's system "right-wing," that is, the opposite of the Soviets' system of communism. But notice that this labeling, while it does serve to

indicate certain differences between the systems which are of historical importance, e.g., differences in the *tactics* which each used and attempted to use to bring about tyranny, does not serve to indicate whether the systems differ from each other according to the most important factor, viz., whether the individuals who live under the system are free, safe, prosperous, and happy, or not. By this measure, both Hitler's system and Stalin's system were identical. The differences in outward appearance and political and military tactics were differences of surface, not of substance; and the bitter enmity between the two only indicated a rivalry between two men, each of whom did not want to be ruled, or executed, by the other. The differences between the parties did not serve ultimately to indicate a difference in the essential principles by which the two societies would be arranged if the one or the other party were to gain control over its rival, and did not serve to indicate a difference between whether the population would be free or unfree. The important debate is not that between Hitlerism and Communism, between Left and Right, but between the ideals of freedom, represented economically by capitalism, and the ideals of tyranny, represented economically by socialism. This debate both transcends and goes deeper than the typical division between Left and Right, which itself is not, and has never been, a *fundamental* division.

The same is true for the term "fascist," with which leftists often label their right-wing opponents. In some cases, the label is accurate. But in using these labels without thinking much, or at all, about their underlying meaning and history, we are not really helping society solve its problems. "Fascism … was a variety of Italian socialism. It was adjusted to the particular conditions of the masses in over-populated Italy,"[168] and was every bit as tyrannical as Nazism and Soviet Communism.[169] In the context of the debate between socioeconomic systems which protect and strengthen the freedom of the individual in society and those which

168 Mises, *Socialism: An Economic and Sociological Analysis*. https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf (p. 572). Referenced on **3/16/23**.

169 Mises goes on in *ibid.*: "In recent years the communists' semantic innovations have gone even further. They call everybody whom they dislike, every advocate of the free enterprise system, a Fascist. Bolshevism, they say, is the only really democratic system. All non-communist countries and parties are essentially undemocratic and Fascist." (pp. 572-573). And further: "The programme of the Fascists, as drafted in 1919, was vehemently anti-capitalistic. The most radical New Dealers [see the section below on FDR's New Deal] and even communists could agree with it. When the Fascists came to power, they had forgotten those points of their programme which referred to the liberty of thought and the press and the right of assembly. In this respect they were conscientious disciples of Bukharin and Lenin. Moreover they did not suppress, as they had promised, the industrial and financial corporations. Italy badly needed foreign credit for the development of its industries. The main problem for Fascism, in the first years of its rule, was to win the confidence of the foreign bankers. It would have been suicidal to destroy the Italian corporations. Fascist economic policy did not – at the beginning – essentially differ from those of all other Western nations. It was a policy of interventionism [see Appendix C below on interventionism]. *As the years went on, it more and more approached the Nazi pattern of socialism. When Italy, after the defeat of France, entered the second World War, its economy was by and large already shaped according to the Nazi pattern.* [Italics mine.] The main difference was that the Fascists were less efficient and even more corrupt than the Nazis." (p. 575). Referenced on **3/16/23**.

seek to extinguish it, Italian Fascism should be placed squarely in the same camp as communism, Nazism, and socialism, and just as opposed to capitalism as the latter three.[170] Fascism and Nazism took the same side against the Soviets in World War II, so there is a historical precedent for thinking of Fascism as right-wing; however, as with Nazism, the difference is only superficial. The grand effects of each socioeconomic system on the masses, the effects on freedom, the strategic arrangement of the ownership of the means of production – all these are the same for these four ideologies; only their outward appearances differ. In other words, aside from circumstantial differences, they *are* the same system. Another way of saying this is that it is dishonest and misleading to call a tendency toward tyranny in the Far Right fascist, without at the same time calling any tendency toward tyranny in the Far Left *equally fascist*. In either case, without being hindered, stopped, or reversed by outside forces, and if it did not destroy itself from within before it reached its logical conclusion due to a breakdown at some prior point, say by an anarchic revolt by the people while they still had the power to do so, the system would progress toward, and eventually end up as, one of both absolute political and absolute economic tyranny; the only difference between them would be in the details of how each got there, and the incidentals of how each was arranged once it reached full tyranny.

One final point should be made. In an effort to show that capitalism is evil, or that "large" corporations are evil, an anti-capitalist might start with making the point that there were numerous large corporations which colluded with Hitler's regime and reaped benefits from corrupt activity. To illustrate, consider the following: "Nazi Germany maintained a supply of slave labor, composed of prisoners and concentration camp inmates, which was greatly expanded after the beginning of World War II. In Poland alone, some five million people (including Polish Jews) were used as slave labor throughout the year. Among the slave laborers in occupied territories, hundreds of thousands were used by leading German corporations including Thyssen, Krupp, IG Farben, Bosch, Blaupunkt, Daimler-Benz, Demag, Henschel, Junkers, Messerschmitt, Siemens, and Volkswagen, as well as the Dutch corporation Philips. By 1944, slave labor made up one-quarter of Germany's entire civilian work force, and the majority of German factories had a contingent of prisoners."[171] But the preceding discussion about the centralization

170 This can be especially difficult to do for a leftist who sees both the terms "capitalism" and "fascism" as synonymous with "right-wing," or even with just "far right-wing." This is an example of what can happen if flawed ideas or flawed associations become solidified and rigidified in a human psyche, reinforced by either direct or indirect emotional need to believe that the world is a certain way when it is not. It is much more difficult to rid one's mind of a deeply-held false association than it is to learn from the beginning, on the basis of sound ideas, that the association is false.

171 https://en.wikipedia.org/wiki/Economy_of_Nazi_Germany, referenced on **3/16/23**.

of economic ownership in Hitler's Germany should put this in proper perspective. First, Hitler's economic practice (as opposed to the official Nazi Party policy) was to forcibly centralize control of economic production into a small number of hands; we have seen in both Hitler's Germany and in the discussion of socialism in general that the progressive concentration of capital into fewer and fewer hands is a characteristic quality of the progression toward full socialism. Further, Hitler's political and military strength forced companies, large and small, to fall in line with his economic agenda, which implies that whether they were willing or not, if Hitler had told them to use slave labor in order to decrease costs of production, they would effectively have had no choice but to do so. But as we have seen, this kind of relationship between business and government is *not* characteristic of capitalism. Rather, it is characteristic of central government economic planning, which is socialism: when a central government has the power to forcibly concentrate and strategically redirect the course of economic production for an entire nation (including the nation's or occupied territories' labor forces), especially when such economic control is open-ended rather than a transient response to an emergency or crisis condition such as the immanent threat of imperialistic invasion from a foreign hostile nation, economic production is *socialist*, not capitalist.

And even if we grant that some, or for the sake of argument all, of the companies in Nazi Germany which took advantage of slave labor did so *by choice*, and would have done so if given the opportunity even in the absence of any direct or indirect order from Hitler, this still would not be a black mark against capitalism. The point of arranging production capitalistically is not so that we can say that a company, just because it is a *company*, can do no wrong, or is unable to do anything immoral, or that its actions are always or should always be considered to be above reproach or above the law. Anyone who thinks of the defense of capitalism as the defense of the inherent validity, morality, or rightness of all and any actions taken by a company or on behalf of a company just because it is a company has completely misunderstood the argument. The point of arranging production capitalistically is that ownership of productive economic resources is *distributed* according to voluntary choice for both consumption goods and production goods on competitive markets, and that *it is precisely this arrangement of property ownership which minimizes the chance that a corporation can take action to harm workers or consumers*, because both workers and consumers have the option to move to a different company in the market, or, for many things and situations, to a tangential market, or to a different market entirely. The goal is, and has always been, to *minimize* the damage which certain tendencies and idiosyncrasies in human na-

ture can cause to society and to us as individuals when we interact with each other, and to maximize the *benefits* which these and other tendencies in human nature can have for us as individuals as we take part in society. By arranging the ownership of the means of production along capitalist lines, we *minimize* the chance that employers will feel that they will benefit from slave labor, and we also *minimize* the chance that a central government will have the power to create or enforce a system of slavery. This does not mean that companies should be above the law, or that their actions should always be seen as right and good; quite the opposite – any action taken by an individual as part of or on behalf of a company should be as subject to the law as the actions of a private citizen which have no relation to and are not on behalf of any company. This also does not mean that a worker will *always* have an easy way to move to an employer who will treat him better, or to move to an occupation which pays him a wage he feels he deserves, or that a consumer's voice will *always* be heard by a company, which will then take immediate action to change its productive measures according to that consumer's wishes. The defense of capitalism has never been the defense of a system which promises perfection; in fact, perfection is the standard line of the defenders of *socialism*.[172] Rather, the defense of capitalism is the defense of a system which provides, both now and in ongoing fashion, the best way to minimize the damage done to society and freedom by those in direct control of productive economic means, and to maximize the ability to achieve and rise to a higher standard of living for those who do not have direct control of productive economic means, and it does this by arranging property ownership in such a way as to ensure that the in-

172 Consider the mention which Mises makes of various such promises in the socialist literature: "Socialist writers depict the socialist community as a land of heart's desire. Fourier's sickly fantasies go farthest in this direction. In Fourier's state of the future all harmful beasts will have disappeared, and in their places will be animals which will assist man in his labors – or even do his work for him. An anti-beaver will see to the fishing; an anti-whale will move sailing ships in a calm; an anti-hippopotamus will tow the river boats. Instead of the lion there will be an anti-lion, a steed of wonderful swiftness, upon whose back the rider will sit as comfortably as in a well-sprung carriage. 'It will be a pleasure to live in a world with such servants.' Godwin even thought that men might be immortal after [private ownership of] property had been abolished. Kautsky tells us that under the socialist society 'a new type of man will arise … a superman … an exalted man.' Trotsky provides even more detailed information: 'Man will become incomparably stronger, wiser, finer. His body more harmonious, his movements more rhythmical, his voice more musical … The human average will rise to the level of an Aristotle, a Goethe, a Marx. Above these other heights new peaks will rise.' And writers of this sort of stuff are continually being reprinted and translated into other tongues, and made the subject of exhaustive historical theses! Other socialist writers are more circumspect in their pronouncements but they proceed on essentially similar assumptions. Tacitly underlying Marxian theory is the nebulous idea that the natural factors of production are such that they need not be economized. Such a conclusion indeed follows inevitably from a system that recons labor as the only element in costs, that does not accept the law of diminishing returns, rejects the Malthusian law of population and loses itself in obscure fantasies about the unlimited possibility of increasing productivity. We need not go further into these matters. It is sufficient to recognize that even in a socialist community the natural factors of production would be limited in quantity and would therefore have to be economized." Mises, *Socialism: An Economic and Sociological Analysis*, pp. 163-164. https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced on **3/16/23**.

terests of both groups *coincide*. The defense of capitalism, in other words, is the defense of the most optimized way to allow for the achievement of the goals and aspirations of each individual of which society is made (this, after all, is the entire point of society – each individual is able to achieve and find happiness better as part of a system of societal cooperation and division of labor than outside of such a system) in the context of a world which we do not completely control, and which therefore imposes fundamental limits on our existence. Socialism, on the other hand, by centralizing economic control into the hands of a small number of people, is a method by which a small number of people are able to achieve their own goals and find their own happiness and fulfillment *at the expense of the rest of the population*. Propagandistic efforts, however, will often obscure this distinction, and so any defender or would-be defender of *freedom* would do well to ensure that, both directly and indirectly, knowingly and unknowingly, he or she is not defending socialism at the same time.

Always remember that tyranny can have many faces. Some of these faces happen to look like capitalism, or like freedom. Some happen to be quite inviting and attractive. But so is the view of a broad, lush valley just beyond the edge of a cliff. Enticing as it may seem from a distance, if you don't look down from time to time as you step toward it, and adjust your path accordingly, you won't realize that you had fallen far short of your goal, and, in fact, had moved further away from it, until after you had stepped over the edge.

## §8 What is South Korea?

What is interesting about the Korean peninsula is that not too long ago both Koreas were at the same level of economic development. Prior to the end of World War II, from 1910 to 1945, the entire Korean peninsula was a Japanese colony. At the end of World War II, the two superpowers, the Soviet Union and the US, could not agree on how the Korean peninsula should be governed, so in 1948 they divided it along the 38th parallel, and they agreed that the Soviet Union and the Communist PRC would protect and guide the North and the US and its allies in Western Europe would protect and guide the South. Kim Il-Sung, the original leader of North Korea, launched the Korean War by invading South Korea in 1950,[173] supported heavily by the Soviets and by Mao Zedong and the Commu-

173 While we cannot say with certainty that if one of the two invaded the other it would have been the North invading the South, rather than the reverse, we should keep in mind that the North was guided by the ideals of the Soviet Union, which was a tyrannical system that was highly oppressive of its own people, and which was guided in significant part by Marxian internationalism, an effort to see their socialistic control spread to other nations – ultimately no different in principle from so-called *nationalist* socialism, such as that of Hitler. Also, as stated previously, the most profound

nists in China,[174] in order to reunify the peninsula under his, and ultimately the Soviets', totalitarian control. The bloody, destructive war ended in 1953 with a stalemate, and both countries agreed to a cease-fire, though no formal treaty to end the war was ever signed, and so technically the countries are still at war today. Since then, North Korea has remained a system of tyranny and poverty, while South Korea has developed into one of the largest economies in Asia, and one which is similar in nature and progressive development to the largest capitalist economies in the world, with a standard of living for its citizens comparable to that of the US and Western Europe.[175] An understanding of the source of this difference is instructive.

Not surprisingly, after the Korean War it took some time to pick up the pieces. After all, "approximately 3 million people died in the Korean War, with a higher proportional civilian death toll than World War II or the Vietnam War, making it perhaps the deadliest conflict of the Cold War era. In addition, virtually all of Korea's major cities were destroyed by the war."[176] Given this devastation, and given the deep familiarity the Korean people had with living under dictatorship, most recently as a result of Japanese colonial rule from 1910 to 1945, it is not surprising that the early years of South Korea were led by dictators; there were too many vested interests and there was too little experience with representative government among its people for South Korea to transition smoothly to a system marked by a deeper understanding of individual freedom and its meaning in broader society – this kind of understanding takes time to develop in the minds of the citizens of a nation, and, further, to develop to the point where real, persistent, change can be brought about in its political system. Syngman Rhee was the

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threat to a tyrant or would-be tyrant is the ideals of freedom spreading unchecked among his populace, and at the time of the Korean War such ideals were threatening to spread on the southern half of the island under the aegis of the most powerful coalition of capitalist nations in the world. In the mind of a tyrant, this kind of social and economic context creates a critical situation, one which becomes more critical as the days go by. And desperate times call for desperate measures. In order to preserve his own privileged position among his people, it would have been imperative to take quick action, while there was still the possibility of doing so, in order to nip the problem in the bud. And how does one solve the problem of the diffusion of the ideals of freedom in the minds of a people from the cultural exchange of ideas with a foreign nation? If the foreign nation is not too powerful, you attempt to invade and conquer the territory. The ideals of freedom are contagious. It is not as if capturing and killing the leader of the foreign nation alone would solve the problem. One must suppress the expression of, and, eventually, the very knowledge, understanding, and perception of, the ideals of freedom in the minds of the entire population of the foreign nation, or else exterminate as many of them as necessary until the rest of them fall in line. And to do this, one must have both political and economic control of the foreign nation. Note also that in 1948, the "General Assembly of the United Nations recognized the Republic of Korea [South Korea's government] as the sole legal government of Korea" (https://en.wikipedia.org/wiki/History_of_Korea, referenced on **3/19/23**), which added support for the spread of the ideals of freedom from Western nations on the Korean peninsula in general, and in particular into the South and then from the South into the North.

174 https://www.history.com/news/korean-war-stalin-soviet-union, referenced on **7/7/23**.

175 https://en.wikipedia.org/wiki/History_of_Korea, referenced on **3/18/23**.

176 *Ibid.*

autocratic leader of South Korea from 1948 to 1960. He was the first president of South Korea, until he was forced to resign in 1960 by a popular uprising known as the April 19 Revolution.[177] The Wikipedia article goes on:

> Protests opposing Rhee were started by student and labor groups in the southeastern port city of Masan on April 11. The protests were triggered by the discovery of the body of a local high school student who had been killed by police during demonstrations against rigged elections in March. Popular discontent had arisen due to Rhee's autocratic rule, corruption, use of violence against political opposition, and uneven development of South Korea. The Masan discovery led to large student protests in Seoul, which were violently suppressed; a total of 186 people were killed during the two weeks of protest. Rhee resigned on April 26 before fleeing to exile in the United States, and was replaced by Yun Posun, beginning the transition to the Second Republic of South Korea.[178]

Up to a point, especially in the earlier years, Rhee's government was supported by the US, given the US-led global fight against the Communist (i.e., socialist) ideology, given the need to keep this ideology from engulfing the Korean peninsula, which the Soviets and the North Korean government were interested in bringing about, and given Rhee's vocal stance on being anti-Communist and pro-US. US capital aid flowed into South Korea in an effort to help build the South Korean economy. However, as mentioned earlier, just because a governmental leader rails against a dictatorship does not mean he cannot create one himself – there are plenty of examples in history of rebel forces staging a successful coup of a dictatorial government and then becoming a dictatorship themselves after taking power in the political void. In fact, when a people is used to living under tyranny, it is easier to establish a new tyranny under the promise of reform than it is to establish a system of tyranny in a nation whose people have a deeper, more personal understanding of the meaning of individual freedom and limited government as a result of a long tradition of living in a free society.[179] Rhee's system was a dictatorship, and became more dictatorial over time as the pressure to allow for a change of leadership as part of a philosophy of representative government mounted. Like Putin in Russia and Xi in China, Rhee forced through an amendment to the First Republic of South Korea's constitution which extended his term limits.

177 Which actually lasted between April 11 and April 26. See https://en.wikipedia.org/wiki/April_Revolution, referenced on **3/19/23**.

178 *Ibid.*

179 In a free society, would-be tyrants have to devise more surreptitious, roundabout, and longer-term methods of creating a dictatorship; see the section below in this chapter on central banking, and particularly the Fed in America. Always keep in mind that having a strong national tradition of freedom is not justification for its people to take this freedom for granted. Freedom can *always* be taken away by would-by tyrants. It is the responsibility of the free to understand this, and to take measures (most importantly, to place value on learning about the world *objectively* – i.e., scientifically – including, and especially, about the socioeconomic context in which their lives are built and determined) to ensure that they are able to recognize the signs of potential tyranny in their own time, in order that they, and their successors, can remain free.

This is a typical move of a would-be tyrant who is the leader of a limited, constitutional government. As the pressure mounted, "in December 1958, Rhee forced through the National Assembly an amendment to the National Security Law giving the government broad new powers to curtail freedom of the press and prevent members of the opposition from voting."[180] There was also substantial voter fraud and ballot stuffing, among other methods which allowed Rhee to stay in power. As a result, the US substantially reduced economic aid to South Korea in 1959.[181] After Rhee was forced to step down in 1960, there were several months of political instability under the so-called Second Republic of Korea, and then General Park Chung-Hee overthrew the Second Republic in a *coup d'etat* which led to the creation of another autocratic system known as the Third Republic of Korea. Notably, under Rhee the economic development of South Korea was heavily stifled,[182] despite substantial inflow of economic aid from the US. This is to be expected, since a tyrant has great incentive to prevent any nontrivial economic development among his people which is independent of his own control and guidance, since such development amounts to an increase in power on the part of the people, and a corresponding decrease in the tyrant's ability to control the people. This is another of the many examples, both modern and historical, which could be cited, several of which already have been in previous sections, of the inevitable connection between consolidation of political power and consolidation of economic power.

The Third Republic, under a new constitution, was inaugurated in 1963 and was presented to the South Korean public as a return to limited, representative government, but the practical reality was that it was essentially a continuation of the military dictatorship under Chung-Hee in 1961-63. As with any dictator, Chung-Hee's goal was to create a system of absolute power for himself. So during the Third Republic, Chung-Hee took measures to consolidate his power, such as populating the National Assembly, a separate branch of government which was supposed to check and balance the power of the executive, predominantly with members of the former Supreme Council, which was Chung-Hee's military leadership when he had autocratic military rule in 1961-63; forcing through the essentially rubber-stamp National Assembly a constitutional amendment allowing him to seek a third presidential term, which he subsequently won; and, finally, in December 1971, under the guise of an emergency situation regarding the military

180 https://en.wikipedia.org/wiki/April_Revolution, referenced on **3/19/23**.

181 "In 1959, Rhee was shocked and threatened when the United States reduced its economic aid to South Korea from a high of $382,893,000 in 1957 to $224,204,000, and he began taking desperate measures to ensure his political survival." (*Ibid.*, referenced on **3/19/23**.)

182 See https://en.wikipedia.org/wiki/Third_Republic_of_Korea, under **Background**. Referenced on **3/19/23**.

threat from the North, declaring martial law, dissolving the National Assembly, closing universities, heavily suppressing freedom of the press and speech, and developing a brand new constitution which was "highly autocratic and authoritarian in design, lacked provisions regarding presidential term limits and elections were extended to every six years – essentially guaranteeing presidency for life for Park Chung-Hee."[183] This was a self-coup, where the leader dissolves the constitution under which he rules, replaces it with a new one, and continues his rule under the new constitution. In Chung-Hee's South Korea, the new constitution was known as the Yushin Constitution, and was put into practice in 1972, creating the Fourth Republic of Korea.

It is under the Third Republic that we start to see cracks forming in the edifice of tyranny in South Korea. While the North Korean people remained under centralized governmental control of economic development, with considerable aid flowing in from the Soviet Union to be used at the whim of the military dictatorship, the South Korean government of the Third Republic started feeling more substantial pressure by its people to aid in the implementation of real economic freedom. This is reflected in the economic policies of the Third Republic's government. In a nation whose people continue to be influenced to an ever-greater degree by the ideals of individual freedom via cultural exchange from foreign nations, a tyrannical government has to start taking greater interest in the desires and wishes of its people, as a practical measure to ensure that it continues to take all relevant factors, including any *new* factors which arise as things change over time, into account in order to ensure its own survival. Of course, being a tyrannical government, is will not be willing to give more economic freedom to its people than it feels is absolutely necessary. So in the Third Republic, we see things like government support for growing export businesses and "financial support for industrial projects, such as the construction of the POSCO steel mill."[184] Also, "the Third Republic saw the first major construction of infrastructure in southern Korea since the Japanese colonial era, with many new roads, railways and airports being built across the country."[185] It was also during this time that the initial substantial growth of the *chaebol* (large industrial firms, including many large South Korean companies known today such as Hyundai, Samsung, LG, Lotte, and others, which are owned and operated by a single individual or family) was seen, and the Saemaul Undong were introduced "that set out to modernize the countryside and their economies, in response to the growing wealth disparity with the richer

183 https://en.wikipedia.org/wiki/Third_Republic_of_Korea, referenced on **3/19/23**.
184 *Ibid.*
185 *Ibid.*

urban areas. The Saemaul Undong encouraged communalism and the government provided free materials for the locals to develop some infrastructure themselves, rather than relying totally on government-built infrastructure."[186] There was also substantial initiative to promote higher education among the populace, as well as to establish economic and political ties with many foreign nations that were (and are) bastions of the ideals of freedom:

> The Third Republic introduced several reforms to the South Korean educational system. In 1968, the entrance examinations for middle schools were abolished, placing all middle schools on an equal footing. Also in 1968, a Charter of National Education was adopted, emphasizing nationalism and anti-communism in education. The charter outlined four goals for education: national revitalization, creating self-reliant individuals, promulgating a new cooperative image of the nation, and supporting anti-communism…. [In addition to a treaty and economic ties with Japan,] the Third Republic maintained close ties with the United States and continued to receive large amounts of foreign aid…. Greater attempts to develop diplomatic relationships with Western and Asia-Pacific countries occurred in the Third Republic, including the first state visits to Europe by a Korean head of state. During the 1960s, South Korea formed relations with Belgium, Greece, the Netherlands, Portugal, Iceland, Switzerland, Luxembourg, Austria, the Vatican State, and Malta. South Korea held strong relations with the Republic of China (Taiwan) and West Germany in solidarity against their rival communist governments, the People's Republic of China and East Germany, respectively. The Third Republic generally rejected trying to form relations with communist countries, most of which did not recognize South Korea.[187]

In other words, though Chung-Hee's government was still heavily tyrannical, both domestic and international pressure to eliminate tyranny made substantial inroads into the socioeconomic and political operations of the country, which allowed for greater individual freedom for the average South Korean citizen in certain ways, such as in the economic and educational realms, and which made Chung-Hee more desperate to cling to power than he might otherwise have been – which led to, e.g., his rewriting of the constitution and the creation of the Fourth Republic.

The Fourth Republic was essentially a continuation of Chung-Hee's efforts to maintain his own power by becoming increasingly despotic. He "argued that Western-style liberal democracy was not suitable for South Korea because of its still-developing economy" and that "a strong, unchallenged presidency was the only way to keep the country stable."[188] He also "repeatedly promised a transition to full democracy,"[189] though to a large degree these promises were seen as hollow by the people. As with any justification for tyranny, there has to be at least a believable basis of truth mixed into the statements a tyrant makes to his people – e.g., it was probably at least somewhat believable to many of the South Korean

186 *Ibid.*
187 *Ibid.*
188 https://en.wikipedia.org/wiki/Fourth_Republic_of_Korea, referenced on **3/19/23**.
189 *Ibid.*

people that given the history of tyranny and political upheaval in the nation, too much independence on the part of the people might create an anarchic-type situation. This does not mean that it *would* have, but rather that enough people likely would have believed this enough to make Chung-Hee feel that it would be a useful argument that he could make to the South Korean people in order to help ensure his own political survival. There was also probably some truth to this, though not as much as would justify Chung-Hee's desire for continued absolute dictatorship, given South Korea's turbulent history, and given that the principles of individual freedom were still new to its people – but this is the point: the best way to get someone to believe a lie is to subtly mix it with a truth or a likely truth, so that the lie appears to be true, or more true than it would otherwise appear, by association. It is important to realize that a lie such as "true freedom requires absolute tyranny in our nation right now" can only go over well enough with a population to have a nontrivially beneficial impact on the preservation of tyranny if there is already an entrenched system of tyranny in place or if the nation is in the midst of substantial political turmoil in an attempt by its oppressed people to obtain freedom from their oppressors. When the system has a long history of implementing and operating according to the principles of freedom, and the people of the system continue to take measures to preserve their nation's hard-won freedom, it becomes much harder for a would-be tyrant to turn the system back into one of tyranny. It is true that the South Korean people were new to the deeper meaning of the principle of individual freedom, but with strong backing for the preservation and spread of individual freedom from the US and other Western nations, the people of South Korea were already making substantial gains in this direction, and it was precisely these gains, many of which were ironically supported by Chung-Hee himself in an effort to maintain his own power, which were the cause of Chung-Hee's efforts to consolidate his power further in the Fourth Republic. The people were already squarely on the path toward individual freedom, and the process was accelerated and course-corrected by outside nations which had an interest in seeing the effort succeed and which had centuries of experience developing systems of ideas which fully explain the nature of freedom in society, as well as implementing these ideas in their own societies. It is not that the South Korean people were not ready for socioeconomic freedom. Rather, as with any nontrivial change in life in general, substantial change in society will often be distressing and laborious, and not quick to end, and certainly this is the case for change from general tyranny to general freedom. But the damage can be minimized with proper guidance from teachers who have a sound understanding of the end result, of the general methods necessary to achieve the end result, and of why this end re-

sult is worth achieving. Chung-Hee appreciated, and feared, the fact that such guidance and such teaching would, if not stopped, ultimately lead to the elimination of the system of privilege which he had built up around himself.

It should be noted also that there was substantial economic growth during the Fourth Republic, but this growth was driven by geopolitical changes which made Chung-Hee fear the increasingly powerful North Korean military, and so he was spurred to create a plan known as the Heavy-Chemical Industry Drive, which saw a substantial economic shift from light to heavy industry, in a bid to make South Korea not militarily dependent on the United States, and to make sure that South Korea had its own strong military with which to defend itself should the North Korean government decide to invade. However, similar to Hitler in Germany, though perhaps with greater moral justification (since Hitler's military build-up was for the purpose of invading other nations and conquering them, while Chung-Hee's military build-up was for the purpose of defending his nation against the possibility of invasion), Chung-Hee enforced greater governmental control over economic resources, moving his system further in the direction of socialistic control. Note that presumably the threat from North Korea was real, and the build-up of a strong South Korean military was essentially a necessity to ensure protection against this threat, but it would not have been lost on a near-absolute dictator like Chung-Hee that there would also be substantial political value to himself in his own nation of a strong military which was under his control. A strong enforcement arm is essential to the preservation and growth of a tyrannical government.

Park Chung-Hee was assassinated in 1979, and after a couple years of political turmoil and martial law, Chun Doo-Hwan enacted a new constitution in 1981 and became the first president of the Fifth Republic of Korea. Chun Doo-Hwan's constitution was less authoritarian than that of the Fourth Republic, but still substantially authoritarian. A few things are key here. After Chun's *coup d'etat* in 1980, but before the formal inauguration of the Fifth Republic, there was martial law under Chun, and the Gwangju Uprising protest for democracy which was critical of Chun's leadership was violently suppressed, during which an estimated 200 - 600 people were killed. This event plagued Chun's leadership throughout the Fifth Republic, even in spite of his efforts to dismantle substantial portions of government control of the society. Likely due to the succession of numerous dictators up to that point in recent memory, in the midst of increasing economic growth and increasing demand by the people for genuine democracy combined with numerous dictators coming to power on false promises of making nontrivial effort to institute genuine democracy, the South Korean public was primed to en-

force self-rule, where perhaps they were not in the prior few decades. In 1987, Bak Jong-cheol, a student at Seoul National University who was an activist in the growing democracy movement, died as a result of injuries from police torture after his arrest while protesting. Also, later that same year, Lee Han-yeol was killed by a police tear gas grenade in one of the demonstrations for democracy which were spurred by Jong-cheol's killing. These killings lit a fire under the democracy movement, already primed by the progress it had made in the prior decades and the light which it could now see at the end of the tunnel, and finally in 1987-88 Chun stepped down as president and handed power over to Roh Tae-woo, who had been democratically elected in an honest election. This dissolved the Fifth Republic, and instituted the Sixth Republic under a genuinely democratic constitution which conformed to the ideals of individual freedom, and, not surprisingly, it is the Sixth Republic which still exists today, thirty-five years later.[190]

Each of these Republics has been marked by a new constitution. But we should be clear about what a constitution is, because not every document which is called a constitution, even officially, is actually a constitution. A constitution is a mutually agreed upon, and mutually enforced, contract between the people of a nation and its government, that if the people vest the governing body with certain powers for the purpose of helping to guarantee a system of safety and security for the people, the governing body will exercise its powers only within strictly defined limits, in order to keep the governing body itself from becoming tyrannical. The constitutional document spells out these limits in concrete terms, and serves as a focal point and a reference point for both the people and the governing body so that it is clear to all what are the functions of the government, and what are its limitations. Crucial to include in the constitutional document is provision for the peaceful transition of power, so that it is understood by all that the arrangement is always conditional upon the current government's continuing fulfillment of the needs of the people being governed, and that if the needs of the people and the desires of the current administration start to diverge before the full extent of the term limits has been reached, there is an agreed-upon way for the people to bring about a change of leadership without a coup or revolution. In the case of South Korea, what happened over the course of the six republics is that there was a grand battle between the forces of tyranny and the forces of freedom, and until the Sixth Republic tyranny kept gaining the upper hand, although freedom continued making inroads. And in times of increasing desperation, tyranny resorts to many tricks to sustain itself. One such trick is when an official document spelling out a system of absolute dictatorship or quasi-dictatorship for a nation is *called* a

190 https://en.wikipedia.org/wiki/Fifth_Republic_of_Korea, referenced on **3/19/23**.

constitution, to help disguise its dictatorial nature. But such a document is not *really* a constitution, since its terms and provisions were not agreed upon by the people at large, and since, if given the chance, the people would wholly reject the document, or reject substantial parts of it. This is no different from the North Korean government calling itself the "Democratic People's Republic of Korea," or from the more insightful of the socialist politicians, who *understand* that their system is one of tyranny, still calling socialism democratic in their public addresses. It is an effort on the part of a tyrant or would-be tyrant to disguise the tyranny in which they seek to cloak the nation – to make themselves and their plans for the nation palatable to the people whom they wish to dominate, or to continue dominating. The reason the constitution of the Sixth Republic is a genuine constitution is because it genuinely limits the powers of the central government and effectively puts the government of the people of the nation in the hands of the people themselves. It is a mutually-agreed-upon document – a contract for government by which both the governing body *and* the people have voluntarily agreed to abide, for the sake of the preservation and strengthening of peace and individual freedom in the nation.

Building on the economic development that had taken place in the Third, Fourth and Fifth Republics, and on the genuine constitution which now underlay the governing of the nation, the Sixth Republic of Korea, or what is now simply called South Korea or, officially, the Republic of Korea, has rocketed ahead to massive economic success, with numerous free trade agreements with other nations, and has become the "4th largest economy in Asia and the 13th largest in the world."[191] It is not the purpose here to list out all the economic achievements of South Korea; they can be read about at length on the internet.[192] The important thing to recognize here is the broader meaning of the nation's economic development. While the government does still subsidize industry to some extent, and therefore South Korea has been called a "mixed economy," viz., an economy which is partly free market, i.e., capitalist, and partly government-directed, the fact that a genuinely democratic constitution underlies the government of the Sixth Republic means that the spirit of individual freedom is enshrined in and serves as the model for the highest governing body of the nation, and since a given political system works hand in hand with and mutually implies a given economic system, it is no surprise that there has been a substantial transition to private own-

191 https://en.wikipedia.org/wiki/Economy_of_South_Korea, referenced on **3/19/23**.

192 https://en.wikipedia.org/wiki/Economy_of_South_Korea, https://en.wikipedia.org/wiki/South_Korea, for example. (Referenced on **3/19/23**.)

ership in the means of production[193] in South Korea, since private ownership is the economic corollary of political freedom. It is also not surprising that modern South Korean culture highly prizes advanced education,[194] making South Korea one of the most educated nations in the world. While there has been some criticism that the focus on education is excessive, the point here is that a free society is one in which the ideal of all-round and inclusive education, that is, *the development of and active use of rational thought in and by the masses*, and not just on the part of the privileged elite, is respected, admired, and prized. A sound education is a source of substantial power for an individual, and so the fact that the government of the Sixth Republic places a high premium on the education of its people is to be expected, since the Sixth Republic's government is the governing body of a *free* people. All of these things coincide and mutually reinforce each other – a free society is one which has a contract between its government and its people that limits the government's authority and provides for the peaceful transition of power, which in turn provides a sense of safety and security for its people and a basic social context in which its people feel confident in building private businesses, which businesses need their people to be well-educated both for the purpose of the technical and tactical management and operation of the businesses themselves to ensure their continued success in the competitive marketplace and for the purpose of ensuring that the next and succeeding generations continue to understand the value of, and therefore continue to take measures to ensure the survival of, a system of government and society which protects individual freedom, which in turn protects the existence and continuation of the system of free enterprise. In such a system, the government itself is supported by greater tax revenue over time as a result of a growing economy, and so those in charge of the government have a strong desire to help perpetuate a system which is of clear benefit to everyone, by, for example, providing ongoing funding for basic education of its populace.

Of course, nothing is perfect, and any such system in real life will have flaws which can and will be noticed. But the point is that in such a system, where the individual is free to control the course of his own life, *any member of the population is free to point out such flaws*, to both his government and to private businesses, *without fear of reprisal*, and with a reasonable expectation that both gov-

193 https://www.forbes.com/2008/09/04/korea-seoul-privatization-bix-cx_0905oxford.html?sh=1a971b8185f7, https://www.tandfonline.com/doi/abs/10.1080/14241270903047016?journalCode=hijm20, https://www.jstor.org/stable/45171492, https://www.semanticscholar.org/paper/Privatization-Policy-in-Korea%3A-A-Theoretical-and-Kim/0bb593668a70eedc856d14319145b80e8be4d327, https://www.jstor.org/stable/4192322, and many others, referenced on **3/19/23**. A web search for "privatization in South Korea" will reveal many articles.

194 https://en.wikipedia.org/wiki/South_Korea, https://en.wikipedia.org/wiki/Education_in_South_Korea, referenced on **3/19/23**.

ernment and private business will, if enough people agree that there is a flaw, change their operation in order to accommodate the critics among the population, whom they *both* serve. It all ties together, because a human society is not made up of separate parts – an economy, a government, a population, etc. – but is rather a unitary whole, and essential or fundamental changes in one part of the society, such as the government, will have profound effects on all other parts of society. We only talk about "government" or "economy" or "culture" for practical purposes, to help us better understand society by breaking it up into parts while we think and talk about it, but we must never forget that these parts are not disjoint from each other in practice, but rather are components of an integrated, intra-dependent whole which, in the last count, is really made up of nothing but interacting, inter-operating *people*. So, given what we have seen, it is appropriate to call South Korea a capitalist economy, though with the reservation that government subsidy, and thus, government favoritism, still exists to some degree, and so we cannot say that South Korea's system is *purely* capitalist. But it is heavy enough on the capitalist side, and shows enough signs of being a self-sustaining capitalist system, that we can consider it effectively, or practically, capitalist; and so, not surprisingly, and not coincidentally, the standard of living of its masses is one of the highest in the world.

Of course, there are criticisms of the various privatization efforts, and we are not saying here that every effort at privatization on the part of every Sixth Republic administration has been perfect or that none of them had flaws, defects, or problems. In fact, it is expected that they will *all* have flaws, defects, and problems, and that at least some criticisms which have arisen of each of these efforts are legitimate. After all, the leaders of a government, no less than all the rest of us, are not perfect in their foresight and cannot take all possible factors into account. However, we should also keep in mind that South Korea is transitioning from what was a totalitarian system only a few decades ago, and from a long history of totalitarianism before that, and there are many different groups and individuals with vested interests in maintaining one or another aspect of the old way of doing things. As with any transitional period, some will be in favor of the transition and some will be opposed to it. Also, as with any transition, in the short run some, or perhaps many, people will be disadvantaged as a result of it, and this disadvantage, in many cases, will make it harder for them to see the larger picture, and to see the expected gain for society in the longer term. But, as we have stated, the decisive point is whether *individuals have the freedom to complain in the first place about the changes that do happen or the changes that are proposed*. Think about a change that Kim Jong-Un decides to make in North Korea. Would

any of the North Korean citizens feel that they should complain about the change or refuse to comply with it? Of course not. And this is the difference between a system based on tyranny and a system based on freedom. And when a system based on freedom is trying to emerge from a system based on tyranny, as is the case with South Korea today, there will be those who benefited and still benefit from the old way of doing things who will resist the changes which threaten to destabilize or eliminate their sources of power, wealth, income, or anything else which is important to them and which at the same time they feel is threatened by the changes. A representative government, such as that of the Sixth Republic, may need to take measures to compromise or put stop-gaps in place in the transition period to ensure that the various groups with conflicting interests are all satisfied *enough* in the meantime so that the overall process of liberalization, that is, the overall progress toward genuine, self-sustaining individual freedom guaranteed, in a practical sense, by a societal context which is deeply structured to preserve this freedom, is not stalled indefinitely or reversed. Transitions like this are always messy. But we should not let the flaws in, and the problems, and even reversals, of, these efforts at liberalization keep us from remembering that we are fighting not just for ourselves, but for all successive generations. In this way, freedom has the greatest chance of spreading, and the possibility of tyranny, over time, becomes ever more remote. Yes, we should listen to all criticisms of these efforts, because we are interested, as has been the case with every scholar in history who has contributed to the development of the ideals of freedom, in a complete, rational understanding of our socioeconomic context and history, so that we can have the best possible understanding of the problems and threats which we face now, as well as those which may face future generations. But we should also keep in mind that not every criticism is valid, and that many criticisms come from vested interests which are threatened by the efforts at liberalization because the critics benefit, in one way or another, from a system which privileges themselves at the expense of others, and which would be removed by the efforts at liberalization. Also, many critics of these efforts have a poor understanding of the ideas which underlie them, and a subset of these critics willfully refuse to exercise their minds enough to properly understand what it is they are criticizing. In both the cases in which the criticisms are valid and the cases in which they are not, the defender of capitalism, i.e., of *liberalism*, should make it a point to not summarily dismiss the critic, but rather to listen to him honestly. Honesty is nothing but scientific objectivity, and it is this which is the basis for the ideals of liberalism themselves, and for the thought which produced them. It would therefore be a disservice to the ideals and their originators, and to everything which the ideals

help us achieve for society and for our future, and have helped us achieve thus far, to dismiss a critic out of hand simply because he might have a valid point. This mindset of prizing rational thought is itself a *product* of the implementation of capitalism in society. When our understanding of a collection of ideas is mature enough for us to perceive all its essential parts, as is the case with that nexus of ideas variously called capitalism, liberalism, individual freedom, representative government, democracy, etc., not only will we understand that the set of ideas *contains*, as a core part of its essential underlying spirit, a deep respect for scientific objectivity and critical analysis, but in our discussions and debates regarding these ideas we will also have the inner self-confidence, and the inner drive, to actively encourage these things. A valid set of ideas can only be strengthened by criticism. If we personified sets of ideas, we could say that it is only those sets of ideas which know themselves to be invalid, and which are therefore ashamed of their own inadequacy, which shy away from the piercing light of criticism, or which take measures to actively discourage or reject it.

## §9 What is the American Far Left?

In today's world, the early 21st century, the American Far Left is less organized and less influential than was the case in the 20th century, though certain movements have gained ground in recent years.[195] It is not the place of this book to list out all the modern far leftist movements, groups, or pseudo-groups, such as they are, in America and what each stands for, especially since such information is readily available online, and also since things change rapidly, with new movements springing up and old movements receding over time. Rather, here we will make some general observations about the far leftist mindset, and about why someone might feel the desire to align himself or herself with one or another far leftist group. It is true that in doing so we will be discussing some of the actual groups and individuals, and their specific ideas, claims, and causes, but this will only be for the purpose of illustrating and clarifying the general points. Yes, we should remember that, as mentioned, the American Far Left is not one group of people, but rather numerous different groups, some larger, some smaller, and some more organized than others, and with different groups and different individuals holding both competing and overlapping sets of beliefs and ideas, depending on which groups or individuals are being compared, about what is true, what is just, and what tactical measures should be used in order to bring about what is considered

195 https://www.counterextremism.com/content/far-left-extremist-groups-united-states, https://en.wikipedia.org/wiki/Far-left_politics, referenced on **3/20/23**.

to be a necessary or desired change in society. Nonetheless, there are certain general themes which those who align themselves with the Far Left seem to share, whether implicitly or explicitly, in spite of any differences, or even conflicts, between them regarding specific causes, beliefs, or tactics which different groups or individuals happen to advocate. It is these general themes that will be the primary subject of this section.

The world is changing rapidly, and on a scale which is unprecedented in human history – on, literally, a global scale. Information can travel around the world in an instant, and physical travel around the world can be done in just a few days or less, and for just a few thousand dollars. In fact, change is happening in substantial enough ways in human societies and in our interrelationships around the planet that the term "globalization" is a catchword in modern times, a term which signifies the creation of a universal human society which spans the entire world and which transcends or makes void or negligible or irrelevant (or at least much less relevant) current national sovereign boundaries.[196] Change of this scale will inevitably cause massive friction: many who benefit from the current arrangement will resist changes which take away or reduce those benefits, and many who feel they will benefit from certain changes will advocate them and push for them, and these two sets of groups will inevitably clash. Now, there are certainly many problems with the socioeconomic and political arrangements of today's societies, and there are many injustices today, in all modern countries, which need to be corrected. But it is also true – and this is something which the Far Left often ignores – that there are many things about *today's* socioeconomic and political arrangements and social institutions, including things which are fundamental and which have wide-reaching effects on socioeconomic structure, that are beneficial to society; and it is extremely important to ensure that in taking action to correct injustices, we do not at the same time do damage to, or even destroy, those things about modern society which are conducive to freedom and prosperity. But we may still ask how, in seeking to correct injustices, we can recognize a beneficial socioeconomic institution when we see one? It starts with getting the terms right; and to get the terms right it is necessary to have a *sound* understanding of the concepts which underlie them.

We can only discuss a few examples for illustration. The Communist Party of the USA was heavily supported by the Soviet Union[197] and worked (and continues to work) to forward the cause of socialism in America and to condemn wealth

196 There are many views and debates today about what globalization means, whether it is good or bad, and if good, how to go about doing it so we ensure that we are creating a global free society instead of a global tyranny from which no escape would be possible. The concept of globalization will be examined in greater detail in future writings.

197 https://en.wikipedia.org/wiki/Communist_Party_USA, referenced on **3/25/23**.

simply because it exists.[198] The Animal Liberation Front claims to use the principle of "non-violent direct action"[199] for the purpose of "removing animals from laboratories and farms, destroying facilities, [and] arranging safe houses, veterinary care and operating sanctuaries where the animals subsequently live"[200] – in other words, they make it a point not to kill anyone, but they have no problem infringing upon the property rights of businesses and individuals to achieve their goal, which tendency is underlain by a lack of respect for private property in general, i.e., by the communist/socialist spirit, which is the deeper reason the ALF aligns themselves with the political left. The Earth Liberation Front (ELF) is closely aligned with the vision and tactics of the ALF, but with a broader focus on environmental issues.[201] The Democratic Socialists of America believe "that working people should run both the economy and society democratically to meet human needs, not to make profits for a few,"[202] which, along with their name, shows that they are anti-profit and anti-capitalist, while at the same time exposing their flawed understanding of profit, as if profit is nothing but excess wealth which can only be had by a few powerful corrupt individuals, rather than a necessary part of a free society.[203] Also, they show they do not understand that much of the sub-

198 https://www.cpusa.org/, referenced on **3/25/23**, where on their main page they make it a point to say that their group is "a political party of the working class, for the working class, with no corporate sponsors or billionaire backers." There is also a banner which shows across the top of the main page which says "People and Planet Before Profits." The point that has been made in this book is that just because someone has wealth, or even a lot of it, does not mean they deserve to have it taken from them. Wealth can be acquired by both moral and immoral means – i.e., by means which either do or do not respect the person and property of other individuals. The uniform treatment of wealth as if it is *all* bad is not based on a sound understanding of wealth, but rather is wrapped up to a large degree in a desire to feel justified in one's anger and jealousy over those who have more or who are stronger or better in some way than oneself; in other words, a desire to justify one's petty resentments. Emotionally and psychologically aligning this anger, resentment, and jealousy with valid causes such as the elimination from society of the ability to acquire wealth in corrupt or immoral ways, the preservation of the planet (really, the preservation of the human race on the planet, which is the selfish underpinning of the part of the environmental movement which is not ultimately based on a desire to arbitrarily infringe on others) in the face of climate change, the helping of the less fortunate or those unable to help themselves, the ending of animal cruelty, or the removal of racism and brutality tactics from police departments, among others, is a way to provide for and reinforce a feeling of justification in one's own mind when one calls, out of anger, resentment, and jealousy, for a mass, indiscriminate redistribution of wealth, and to obscure to oneself the flaws in this proposal. It is true that some wealth is acquired immorally rather than morally, but we have to be careful so we can properly determine the one from the other in any given case. And, as mentioned, this means that we need to make it a point to *properly* understand all the relevant terms, such as "capitalism," "socialism," "profit," "class," "monopoly," "wealth," "wealth acquisition," "fascism," "globalization," "moral," "immoral," and many others. Without a proper understanding of the terms and ideas, we end up misusing them in our political banners, websites, videos, documentaries, speeches, commentary, pamphlets and other hand-outs, etc., and, further, by such misuse we help to change society in ways which lead to a *progressive loss of freedom*, even while, because of our flawed understanding, we fervently believe we are doing the opposite.

199 See the first two paragraphs of https://en.wikipedia.org/wiki/Direct_action, referenced on **3/25/23**, for a definition of "direct action."

200 https://en.wikipedia.org/wiki/Animal_Liberation_Front, referenced on **3/25/23**.

201 https://en.wikipedia.org/wiki/Earth_Liberation_Front, referenced on **3/25/23**.

202 https://www.dsausa.org/, referenced on **3/25/23**.

203 See Chapter 2 for a more detailed explanation of the profit motive, and why critics always fail to understand it.

stantial concentration of wealth in America today is not due to the capitalistic mode of economic production, but to the centralization of banking under a government-privileged banking cartel system. This system is an arrangement whereby a few powerful financiers, backed by government force (in the case of America, the Federal Reserve Act of 1913), have substantially greater power than they would in a capitalist open market for banking to control and manipulate the currency, and, crucially, to use the fractional reserve process (i.e., the multiplier effect) to lend and invest, and earn interest and returns on, quantities of money well above, and often independent of, any backing reserves of real money.[204]

Central banking will be discussed in detail in a subsequent section of this chapter, though the details of central banking, its history, and the damage it does to society are too voluminous to fit into this book. The reader is encouraged to research in greater detail the nature and history of central banking in books specifically dedicated to the subject, such as Griffin's *The Creature from Jekyll Island*. A central bank is the coordinating mechanism of a banking cartel system which, like all other cartel systems,[205] can only be sustained for any nontrivial length of time from breaking apart due to the infighting and undercutting which would plague a *voluntary* coalition of companies in direct competition with each other, by *government privilege*, and central banking has always created substantial wealth inequality wherever it existed. A central banking arrangement also provides a pri-

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204 Griffin, G. Edward. *The Creature from Jekyll Island*. American Media, Westlake Village, CA. 1998. Also see Vera C. Smith's *The Rationale of Central Banking and the Free Banking Alternative*, as well as Murray Rothbard's *Mystery of Banking*.

205 Except in such rare cases where a product is rare, occurs in just a few places on Earth at most, cannot be created by human action or the creation of which by human action would be cost or labor prohibitive, is a product for which there is no feasible (at the moment) alternative, and is a product which is crucial to life or survival. In such cases, if, say, there are three locations in which it occurs or can occur, and three companies own the land at those locations, then it is feasible that they could voluntarily come together to form a stable cartel structure, and hold the world ransom for the crucial product which they control. But then this is no different from a government, or coalition of governments, doing the same thing – the result is tyranny, and it is based on the precise nature of the circumstances, not on the socioeconomic arrangement of capitalism. Whether this tyranny arises from a coalition or cartel of companies or a coalition or cartel of governments depends on who gets to the crucial resource first, and the tyranny lasts only so long as they can defend their holding of the resource and no alternative is feasible. But note that such a situation is extremely rare – even in the case of fossil fuels today, which at least on first glance might be considered an industry that comes close to being the industry that most represents such a cartel out of all industries today, the situation does not exist because there is considerable geopolitical competition between different nations and their respective companies, rather than a single global cartel (though there are smaller cartels such as OPEC) – and this is *in spite of* the fact that the powerful central banking cartel in America heavily backs much of the modern fossil fuel industry, and therefore makes it much easier than it would otherwise be for the fossil fuel industry to cartelize, and because there are feasible alternatives, such as solar (which does use fossil fuels on the back end, at least currently), nuclear fission and, increasingly, nuclear fusion, as well as a possible additional alternative, zero-point energy, which has scientific backing and which could fundamentally change the energy industry if research into this source of energy is funded appropriately. This is on top of the fact that oil production is heavily state-controlled or state-supported in many countries anyway. So on second glance the oil cartels, such as they are, are actually not a good example of non-government-supported cartels after all.

vileged few the ability to acquire wealth *immorally*, that is, by arbitrarily infringing on the person or property of others, under the guise of "legitimate" financial activity. The point here is that central banking, being a centralization of banking power with substantial support by the federal government for its existence, is a method of centralizing control of economic resources, which makes it *socialism*, not capitalism. The fact that central banking was built on a system of *banking*, and therefore *money* plays prominently and obviously in central banking, and the fact that money is strongly associated with capitalism, is not justification to say that central banking is a product of capitalism. In fact, central banking, just like all forms of the centralization of economic resources, is a product of the effort to centralize control over other people and their resources, i.e., it is a product of efforts aimed at tyranny – the exact *opposite* of capitalism. Banking under a *capitalist* system is an arrangement in which, as with all industries operating under capitalism, there *is no government privilege for any bank or banks at the expense of their competitors in the banking industry*, i.e., an arrangement in which each bank stands or falls on its own feet in free competition with other banks. Such a system is a system of private ownership in the means of production in the banking industry, and it has no room for a central bank to coordinate activity and reduce the friction of competition between a few privileged competitors while at the same time artificially raising barriers to entry and increasing the stress and strain of market competition for the rest.

Next, consider Bernie Sanders, a "social democrat," and his focus on "the shrinking middle class and the growing gap between the rich and everyone else."[206] Sanders seems interested in reducing collusion between government and private banking interests,[207] which is a step in the right direction. He seems to understand that government privilege in banking is not a good thing, but rather is destructive of freedom. But to the extent that he uses the term capitalism in a way which equates it with central banking, he uses the term incorrectly. Also, to the extent that he sees the Fed as an institution which is private and independent of government influence, and therefore as a paragon of unrestrained capitalism badly in need of government regulation, he misses the point: the Fed only exists and can only continue to exist so long as the Federal Reserve Act of 1913 remains in force, and it remains in force because the federal government continues to greatly benefit from the Fed's ongoing purchasing of government debt, typically indirectly through the primary dealers, which it continues to expand and roll ov-

206 https://berniesanders.com/about/, referenced on **3/25/23**.

207 https://www.msn.com/en-us/money/markets/bernie-sanders-presents-bill-to-ban-bank-executives-from-fed-board-roles/ar-AA190jSg, referenced on **3/25/23**.

er.[208] This means that any "regulation" or "restriction" of the Fed which might be proposed, e.g., legislation which might make it harder in one way or another for the Fed to manipulate the federal funds rate, does not address the core problem unless it seeks also, and ultimately, the dissolution of central banking in general, i.e., in America the dissolution of the Fed entirely by the repeal of the Federal Reserve Act, and a change of the banking industry to one of private competitive banking. To the extent Sanders (or anyone else) believes that the problem is that big private banks do bad things and need heavy regulation while at the same time believing that it is necessary or beneficial or unavoidable to maintain the institution of central banking itself, he misperceives the problem. In such a case, the additional regulations or legislation merely shuffle the banking pieces around, while the underlying system of privilege and corruption inherent in the central banking arrangement itself is allowed to persist. In addition to this, these people who fight for these regulations and legislation also do damage to socioeconomic freedom in general by misusing and misapplying the terms capitalism and democracy.

Also, consider Sanders' strong focus on FDR's New Deal, which was a way of centralizing government control of economic resources, and was therefore socialist in nature. It is not surprising then, given that Sanders describes himself as a socialist (or, "democratic socialist"), that Sanders views the New Deal in a generally positive light. Also, consider Sanders' rejection of totalitarianism in America, as seen during the 2020 presidential elections.[209] Sanders is right to reject totalitarian tendencies in America, including any such tendencies in the ranks of his political opponents. But what political partisans always fail to understand is that totalitarianism comes in many different guises, and it is most difficult to recognize a totalitarian tendency when it exists within oneself, or within one's chosen side or group, because this tendency is always an outgrowth of the survival instinct, and so to the extent it exists in the partisans themselves, it is viewed by the partisans themselves in a positive light, i.e., as *not* tyranny, and any damage which this tendency in themselves does to others is either downplayed, ignored, not understood, or thought of as tipping the scales of moral justice back into balance and so there-

208 https://anderson-review.ucla.edu/how-much-debt-can-the-government-roll-over-forever/, https://www.reuters.com/article/usa-bonds-default/refile-explainer-what-would-happen-to-a-treasury-bill-after-default-six-key-questions-idUSL1N37M1O5. Also see https://schiffgold.com/exploring-finance/us-debt-analysis-june-2021/, which states, in reference to a chart showing Annual US Note (2-10yr) Debt Rollover, "As shown, the amount rolling over has picked up significantly in recent years even though the net change in debt is still below the levels of 2008 and 2009. [Furthermore,] the year 2022 will be the largest year ever in Notes that need to be rolled over." (All referenced on **5/25/23**.)

209 https://www.vox.com/policy-and-politics/2019/6/12/18661708/bernie-sanders-definition-democratic-socialism-explained, referenced on **3/25/23**.

fore deserved, i.e., justified. Socialism, that is, the centralized state ownership of the means of production, *is tyranny*, regardless of how it might be dressed up to flatter the particular needs, interests, and prejudices of American culture, or of any culture. Sanders, as well as many before him, calls himself a "democratic socialist," but he fails to understand, or to understand the significance of, the fact that since socialism at its core is the centralization of economic control, and therefore of necessity the centralization of political control, it is *fundamentally incompatible* with democracy. The phrase "democratic socialist" is a contradiction in terms, no less contradictory than "Democratic People's Republic of Korea," which, presumably, Sanders would describe as totalitarian, albeit without taking the further logical step to also describe it as socialist.[210] Sanders fights for many good things, such as the elimination of discrimination of minorities, a livable wage, and the elimination of immorally-acquired wealth – but his proposed solution, that of centralizing government control over economic resources, would, like all socialist proposals, move America further in the direction of tyranny, albeit under the guise of a fight for freedom, equality, and human rights. But then, this is how *all* the socialists do it.

None of this is to say that Sanders is a bad person – in fact, it appears he is genuinely interested in helping people, and in eliminating social ills. But the worst of consequences can spring from the best of intentions when the intentions are mixed with a flawed understanding of things. It is important to note that even intelligent people, like Bernie Sanders, can have substantial flaws and blind spots in their understanding, and these flaws will prevent these people from understanding the world around them clearly enough to make sound recommendations for how to solve our problems. It is much easier to notice and complain about the problems we experience than it is to trace these problems back to their sources. But only by tracing the problems back to their sources can we know how to *place blame correctly*, and thus understand how to make real progress in solving our problems, that is, understand how to solve our problems in ways which are lasting and which do not create different, often greater, problems down the road. The phrase "democratic socialist" appeals to the American public, or rather a subset thereof, because in America we place great value on democracy, and so, no different from the phrase's use in Europe, it makes socialist, that is, *totalitarian*, ideas more palatable to the American public. This is the same tactic all politicians use when they wish to appeal to a particular culture or group of people – they couch their plans for change in the terminological and ideological framework which underlies the people's view of the world, so that their plans for change

210 Or perhaps he would describe it as socialist, just not "democratically socialist."

seem to be a natural outgrowth of what the people already accept, believe, and defend, whether it, in actuality, is such a natural outgrowth or not. But the finagling does not stop there – in order to reach and convince as many people as possible, it is important for such social warriors to make the necessary adjustments in their own minds to convince themselves that what they preach is true. In the case of "democratic socialism," this means finding ways to convince themselves that giving the central government substantial control over economic resources somehow *will not* lead to a substantial reduction in freedom for the people, or that political and financial tactics and social institutions which are totalitarian in nature are the outgrowth of and are only supported by the ideas and actions of their political opponents. The more a partisan has convinced himself that his own biased views are objective, i.e., scientific, the easier it is for him to convince others of this as well, and to thereby win political and social support for his cause.

Next, consider, the so-called "International Marxist Tendency," which has a US branch.[211] This groups promotes, as their name indicates, Marxist ideas, and so it would appear that it is lost on them that Marxism, which tells us that society must centralize control of the means of production, is inherently tyrannical – otherwise, presumably, they would not support it. They also talk about "the COVID-19 pandemic and its criminal mishandling by the capitalists and their states,"[212] without caring to mention that in America, the "belly of the beast of world capitalism,"[213] under both Trump and Biden, orders for widespread business closures, stay-at-home orders, and social distancing requirements severely hampered capitalist production in America for two years.[214] Why would capitalists, the supposed cause of America's "mishandling" of the pandemic, make such an extensive and protracted effort to harm themselves? It doesn't make any sense. But then, this is not surprising, given the typical lack of understanding of capitalism on the part of the Marxists.

Also, the International Marxist Tendency is hypocritical when they tell us that "thanks to the professional work of the comrades on the AV team, and equipped with a projector and sound system, it felt almost as if the comrades from

211 https://www.marxist.com/us-socialist-revolution-national-congress-2021-marxism-on-the-rise.htm, referenced on **3/25/23**.

212 *Ibid.*

213 *Ibid.*

214 https://www.washingtonpost.com/politics/trump-says-he-may-soon-lift-restrictions-to-reopen-businesses-defying-the-advice-of-coronavirus-experts/2020/03/23/f2c7f424-6d14-11ea-a3ec-70d7479d83f0_story.html, https://www.cnbc.com/2020/09/28/many-small-businesses-worry-social-distancing-will-kill-them-survey.html, https://www.wsj.com/articles/biden-administration-plans-covid-19-safety-campaign-focused-on-social-distancing-mask-wearing-11612910764, https://www.usnews.com/news/health-news/articles/2022-08-11/e-8-11-3pm-cdc-eases-covid-social-distancing-guidance, https://www.hhs.gov/about/news/2023/05/09/fact-sheet-end-of-the-covid-19-public-health-emergency.html. All referenced on **5/25/23**.

the International were there in the hall with us," without also acknowledging that the AV equipment itself (not to mention the "espresso bar"[215] that garnered indirect praise on the same page) which they made use of to spread their anti-capitalist ideas was, in all likelihood, a product of capitalist entrepreneurship. They also capitalize the term "International," indicating that they hold in high regard the Marxian notion that the world should be an international socialist community, and they use the term "comrade" for their members as a sign of respect, which is in line with traditional Soviet socialist usage. Other things could be mentioned, but enough has been said already to show that this organization is clearly in the socialist camp, and to show that it is clearly leftist in America, given its association with Marxian ideology and its anti-capitalist mindset.

Consider next the research done by the Counter Extremism Project, which has a number of interesting things to say about Far Left groups. For instance, we are told that "Antifa and black bloc, for example, are centered around a broad opposition to fascism but are otherwise left open for individual interpretation, which results in varying tactics and even beliefs among adherents who may disagree on what is included under the fascist label."[216] Again, being against "fascism" is a typical quality of the Far Left. In the same document, on page 5, we are told that "the far left encompasses multiple ideologies, but security experts believe that a large percentage of far-left radicals subscribe to at least one of three main classifications: anarchism, communism/socialism/Marxism, and autonomous radicals. Far-left groups have largely embraced social justice as a *raison d'etre* in protest of perceived restrictions on liberty by the state."[217] Also, we are told that "combined with a desire for violent confrontation and rejection of state authority, some on the far left have used social justice issues such as racial equality and immigration rights as a pretext to engage in violent retribution against symbols of the state. This is most prominently seen today in the use of black bloc tactics during protests…."[218] Keep in mind that by "state" they include not just the government apparatus itself, but anything which smacks of capitalism as well. Note that anyone who fights to end collusion and back-room deals between companies and government for mutual privilege at the expense of the rest of society is fighting for a just cause, but the methods of anarchism, socialism, and syndicalism which such people often propose to solve this problem do not, in fact, solve it. Instead, these me-

215 https://www.marxist.com/us-socialist-revolution-national-congress-2021-marxism-on-the-rise.htm, referenced on **3/25/23**.

216 https://www.counterextremism.com/sites/default/files/supremacy_landing_files/U.S.%20Far-Left%20Extremist%20Groups_PDF_083122.pdf, referenced on **3/25/23**.

217 *Ibid.*

218 *Ibid.*

thods lead either to a system of complete economic and political tyranny (socialism), which is nothing but a strengthening of the reviled collusion; a system in which no one has a reasonable guarantee of protection against the arbitrary whims of others (anarchism); or a system which is completely unworkable (syndicalism). This is a situation where a proper understanding of the different socioeconomic systems comes in handy, because it helps us sort out the meanings of these different terms. Such an understanding allows us to see that, for example, it is not justified to call collusion between business and government interests "capitalism," because the capitalist method of arranging economic production views such collusion as an arbitrary infringement on the property, and possibly the person, depending on the circumstance, of competitors or would-be competitors in the markets in which the privileged companies compete, and also as an infringement on the rights of consumers because such privilege artificially raises the barriers to entry of the market or markets in question. The aim of such collusion, in fact, is to use government force to reduce competitive stress for specific companies in their markets in return for monetary or career privileges for the colluding government officials – i.e., to concentrate economic and political power into fewer hands. But this is *socialism*, not capitalism. Capitalism seeks to maximize individual freedom in the context of a cooperative society, and does this by distributing ownership of production goods in order to minimize the chance of anyone gaining privilege over others; socialism seeks to subordinate individual freedom for the sake of the particular economic and political plan of specific, privileged individuals, which plan is imposed upon the rest of society by force, overruling any conflicting plans anyone in the rest of society might have for their own life, or for society itself.

The same document from the Counter Extremism Project calls the "Youth Liberation Front," a Far Leftist group, "anarchist."[219] Note also that "according to Germany's Bundesamt fur Verfassungsschutz … the extreme left only superficially opposes fascist movements, focusing more on undermining the capitalist system,"[220] and while this is a statement by a single group based on their own analysis, it is indicative of the entire mindset of the Far Left – whatever other causes they fight for, these causes are always rooted in, and always lead back to, their hatred of capitalism, and to a desire to see those who have wealth stripped of it. It is very emotionally satisfying when those of whom we are jealous get what we desperately need to believe is their comeuppance. This satisfaction is based on

219 *Ibid.*
220 *Ibid.*

the animal instinct in all of us which tells us to think only about short-term, selfish acquisition.

Note that it is not being said here that none of the causes for which the Far Left fights are justified. The problem with these movements, and their hypocrisy, is not that nothing they fight for is worth fighting for, but that in their battles to end social oppression they advocate measures, such as socialism, anarchism, and syndicalism, which would reduce, and eventually extinguish, the freedom for which they fight, and which would increase substantially the means available in society for people to oppress other people. They associate just causes with inwardly contradictory, but emotionally satisfying, ideologies, and use the just causes to try to show that the associated ideological beliefs are valid, when they are not. The document goes on: "In the United States, Antifa is largely made up of decentralized groups and individuals whose interests may or may not align with anarchism, socialism, communism, environmentalism, indigenous rights, gay rights, or other social justice causes."[221] Note, once again, that a Far Leftist group, in this case, Antifa, which is really more a loosely dispersed collection of numerous groups and individuals that often disagree with each other on which causes are most important, supports numerous things, but capitalism is not one of them – however, the mutually conflicting socioeconomic systems of socialism and anarchism are. Also consider this: "Black bloc is an international protest movement of violent anarchists who largely want to eliminate the power of governments and financial institutions in the global system. Black bloc is primarily a tactic, not a cohesive group. Groups of protesters … violently confront symbols of authority and capitalism…. The black bloc ideology is centered around anarchism and creating chaos. According to US officials, black bloc protesters tend to target businesses as representations of capitalism…. Protesters have destroyed property, specifically targeting symbols of capitalism, such as during the summer 2020 anti-police protests that have targeted courthouses, prison construction sites, and other symbols of authority and capitalism in the United States…. Protesters organize on anarchist websites and online forums."[222] Once again, we have an example of a Far Left group/movement that is anti-capitalist.

The Communist Party of the USA, or CPUSA, believes that "capitalism presents the greatest danger to democratic freedom,"[223] toeing the same line that Marx himself and all his followers have toed for almost two centuries. "According to CPUSA, capitalism is responsible for 'endless wars' and 'Institutionalizes

221 *Ibid.*
222 *Ibid.*
223 *Ibid.*

racism and women's oppression' while fueling discrimination against minorities. The greatest driver of capitalism is the United States. While CPUSA pledges its support to democracy, it accuses the United States of threatening the world peace and even the future existence of humanity through its policies. CPUSA's solution is to transform the United States into a socialist society."[224] But racism, women's oppression, and discrimination of minorities in America is not the result of capitalism, which is simply a socioeconomic system which says ownership of the means of production should be distributed and in private hands, and which thus is blind to gender, race, minority status, religion, or any factor other than one's ability to perform a particular task in the employ of a company in order to help it compete in an open marketplace, but of a history of patriarchy in Christianity and a history of slavery in Europe, which history present America has inherited, and which thus is reflected in modern social and economic institutions of various kinds. It is true that, for example, most leaders of business in America today are white and male, though women and minorities have made inroads in recent times. But this is not the same thing as saying that capitalism is inherently racist and sexist. Think about the development of private businesses in Japan, or China, or various countries in Africa, South Korea, or the Middle East, and think about how many of these are owned by members of the Asian, African, or Middle Eastern communities. These businesses are based on the private ownership in the means of production – that is, on *capitalism*. But can we call them racist? The same is the case for female-owned businesses. The fact that most businesses in America, especially large businesses, are led by white males is not a product of *capitalism*, but a product of historically-inherited oppressive cultural tendencies. This is an example of why it is extremely important to know your terms, and to look deeper than the surface of things. The patterns which we easily notice in much of the outward appearance of capitalism in America and which we emotionally latch onto, i.e., some of the most obvious and emotionally-triggering things about capitalism in America, such as the fact that the leadership of most prominent companies consists of white males, should not prevent us from digging *deeper* in order to ensure that we have a proper understanding of the reason for such outward appearances. What the CPUSA and others like them have done is to look only at the *appearances*, tie those appearances to the most deeply-felt inner grievances in their own lives, and then conclude, erroneously, that the appearance and the thing itself are equivalent. This is no different from concluding that Hitler's Germany was capitalist (see the section on Hitler's Germany earlier in this chapter) or that central banking is capitalist (see the section on central banking below). Appear-

224 *Ibid.*

ances can not only be deceiving, but *inviting*, especially when the appearances seem to reinforce one's own desires or to assuage one's grievances – grievances, for example, against patriarchy, against poverty, or against oppression of minorities. As mentioned before, in order to properly distinguish between the accidental features of something and its core principles, one must have a clear conception of the core principles. Without a clear conception, one ends up making, and believing, erroneous statements, such as the statement that capitalism is inherently patriarchal, or that capitalism is inherently racist. In fact, a proper understanding of the core principles will tell us that capitalism is simply a way of arranging economic production so that everyone in society has the greatest chance of obtaining the necessary resources to live and find happiness, and that the primary concern of capitalist production is whether or not someone can perform a particular task and thus help a company survive in a fiercely competitive marketplace – not whether someone is black or white, female or male, or any of the other criteria which are irrelevant to the person's ability to perform the task at hand. It is true that there are hiring managers who have turned down applicants simply based on gender, or race, or religion, etc., regardless of their ability to perform the tasks of the job for which they are applying, but this is the result of a cultural and historical inheritance, not the result of the capitalist structure of economic ownership. In capitalism, where a company stands or falls on its own feet in a competitive marketplace, if a hiring manager refuses to hire a qualified individual for a task simply because the person is black, or Japanese, or a woman, then the company's competitors now have a greater opportunity to hire the qualified individual, and to make it that much harder for the discriminatory company to compete in the marketplace. Since, in a free market, a company's primary concern is how to compete successfully, a company will be greatly incentivized to hire a person simply because the person is qualified, regardless of other characteristics. In other words, capitalism is a force which works *against* discrimination. Stating that capitalism is inherently discriminatory is both misleading and irresponsible.

Finally, the "endless wars" comment should be addressed. It is true that a company which produces military arms is interested, like all companies which operate in an open market, in preserving and growing itself – after all, if it was not, its competitors would overtake it and it would go out of business. And it is true that some companies producing military arms have funded or provided arms to both sides of a conflict for the purpose of earning more money for themselves by perpetuating the conflict. The CPUSA is right to take a stand against this behavior. But the connection between this behavior and capitalism is misunderstood. As discussed in Chapter 2, the capitalist way of structuring economic production

is one which produces greater productive efficiencies over time as a result of the mental division of labor combined with private ownership in the means of production, which, in turn, increases the marginal productivity of labor, meaning that a given amount of labor produces a greater amount of capital than it did before as a result of the creative effort, stimulated by the capitalist arrangement, which goes into finding more efficient ways to make use of capital resources (including labor). Under such a system, the wages earned by the worker, the profits accrued by the investor, the quantity and quality of the products and services purchased and enjoyed by the consumer, all increase, as a result of the increase in the overall amount of capital in the economic system.[225] The more that people become accustomed to and satisfied with this arrangement, the less desire an individual, or a nation, will have to arbitrarily infringe on the person or property of another, since they become more able over time to understand that their wants and needs can be satisfied better by peaceful economic cooperation and coexistence than by war, conquest, and conflict. War, as well as its microcosm – the violence committed by one individual or group against another which was not due to a genuine need for self-defense – is more likely to happen when the offending individuals or groups have deeply-felt unmet needs. But it is the nature of capitalism to seek out these unmet needs and find creative ways to satisfy them in a manner which does not expose individuals or property to harm. The more these needs are satisfied by peaceful economic development and exchange, the less we will all feel the need to resort to violent means to satisfy them, and this will result in continued reduction of the demand by governments and individuals for the products of arms companies. Under such an arrangement, arms companies themselves will eventually go out of business, or, in order to stay in business, will transition to the production of things other than arms. The fact that arms companies exist now does not mean that they are an inherent or necessary part of the process of capitalist production. Rather, as is the case with capitalism in general, arms companies exist today because there is a *current* need for what they produce. This need was not the result

225 This is a general statement about the increasing efficiency in the use of limited capital resources which is brought about by the capitalist arrangement. In any given instance, though, these things can decline rather than increase, not as a result of comparative inefficiency in the capitalist process, but due to other factors, such as an increase in the number of competitors in a market which attracts them due to the expectation of high and sustained consumer demand, which can cut into the profit margins of the companies already selling to the market; an increase in the amount of labor being offered on the market for a particular type of occupation which, all else being equal, decreases the amount of wages each unit of labor can command; or a decrease in the quality or quantity of a product produced due to a need to change to a different, less desirable or more expensive material for a particular part of the product's production. These types of changes will always happen to some degree as a result of the fact that an economic system, especially a free one, is always dynamic and changing. The longer-term improvements in productive efficiency in general which I mention in the main text happen *in spite of* these more tactical reversals, due to the distributed creative energy which the capitalist arrangement inspires in individual lines of production.

of the existence of capitalist companies which produce arms, but its precursor. Yes, once these companies come into existence and invest large sums of money to produce arms, they will do everything they can to keep the world needing them, and this creates problems. But the solution to these problems is not to eradicate capitalism and replace it with socialism, which would create a perpetual system of production and use of arms to maintain a system of totalitarian control, but rather to recognize that arms companies are made more powerful by tyranny-esque institutions such as central banking, and that the first step in reducing the influence of arms companies and their efforts to perpetuate war for profit is to eliminate their sources of privilege, so that the capitalist process can do its job. With a much reduced ability to perpetuate war due to substantially reduced funding, the arms companies will have much less ability to hide the fact that the capitalistic process promotes peace, tolerance, prosperity, and brotherhood, i.e., much less ability to promote the idea that human history is and will always be one of unavoidable violent conflict, and therefore that humans will always need the arms companies. Without the massive amounts of funding which a central banking arrangement provides to arms companies, through government contracts which make use of these funds, the capitalist spirit of peaceful economic coexistence will be much more prominent and noticeable, and this will only reinforce in the minds of people and of governments that war is *not* the way to solve problems, which will further reduce the influence of the arms companies.

Also consider the fact that in using weapons to wage wars the governments of the world contract with *private* companies to produce the weapons and gear which they use, instead of producing these things themselves. This is a testament to the fact that the capitalist method of production is more creative and more efficient[226] in its use of limited capital resources than production directed by a central government – otherwise, the governments of the world would have chosen to direct the production of their own arms rather than pay private companies to do so. But, as stated, the more the capitalist method of economic production spreads, the less governments will feel the need to go to war, and this will reduce, and eventually eliminate, the existence and influence of arms companies. Such a transition cannot happen overnight, nor will it happen in our lifetimes. In fact, the transition could easily be extended over many generations,[227] and would inevitably

226 This does not include any inefficiencies in government spending when it purchases products and services from the defense contractors which result from the use of funds made available by the central banking arrangement – these inefficiencies are the result of the central banking arrangement's efforts to restrict the capitalist process, not of capitalism itself.

227 And this transition is by no means guaranteed to happen. We may fight to bring it about, but the reality is that such a change is not inevitable. It is important to understand this, because doing so helps us to see the true gravity of the problems we face, by forcing us to understand that if we do not keep fighting for the preservation and extension of

be characterized by the resistance to it and rejection of it by those who misunderstand it and those who stand to lose by it. But by ensuring that we have a sound understanding of the ideals of capitalism, we can keep the end result clear in our minds in the meantime, and we can also *use terms like capitalism, socialism, central banking, etc., correctly* in order to help properly describe that vision to others. Unlike the vision of a socialist utopia, the vision of a global system of capitalistic economic interdependence and cooperation is one which is both realizable and able to deliver on its promise of providing and protecting individual freedom in the context of a global society.

Consider next the John Brown Gun Club, who take their fight against police brutality and racist policing to an unjustified extreme when they call for the elimination of police in general: "Gun Club chapters claim to promote racial equality and social justice while seeking to abolish the police and other perceived symbols of oppression…. The Elm Fork John Brown Gun Club in Texas, in particular, has taken a hard anti-police position, casting all police as mass shooters who harass minorities and seek out excuses to unload their weapons."[228] The same is the case for the calls to "defund the police" which were sparked during the Black Lives Matter protests in 2020.[229] The grievances of this group are legitimate – some police officers and departments have caused substantial problems for the black communities which they are supposed to serve and protect because of racism in certain police departments, or because of racist police officers. It is, of course, valid that we should expose such racism and search for ways to eradicate it. But calling for "a national defunding of police"[230] is tantamount to swinging the pendulum too far in the other direction. The fact that the police in some communities do not protect and serve the black members or other minority members of their communities to the same degree they do the white members, or even go to lengths to punish or harass blacks unjustly, is not a reason to take away all police protection from those who are served and protected by the vast majority of the police employed by the vast majority of police departments across the country today. The way to solve a problem for a group of people is not to create the problem for everyone else. There is no sense in this. As with any individual or group of individuals under duress or trauma or oppression, the survival instinct can easily override rational thought and make proposals such as that of defunding the po-

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freedom, if we take the freedom that we have for granted, we *will* lose the freedom that we have. Tyranny is sleepless, instinctive, and always present, like a law of nature, but freedom must be *actively* protected if we wish to continue enjoying it.

228 *Ibid.*

229 https://blacklivesmatter.com/defundthepolice/, referenced on **3/25/23**.

230 *Ibid.*

lice across the entire nation seem reasonable, when in fact such proposals are far out of proportion to, and misunderstand the larger context of, the problem which needs to be solved.

This is not to delegitimize anyone's suffering. But as with proposals regarding the socioeconomic systems in general, proposals to end police violence against minorities have to be *rational*, i.e., they must take all relevant factors into account. Otherwise such proposals will do more harm than good. In the minds of many of those who are in favor of a national defunding of police, it may be satisfying to imagine the violence which would be perpetrated on white people, or white rich people, in America once they are no longer under police protection – a kind of poetic justice which would make white people, or white rich people, better understand the plight of black and other minority communities in America. Perhaps such thoughts reinforce their desire to see the police defunded. In other cases, the desire is based at least in part on a lack of forethought by the would-be defunders about the damage that elimination of the police would cause in society. But something that should be noted here is that the mindset which says that the police are an organized agency of oppression in society with no other purpose, and that police in general should therefore be eliminated, is typically the mindset of those who have less than what they desire and who view the police as the entity or the primary entity standing in their way. More specifically, the police are viewed by these people as the entity preventing them from *arbitrarily taking what they want from others*, and they do not see the police in any other light, so it is difficult or impossible for them to objectively understand the value of police in maintaining freedom in society. Those who understand that a society needs law and law enforcement, and who are simply fighting against the racism and brutality on the part of certain police officers and departments have a better understanding of things. But the general elimination of police is not the way to solve these particular problems – it is, rather, a way to achieve a state of affairs in which *no one* has any expectation of safety or protection. The general anti-police attitude is not so much a desire to eliminate racism and brutality in police departments as it is the tying of this valid cause with a strong desire to *arbitrarily take* from others, i.e., to arbitrarily infringe on the person or property of others, in order to satisfy unmet needs, and so it is not surprising that people who are of this persuasion associate themselves with the Far Left, and with anti-capitalism.

Next consider the "Redneck Revolt" group. They have made a number of claims which amount to saying that government and law enforcement are inherently bad for society and that their sole purpose is to protect the privileged weal-

thy class[231] and keep the working class oppressed. Not surprisingly, they use the term capitalism to mean privileged wealth which is protected by government and law enforcement apparatus – i.e., they use the term capitalism only in association with the idea of wealth acquired by corrupt means, as if this is the only way in which wealth, or large amounts of wealth, can be acquired. Consider these statements from the Redneck Revolt group:

*§9.1 RR Argument #1*

> "*We now live in a country with a huge division between rich and poor. We live with a failed economy.*"[232]

First of all, an unequal distribution of wealth is not inherently a bad thing, and, in fact, would exist in a completely free society (i.e., a society without any oppression or privilege). And insofar as the inequality of wealth in America, or any society, is not due to the outgrowth of natural inequalities between humans in a free society, it is not the result of the *capitalist* mode of economic production, but of the *centralization of economic resources*, such as, for example, the formation of a central bank, which concentrates monetary, and thus economic, power into the hands of a small number of privileged financiers, government officials, and their close business associates and friends. But, as stated before, this is not capitalism, but socialism, and calling this collusion and privilege capitalist shows a lack of understanding on the part of the anti-capitalists of what has happened in America's financial system. As for America having a "failed economy," this is somewhat hyperbolic; however, damaging changes have happened to America's financial system, especially since the Fed was established in 1913, which have created, over the past 100 years, a financial-governmental system which allows for much greater exploitation of the poor and underprivileged, both in America and in foreign countries, than, all else being equal, would be the case otherwise, and such exploitation has happened a lot over the past 100 years. There is substantial corruption in the financial system in America, and the fi-

231 The term "class" is used here in a practical sense and has no real sociological value, i.e., it is of no real value in helping us understand the essential patterns by which society operates. It is used here in reference to its use in this fashion in the anti-capitalist arguments.

232 https://www.counterextremism.com/sites/default/files/supremacy_landing_files/U.S.%20Far-Left%20Extremist%20Groups_PDF_083122.pdf, referenced on **3/26/23**.

nancial system is tightly tied with the central government for mutual benefit, at the expense of the non-privileged. But, again, to call this arrangement "capitalist" is incorrect, and only serves to sow deeper confusion. The central banking arrangement, being one which centralizes monetary and political control to a substantial degree, is *socialist*, not capitalist, since socialism is the centralization of ownership, i.e., control, of economic resources. Capitalism, on the other hand, is the *private* ownership of economic resources, which, in the banking industry, means a system of private banks competing with each other to offer banking services in an open market, *without* any government privilege for one or a few of the banks at the expense of their competitors so that they can form a cartel, and without any central bank in place which gives a small number of individuals the ability to affect the value of the monetary unit across the entire economy. Calling a central banking arrangement capitalist does damage to the effort to spread freedom, and is highly irresponsible.

### *§9.2 RR Argument #2*

"*The blunt reality is that for the last five hundred years on this continent, white working class people have been used by mostly white rich people to colonize for, kill for, work for, and then better the living standards of those same white rich people, all the while sacrificing our own needs, wants, aspirations, and even lives. It really is as simple as that.*"[233] And then the site goes on to say that "*no one denies the history of what has happened at working people's expense.*"[234]

Well, perhaps some people would deny it. There are plenty of people who have all sorts of beliefs about things which are either inwardly contradictory or demonstrably false.[235] But the point is that a defense of capitalism is *not* a defense of a system which perpetuates oppression. In fact, it is the opposite.

The article goes on: "*For some five centuries we've been used by the rich among our own race to promote their agenda and suffered be-*

233 *Ibid.*
234 *Ibid.*
235 Including the anti-capitalists themselves, of course, which is the main point here.

*cause of it. Yet, somehow, we've still been convinced that it is in our interests to protect the rights of the rich to own as much property as they can, to protect the right for the rich to even exist, to protect these same rich people who would just as soon see us die for their benefit.*"[236]

One wonders whether the leader or the members of the Redneck Revolt group would have any moral qualms about seeing the rich people whom they condemn die for *their* benefit. Once again, we have a group of people condemning wealth and property simply because it exists – regardless of whether or not the wealth and property were acquired by arbitrarily infringing on the person or property of others. We are not arguing here that there has never been oppression of the poor and underprivileged for the benefit of a few wealthy, privileged individuals, both in present-day America and in the past. But this is not the same thing as saying that wealth equates to corruption, or that the majority of people in America have not benefited from living in a capitalist system. It is also not the same as saying it is justified to forcibly extract wealth from anyone who has it, simply because they have it, and distribute it to others. Once again, it is crucial to get the terms right, and to use them correctly. When we suffer, and especially when our suffering is substantial and ongoing, it is harder to see things clearly, aside from the clear need to eliminate the suffering as quickly and completely as possible, and in the effort to do so we have a strong need for *definitiveness*, which expresses itself as the ignoring of the complexity of reality. By ignoring the complexity of reality, we have a better chance of drawing a definitive conclusion about the source of our suffering; in other words, the conclusion may be incorrect, but due to the simplicity with which we are viewing the world (which, in turn, is due to our emotional need to do so), we can more readily believe that the conclusion we have drawn is full and correct, rather than partial or out of context. And once we have hold of this definitive conclusion, we have a crucial mental piece in place which allows us to feel more confident in expressing this conclusion to others, and in making demands or recommendations about how to change society so that our problems (and, of course, those of others as well) can be solved. But, as stated, the problem here is that numerous, complicating factors are ignored in such an analysis which, if they were inclu-

236 *Ibid.*

ded in the analysis, would make it harder, or impossible, for us to blame for our problems those whom it is emotionally satisfying for us to blame: “I am jealous of the rich, and so I seek out both historical and modern examples where some who are rich have exploited the poor and underprivileged for their own benefit, and when I find actual examples of this I can feel warranted in concluding, as I wish to conclude, that all wealth is bad, and that I am therefore justified in demanding that the wealth of anyone who has it be forcibly taken from them, and that at least some of this wealth be given to me (since, after all, I am *not* one of the wealthy). Furthermore, because I have found Marxist/socialist, anarchist, or syndicalist literature which seems to provide a philosophical pretext for my jealousy of the rich, and because this literature tends to use the term capitalism in a detrimental way, I conclude that capitalism is evil, and that therefore any effort to eliminate capitalism from society is good, and I use the term capitalism in the same detrimental way myself in my writings, speeches, etc.” This is an overly simplistic picture of socioeconomic reality. It ignores the fact that tyranny can exist in many different forms, some blatantly obvious as such and some craftily surreptitious and masked as something else entirely. It ignores the possibility that tyranny can be made to *look* like freedom, and that, in fact, there is substantial motivation for would-be tyrants to make an effort to do this, the better to sell their tyranny to those whom they would oppress. It ignores the importance of having a sound understanding of the concepts and principles of the various socioeconomic systems, i.e., the various ways of arranging the ownership of the means of production, and the implications of each arrangement for human society. It ignores the need to do a full analysis of the key terms involved – capitalism, socialism, syndicalism, anarchism – and to assign each to its most compatible socioeconomic system, viz., the socioeconomic system and core patterns of socioeconomic behavior which each term has, in the scholarly literature, been used to describe over the course of the history of the intellectual debates between these ideas. It ignores the requirement for deeper, and not just surface-level, analysis of particular socioeconomic institutions, such as central banks, in order to determine *all* of their essential components and how, together, these components affect the society in which the institutions operate, so that the individual performing the analysis can use the correct terms, such as *socialist* in-

stead of *capitalist* for the institution of central banking, to describe them. Calling for the destruction of capitalism and the replacement of it with anarchy or socialism, without properly understanding what each of these terms really means and the impact each has or would have on society, is just irresponsible. As for poor whites being "used by the rich among our own race to promote their agenda and suffer-[ing] from it," this is true as far as it goes – i.e., some rich white people have used poor white people, as well as poor people of other skin colors, to further their own agenda, and at the expense of the poor who are used. But, once again, this is not the same thing as saying that capitalism is damaging to society. It may show, depending on the details of the case, that slavery is damaging to society, since unfree labor is less productive than free labor, or that socialism is damaging to society, since the concentration of economic control under government privilege increases arbitrary political power, and thus tyranny, in society, but it does not in any way show that arranging economic production according to the system of private ownership, a system in which it is much less relevant whether someone starts out poor, somewhat wealthy, or extremely wealthy, and in which the wealth acquired by the wealthy was acquired by the open market process, is harmful or damaging to society. As usual, the critics of capitalism misunderstand it and misuse the term, and this is because they are not interested in a deeper understanding of the differences between capitalism and socialism. Rather, they are interested in satisfying an emotional drive to *take from others* out of jealousy and hatred, and they tie this emotional drive to legitimate grievances about social oppression, as well as to inwardly flawed but emotionally satisfying ideological systems, so that they can feel justified in fighting to satisfy their personal emotional needs by also fighting to end social oppression. Finally, note that we are not saying here that such people have no empathy for the suffering of others. If anything, empathy can easily serve as a reinforcement for a sense of justification in the belief that all wealth should be forcibly redistributed, and that capitalism should be eliminated. There is, in other words, personal incentive for anti-capitalists to be empathetic.

## *§9.3 RR Argument #3*

"*Police, prisons, courts, artificial borders, and other systems of social control only exist to serve the rich.*"[237]

Do they? Really?

"*The nation-state project came into existence to protect the propertied classes and keep us working people poor and without power, often using various types of standing armies to enforce laws which disproportionately impact the poor.*"[238]

Again, we are not arguing here that throughout history, including the history of America, no one has used wealth and political power to subjugate others. But are these anti-capitalist claims not, yet again, swinging the pendulum too far in the other direction? If some suffer from discrimination which exists in some police or court systems, for example, does this mean that police and court systems are only beneficial to those who are privileged or wealthy, and are therefore damaging to society? Or, perhaps, could the elimination of social oppression be accomplished without eliminating police and court systems? Again, it is important to look at things objectively, viz., to consider *all* relevant factors, not just some, and it is especially important to ensure we consider factors we may not wish to consider, or which may be unpleasant to consider. Is it correct to conclude that because police officers in a particular county or town are racist or ignore heinous crimes when perpetrated on minorities, or because they actively antagonize and harass minorities, that police in general are useless in society? Or to conclude that even if the racist police officers were replaced by others who were not racist and who did not distinguish between different groups of people in performing their duty to serve and protect, police could not be beneficial to society, or to those who until that point had suffered at the hands of racist police officers? This is not to say it would be easy to make this kind of change in a police department. But the point is still valid: the Redneck Revolt group has claimed that police are bad for society and should therefore be removed, since all

237 *Ibid.*
238 *Ibid.*

they do is protect the privileged; but is it not clear that this is not the case? The same argument can be made for both courts and prisons. As for the nation-state boundary, being as it is a consequence of the ability of a people to protect a particular area of land from foreign invasion, and which boundary is kept stable by a central political authority and its ability to control and direct a military force and to maintain diplomatic relations with other national governments, it makes sense that Redneck Revolt would tell us that nation-state boundaries are bad, since this group of leftists appears to be one which sees any outgrowth of government as bad. But one wonders what members of Redneck Revolt would think if they lived in a country which implemented their recommendations – i.e., a country which fully disbanded police, government, and military, since these are only in place to serve the privileged and oppress the non-privileged, and which therefore left all citizens to fend for and protect themselves against both internal and external threats. What would China think of America if we did this? Or Iran? Or Russia? Make no mistake that China, or any number of other antagonistic countries, would not hesitate to invade and conquer the US if they thought they could do so successfully. Perhaps someday the nation-state boundary will not be necessary, as a result of successful globalization, but until that time, the nation-state boundary in America serves an extremely important purpose – that of securing a bastion of freedom which, despite its flaws, serves as a guide and influence for the cause of freedom in the rest of the world. Perhaps Redneck Revolt does not think that freedom is worth protecting. Or, perhaps, they simply misunderstand the nature of freedom, and so they make flawed recommendations about how society should be structured in order to achieve and maintain it.

### *§9.4 RR Argument #4*

"*Capitalism is an economic system that methodically keeps the vast majority of people in the world impoverished while they labor to enrich a small minority of people.*"[239]

This is yet another statement which illustrates the anti-capitalists' misunderstanding of capitalism. The imperialistic and colonialistic ac-

239 *Ibid.*

tivity to which this quote refers is not the result of capitalism, but of government-privileged economic activity, i.e., of a government-sanctioned restriction of the process of capitalistic production for the purpose of the benefit of a few at the expense of both their competitors and consumers. Insofar as the quote refers to low wage rates offered by US companies to workers in other countries, what is wrong with this, exactly? The workers chose to work at the specified wage rate because for them it was better than earning a living by the other means available to them. Also, a unit of currency, such as a dollar, does not have inherent value, but rather is valued at the rate of exchange on the market in which it is used to purchase things. It is incorrect to compare $2 an hour in one country which has a higher comparative valuation of the dollar to $15 an hour in another country which has a lower comparative valuation of the dollar. And in the case of poor working conditions for employees, the way to improve working conditions is not to eliminate capitalism, but rather to use the system of freedom of the press, freedom of speech, freedom of assembly, and other basic political freedoms which are tied up with and mutually imply the system of private ownership in the means of production, i.e., capitalism,[240] to speak out against immoral corporate activity without fear of reprisal, and to use the system of representative government and law enforcement, as well as the competitive private markets for production and consumption goods, to seek change in a peaceful way. Eliminating capitalism and limited government will not eliminate exploitation; rather, it will make it easier for people to exploit each other, because without the capitalist competitive market, reinforced by a system of representative government and universally-applicable law and law enforcement, we would have nobody to whom to complain or to whom to take our business or votes, either in the governmental, economic, or social realms, about the exploitation we see around us, and if we did complain we would be in constant fear that those we complained against would seek revenge because we spoke out – after all, there would be no one to stop them. A defense of capitalism is not a defense of every action taken by any company, just because it is a company. A defense of capitalism is a defense of the protections of individual freedom. Those who use the term capitalism to describe everything that is wrong with society, and every-

240 See Chapter 2 in this book.

thing associated with money or corporate activity regardless of whether the money or corporate activity is bound up with government privilege and collusion, have no understanding of how to properly use the term.

### *§9.5 RR Argument #5*

"*We have nothing to gain by maintaining an allegiance to an economic system that has destroyed much of the natural world, committed countless acts of genocide, and ravaged our communities and natural resources in the name of profit.*"[241]

As is typical, statements about profit made by anti-capitalists only show how little they understand it. The profit motive, and its corollary, loss, is the driving factor behind all economic activity, and profit itself, that is, returns on an investment of economic resources which are beyond the costs of production, is, first of all, a way to measure the efficiency with which capital resources have been used – greater profit means greater efficiency – and second, a legitimate earning on the part of the capital investor, who takes a risk of losing his capital wealth in a round of production. Without a way to calculate profit, and without the possibility of earning a profit, economic activity could not proceed, and consumption goods – the ultimate purpose of all economic activity – would not be produced, since there would be no incentive for individuals to create companies to do so. There is nothing to be gained, and much to be lost, by demonizing profit. As for capitalist activity "destroying" the natural world, remember that economic activity in general uses natural resources, and this is unavoidable – the using up of natural resources, and therefore the changing of the landscape and its composition, would happen under any conceivable economic arrangement, whether capitalist, socialist, or any other. The "destruction" of natural resources is a normal, inevitable part of the process of economic production, and the only way to stop this from happening is to place a halt on economic production generally. As for "destruction" of the environment in reference to such things as polluting lakes and rivers with industrial runoff, or destroying rain forests or deciduous forests other types of forests by cutting down trees

241 *Op cit.*

or clearing the forest for ranch or farm land, which destroys, either temporarily or permanently, the natural habitats and ecosystems of many other species, which can, in turn, affect humanity negatively since humans are part of the broader ecosystem ourselves, not separate from it – i.e., the types of concerns which are typical of the environmental activists – once again, if one feels that this type of environmental change needs to stop, the solution is not to eliminate capitalism and replace it with a different socioeconomic arrangement. The solution is to ensure that the socioeconomic arrangement which includes the capitalist competitive market and which maximizes individual freedom and the preservation of human rights, such as free press, speech, assembly, etc.,[242] is *in place* so that we can complain about this corporate activity without fear of reprisal, and with at least a reasonable expectation that if enough people complain the corporate activity will change. Think, on the other hand, about what would happen in a socialist community: the central government controls all economic resources, and so if the government, as the sole producer and sole employer, were to decide to dump industrial runoff into a lake, and thus make it impossible for the many fishermen who normally earn a living by fishing there to fish there anymore, who exactly would the fishermen be able to complain to in order to get the dumping to stop? There is no competing government, to which they could pledge their allegiance or their votes, there is no competing company from which they could buy consumption goods, and there is no competing employer to whom they could trade their labor in order to earn a living. In such a system, where the central government has all political and economic power, would the fishermen feel safe even voicing their complaint out loud? Or writing it on a piece of paper (assuming they could write)? Or publishing and distributing it? Of course they would not.

Then there is the comment in the quote about genocide. It is true that US-based financiers and colluding government officials have perpetrated many genocides for the purpose of personal financial and political gain, usually indirectly by the support of pliant or puppet totalitarian governments in foreign countries, or the fostering of coups or the starting of wars, or other purposeful destabilization, and have caused sub-

242 See Chapter 2 on capitalism in this book.

stantial damage to these countries, and particularly to the most vulnerable subsets of their populations. These genocides have had lasting effects, and have made many people and countries view the US as an enemy, or as irresponsible, or as damaging to the cause of freedom. But, once again, this is not the fault of capitalism. It is the fault of the *severe restriction* of the capitalist process by the efforts of these privileged American individuals to centralize banking by colluding with certain elements in government for mutual benefit.[243] If American banking had remained free, that is, *capitalist*, the ability for financiers, defense companies, and colluding government officials to fund totalitarianism, destruction, and genocide in foreign countries for personal gain would be *nonexistent*, and America would be seen very differently today by the populations and governments of these foreign countries. Presumably, Redneck Revolt is interested in eliminating corruption, tyranny, exploitation, and social oppression in society. But if they are to actually help this cause, it is important first for them to have a proper understanding of the terms which they use in their complaints and explanations, and just as important to have the courage to use these terms correctly in a social environment which oftentimes is highly critical of the correct use of these terms.

### *§9.6 RR Argument #6*

"*Our struggle against patriarchy is central to our struggle against capitalism and the nation-state…. Patriarchy benefits the rich by controlling those who labor for them and dividing the people against one another. Traditional 'women's work,' despite its importance to families and communities, is devalued in our society. The police and courts exist to protect the rich and powerful, not the people, and they are unable to provide justice for the victims of gender-based violence… and in fact often inflict the same violence themselves.*"[244]

Once again, the high prevalence of males in leadership positions in America's private companies is not the result of any inherent tendency in the capitalist mode of economic production toward favoring males, or favoring white males, but rather is the result of a historical inheri-

243 See Griffin, *The Creature from Jekyll Island* and Rothbard, *Mystery of Banking*.
244 *Op cit.*

tance which includes slavery of blacks and a religious system which reinforces patriarchy. Patriarchy and capitalism are *not* equivalent. The association between the two today is historical, that is, *accidental*, and is not an inherent part of capitalism. In other words, eliminating capitalism will not eliminate patriarchy, and capitalism can exist in the absence of patriarchy. One wonders if part of the reason Redneck Revolt made this point about patriarchy is so that they could "prove" that they are interested in women's rights, and thus show women and society how sensitive they are to the plight of women. It is true that what can be called "women's work" is devalued in American society and other societies, and it is true that this should be changed (though substantial change has happened already as a result of the women's movement itself and other allied movements). It is true that women have long had a lower-class status in American society, and have been the victims of gender-based violence. But the solution, once again, is not to eliminate capitalism, or the police or government. Rather, it is to preserve and strengthen capitalism, as well as to protect and enhance the system of representative government and universally-applicable law and law enforcement, because doing so reinforces the cooperative bonds of trust between people in society, which bonds are necessary if we wish to overcome the remaining social oppression around us. If we eliminate capitalism, we destroy these bonds, and this not only makes it impossible to solve the problem, it makes the problem much worse.

### *§9.7 RR Argument #7*

"*We believe in the need for revolution. Redneck Revolt believes that there will have to be a complete restructuring of society to provide for the survival and liberty of all people. We will fight for the end of predatory exploitation of our communities, and the creation of a world where no one is without food, shelter, water, or any other means of survival.*"[245]

Certainly. What freedom-loving, rational individual would not want to end predatory exploitation, or provide for the survival and liberty of all people? And it is true that some substantial restructuring of so-

245 *Ibid.*

ciety will be needed to provide these things, the main such restructuring being the replacement of central banking with a system of private, competitive banking. But, once again, we have an example of an anti-capitalist organization drawing a "definitive" conclusion based on incomplete analysis, specifically the conclusion that there needs to be a "complete restructuring" of society to solve society's problems. This is an example of swinging the pendulum too far in the other direction. A desire to end the suffering under which many are forced to live is transformed into a recommendation to completely overhaul everything about existing society. This is a childish, emotionally-driven recommendation based on the inability of the anti-capitalists to perceive the detailed structure of the problems about which they complain well enough to pinpoint their cause. Capitalism is not the enemy here. Tyranny is. And, as mentioned before, tyranny can be made to *look like* capitalism, or can allow for the existence of some genuinely capitalist elements which are separate from, but exist amid, the tyranny in a nation, some examples of which are Xi's China, Putin's Russia, and even Kim's North Korea. And notice in the quote the mention of the need for "revolution." This is straight out of Marxian and anarchistic ideology. It is true that substantial restructuring in some ways is needed, but complete overhaul of society is extreme and unnecessary. Like a doctor trying to remove a malignant cyst from a patient's abdomen, he will attempt to use surgical precision to excise the mass in order to restore the patient's health, rather than kill the patient in order to stop the cyst from growing. Revolution can be *emotionally satisfying* to think about, and sometimes it *is* necessary in order to eliminate a system of irremediable tyranny. But America, despite its numerous problems, is still a system whose culture at present holds individual freedom in high regard, and given how difficult it has been in human history to establish such a system, it would be rash, to say the least, to seek to destroy it, for whatever reason. Tyranny needs no help to destroy freedom. Why would we offer it?

As another couple of examples, consider first the Weather Underground, which was similarly anti-police, anti-government, pro-socialist, and anti-capitalist.[246] Then consider the Youth Liberation Front,[247] for which the same things can

246 *Ibid.*
247 *Ibid.*

be said. But I will stop listing Far Left groups at this point. It should be clear that the Far Left, depending on the particular group in question, and to the extent that they even understand the terms which they use to describe themselves and their perceived enemies, is a collection of socialists and anarchists, possibly with some syndicalism thrown in. And in all cases the Far Left is anti-capitalist.

There is great desire in the human mind to explain the world, so that we can locate the sources of our problems and find solutions for them. But the world is incredibly complex and changes rapidly, and this can make it incredibly difficult to understand what is happening around us, or what has happened, in society. When a desperate need to solve certain key problems from which we suffer is confronted by the complexity of reality, it is all too easy for the human mind, in fervently searching for any possible solutions, to grasp rigidly onto anything which even indirectly and faintly seems like it provides these solutions, or a path to them. And when a ready-made belief system, such as the ideology of Marxian socialism, or the ideology of anarchism, offers to explain *everything* to us in a grand, comprehensive way and to not only tell us that we are special, but also exactly where we fit into the grand scheme and exactly what to do to bring about change in society to solve our own most deeply felt personal problems, this ideological system becomes too much for many of us to resist, and so we become converts to it and apologists of it, and see the world in and through it. This is what a religion is, viz., a belief system which provides believers with a collection of flawed, but emotionally pleasing and reassuring, ideas which explain the complexity of the world for them in a satisfyingly simplified way, and which provide them with methods to reinterpret the meaning of or to negate the significance of unpleasant facts about reality. On the other hand, it is much more difficult to look at socioeconomic reality *objectively*, because this necessitates not only acknowledging the complexity of the world instead of ignoring or downplaying it, but also coming face to face with one's own flaws, limitations, mistakes, and transientness as a human among other humans in the physical and practical world. Many of the causes for which the Far Left groups fight are valid, that is, they seek to end practices which encourage or preserve or perpetuate arbitrary infringement. But their adherence to anti-capitalist ideology, while for them such ideology is emotionally pleasing and reassuring, amounts nonetheless to adherence to sets of ideas which promote and encourage tyranny. In fighting tyranny one must be careful not to become a tyrant oneself. The Far Left groups in America should feel lucky to be living in a capitalist system, because only in the context of such a system would they be able to voice their opinion, in speeches, assemblies, the press, political campaigns, websites, pamphlets, books, etc., that capitalism is destructive of soci-

ety. If capitalism were *actually* removed from society, this would also remove any system of protection for basic human rights, including the right to freely express ideological opinions which are at odds with those of the reigning power.

## §10 What is the American Far Right?

The world is changing. There has been substantial progress in removing social oppression from society, such as the oppression of women and of non-whites. But oppression is extremely difficult to eradicate from society, because many people benefit from it, and when the source of this oppression is threatened, those who most benefit from it will do everything in their power to hold onto it or to claw it back from those who have taken or are taking it from them. However, it is also important to realize that not everything about existing society is damaging to freedom, and that much about existing society is beneficial to freedom and therefore should be preserved and extended rather than demonized, destroyed, or changed. In the case of all extremism – the Far Left and Far Right, for example, or the Islamic extremism with which the Far Right is often compared by the left – there is a tendency to focus only on the extremists among the much larger group of one's opponents, and to condemn the entire spectrum of one's opponents because of the actions and beliefs of the much smaller number of extremist individuals. Because, for example, many on the right seek to preserve some things about existing society which are damaging or oppressive to many on the left, the Far Left offers us the solution of destroying the *entirety* of the existing socioeconomic arrangement and replacing it with a new one. Because the typical leftist seeks to ensure that non-whites and non-males and those who are not gender-conforming are seen by society as just as human and just as deserving of basic human rights and protections as everyone else, the Far Right concludes that there is a grave attack in progress on the very foundation of freedom in society. Each side is justified to be concerned to the extent that it focuses its criticism on the most extreme individuals and groups of its opponents, since the nature of extremism is to hyperbolize, and thus to *not* see the world in clear and proper perspective. But, precisely *because* extremism is hyperbole, each side is also *not* justified to the degree that its members do not allow themselves to rationally and openly listen to their opponents' *legitimate* grievances and acknowledge their validity.

But the balance in one's mind under these circumstances can be difficult to maintain. Generally speaking, when we have a vested interest in these political disputes it is challenging, to say the least, to open our minds to the possible validity of even one of our opponents' arguments, rather than at most to just pay lip

service to such validity, while at the same time taking the necessary measures to preserve our own psychological and emotional integrity so that our opponents, due to their anger at us and their desire for revenge against us for what we have done to them or what they perceive we have done to them or would do to them, do not take advantage of the vulnerability which we have chosen to show them in order to injure or harm us. And it is here that we can begin to understand the source of extremist behavior and the extremist mindset. When a person feels as though his back is against the wall in a serious way, the survival instinct kicks in, the animal drive to beat back and utterly destroy, so that there is no possibility of return, that which seeks to take away our core, our primal source, of life and power. And keep in mind that, whether or not this core is *actually* threatened, what matters for the development of the extremist mindset and extremist behavior is that the potential extremist *believes* that it is, since what we believe determines the conclusions we draw about the world around us as well as the actions which we feel are necessary to ensure our survival.

Consider also that different people have different temperaments, as well as different social, economic, and educational backgrounds. It is not a stretch to say that certain combinations of these factors lend themselves more to the development of the extremist mindset than other combinations. To give just one example, imagine a person who has a greater than average natural tendency to feel insecure and intimidated by those around him, and in whom this natural tendency is reinforced by a poor upbringing and a social environment in which he is regularly ridiculed and criticized, rather than one which easily provides for all his material needs and many material comforts and which is emotionally supportive and encouraging, which latter environment could make his natural insecurity irrelevant to his life and achievements, or even turn it into a strength. Imagine further that this person is physically unappealing and is ridiculed for it, and also that the educational system in his county or state is deficient, with many low-quality teachers who have no understanding of the importance of developing the rational, critical mindset in their students, or, if they do have such an understanding, do not care to try to develop this mindset in their students. Imagine that there is social pressure from his peers to drop out, and that he has no parents or genuine friends interested in making the effort to help steer him, and continue to steer him to the extent necessary, onto a path which leads to a productive and fulfilling life, and that because of this he drops out in middle school and so loses out at a crucial moment in his youth on any educational experience he might otherwise have had, say in high school, to really challenge the rational part of his mind and develop his capacity for rational thought. Imagine that he grows into adulthood like this in a so-

cioeconomic world which is not stable or readily predictable, but rather which is changing rapidly, and in unprecedented ways. How is it possible for such a person, without any of the proper tools to deal with all this change in a healthy way, to make sense of the world around him?

And then, imagine that this person, a male, is also white, and an American citizen. These are factors which are a part of his life that he could not have possibly brought about or controlled, but because of the historical inheritance of slavery and religious patriarchy which is a part of his heritage as an American, he can at least take solace in the fact that he is not black, that he is not a woman, and that he is not a recent and obvious immigrant, since all of these groups of people have had a harder time, historically, in America than white males. In fact, in his case being white and male and American might just be the only thing he has going for him.

And then imagine that he sees signs of the women's movement spreading. He sees the #MeToo initiative not just as a sideline effort that will not effect real change, but instead as one which takes down the likes of Harvey Weinstein, Bill O'Reilly, and at least "201 prominent men [who] had lost their jobs after public allegations of sexual harassment" – and, if this were not enough, he also sees that "nearly half of their replacements were women."[248] This is unprecedented. So is a black president. So is the substantial, and growing, presence of activism for gay rights, trans rights, and nonbinary rights, among others, and so is the fact that women continue to rise to executive-level, including CEO-level, roles at major companies.[249] And this is a partial list. In other words, this man, who defines himself and his sense of security and certainty in the world and in America by his whiteness and maleness, is being challenged by substantial, and growing, efforts to strip him of his ability to feel privileged and secure because he is white and male, and it does this by challenging the supremacy of both whiteness and maleness. Such a person, who lacks the inner confidence, and the developed rational capacity, to acknowledge the legitimacy of these efforts to end social inequality, will see these efforts not just as a threat to his social standing, but as a threat to his very survival. An effort to equalize the playing field will be seen by him as an effort to tear away his very soul, and so it will prompt in him, as necessary survival measures, both the intense rigidification of his ideological views and the actions he takes to arm and attire himself in order to go out and demonstrate in the streets, or commit acts of domestic terrorism. Without the inner self-confidence necessary to give him a sense of self-worth which is independent of his gender and skin

248 https://en.wikipedia.org/wiki/MeToo_movement, referenced on **3/27/23**.
249 https://en.wikipedia.org/wiki/List_of_women_CEOs_of_Fortune_500_companies, referenced on **3/27/23**.

color, he will seek the approval of others who will reinforce the perceived validity of the rigid, extremist ideological beliefs which he desires to preserve and strengthen in his own mind, and he will take extreme measures to tear down his opponents as much as possible, such as flying Nazi flags and raising a strong "Heil Hitler!" as a way to show his commitment to the most extreme of opposites to his opponents' views and beliefs.

Note that this is just one example, and it is meant to illustrate rather than be comprehensive. Not every extremist is uneducated – in fact, some have college degrees. Not every extremist is unaccomplished in all spheres of life. Not every extremist is, from the standard of his or her culture, physically unappealing. But the general principle is still the same, viz., that the extremist mindset is one which develops from the awakening of the survival instinct combined with either an inability or an unwillingness to think rationally and objectively about one's opponents' point of view, as well as one's own. The lack of rational thought prevents the person from making genuine progress toward a better understanding of the world, and of themselves, which is the only real way to calm the extremes of emotion, and the lack of rational thought instead serves to maintain and heighten the person's uncertainty, which in turn generates greater fear. Since rational thought is not being used to overcome the uncertainty, and thus, to overcome any unjustified fear in the person's mind,[250] he has to obtain certainty and stability of mind from another source, and the only available other source is a flawed but emotionally appealing ideological belief system – i.e., a religious belief system – which both explains the world for him and tells him why he is right in attempting to maintain the system of oppression from which he has been lucky enough to benefit. The greater the perceived threat, the stronger and more rigid is the adherence to the ideological belief system, as a counterbalance. And the stronger the adherence to the ideological belief system, the harder it is for the person to learn how to think rationally about what it is that threatens them. It is a vicious circle. Also, the greater the perceived threat, the more extreme the measures which such people will feel are justified in order to eliminate the threat. If a bear appears at the entrance to an alley in which a dog is resting, and the dog is against a fence so he cannot leave out the other side of the alley, he will become alert, stand up and turn to face the bear so he can watch it, and he may growl a bit under his breath or pace back and forth or kick up his paws toward the bear in a show that he is willing to defend himself if necessary. But if the bear starts down the alley, starts

250 There is *justified* fear as well, viz., fear of real danger. But in seeking solutions to our problems, it is important to learn how to separate the fear we have which is justified from that which is not, and the only way to do this is to think rationally about that of which we are afraid, which means we have to face it directly, as it is, and *learn* about it. In other words, as the saying goes, facing one's fears is the best way to overcome them.

growling back at the dog, starts closing in, and backs the dog into a corner, swiping its paws to try to knock the dog over, the dog will start barking heavily and loudly, will fully bare his teeth, will bite the bear and clamp down as powerfully as he can, will seek more desperately for a way to get around the bear so he can run out of the alley away from the bear, etc. Or in the case of human political battles, instead of just posting rhetoric on a website for others to read, and then calling that enough, the person may decide that it is necessary to arm himself to the teeth and go out and protest or riot in the street, or plant or mail a bomb, or shoot up a school. The changes by social progressives which are being made and which continue to be made in both America and many other places around the world in order to secure equality of opportunity and equality before the law for historically underprivileged or oppressed groups of people are substantial, and show every sign of continuing, and so it is that the subsets of the populations in the various countries of today which depend most for their sense of self and their sense of control over their own lives on being a part of one of the historically privileged groups of people, and who cannot learn to adapt to a world in which neither they, nor any other group, are privileged, will end up adopting a rigidly extremist viewpoint, and will be willing to invest substantial time, effort, and resources in order to act on these extremist beliefs.

That being said, it is also important to understand that any effort to prevent the implementation of tyranny in a free society, or, what amounts to the same thing, to prevent the destruction of one or more existing social institutions which are sources of freedom, is one which should be supported. The statement, for example, that "patriotism is not racism"[251] is true. Just because the Far Right typically associates the two and supports both does not mean that they are logically connected. Racism is the treating of someone differently just because of his or her race. Patriotism is a desire to preserve the geopolitical boundaries of a sovereign nation, out of admiration and respect for one's nation and one's nation's values. If the nation is one which, in spite of the many problems it may have, and in spite of any social oppression which has existed or still exists within its borders, nonetheless contains at its core the social, political, and economic apparatus necessary for the preservation and protection freedom, which apparatus is extremely difficult to implement in human society, then a desire to tear down the nation's government, which government is a necessary tool in the preservation of this freedom, is tantamount to a desire to destroy freedom, and should be resisted. Any fight, then, of the Far Right against any leftist tendency to "eliminate the nation-

251 https://news.sky.com/story/number-of-people-referred-to-prevent-programme-for-far-right-extremism-soars-36-11579553, referenced on **3/27/23**.

state" or to institute a system of anarchy, or of socialism, is justified. Also, any time a Far Right activist criticizes a person who is biologically male and identifies as male for trying to convince everyone that he identifies as female in order to obtain an unfair advantage in competing in female sports, or in order to be able to transfer to a women's prison instead of a men's (if he is a prisoner), or to use women's bathrooms, he is right to criticize.[252] Keep in mind that the fact that a cause is just (in this latter case, the cause of eliminating the oppression of those who genuinely do not fit into the traditional male/female dichotomy) does not mean that no one will attempt to take advantage of it for personal gain. Also, if a Far Right extremist says that socialism is equivalent to tyranny, he makes a correct statement.[253]

Tyranny comes in many forms. But it always starts with a desire to arbitrarily infringe on the person or property of others, viz., to arbitrarily impose one's will on another. Think about the extremist mindset we have been discussing. Think about the desperate need an extremist has to eliminate the deep sense of uncertainty and fear which social changes around him hatch in his mind. When the sense of uncertainty, fear, or loss or potential loss of one's sense of self or one's psychological, emotional, or physical integrity is strong enough, such a person will find themselves at the point where they feel that taking action to force the change to stop, and to infringe on the person and property of others as necessary, is the only logical thing to do. So depending on the culture in which such people find themselves, and the level and types of restraint which this culture imposes on a disaffected citizen's ability to arbitrarily impose his will on others, such people will go out and take all measures they feel they can get away with in order to claw back what they feel is being taken or has been taken from them. This is the case with the American Far Right, and it is no different, as the leftists keep reminding us, from Islamic extremism, nor is it different from the consolidation and solidification of power of the central authority of a sovereign state, as is the case with Putin in Russia, Xi in China, Kim in North Korea, the Taliban in Afghanistan, the Ayatollah and governing apparatus in Iran, Netanyahu in Israel in 2023,[254] etc. It

252 https://www.heritage.org/gender/commentary/males-dont-belong-womens-sports-even-if-they-dont-always-win, as one example. Referenced on **3/27/23**.

253 See Chapter 3 above on socialism.

254 We don't talk about this development here, but it can be researched online. See https://apnews.com/article/israel-protesters-netanyahu-judicial-overhaul-delay-b6839620ae91492eaabe4b748120183c, referenced on **3/28/23**. Briefly, Netanyahu's government introduced a proposal which effectively takes away the independent power of Israel's supreme court and subordinates it to the executive. This is an effort at consolidating central state authority as a result of increased change in the world and the Middle East which threatens the existing leadership, and the threats come both from other potential tyrants or quasi-tyrants nearby and the spread of democratic and capitalistic ideals among more peoples of the world, including those of the modern state of Israel, which latter threat, assuming such spread of ideals and practices continues, means it becomes harder over time to both maintain existing systems of tyranny and to start

is also no different from the Far Left in America, as described in the previous section. The propaganda of socialism and communism tells us that socialism and communism are equivalent to democracy, but a democratic system is not one which centralizes control of the means of production under a single authority. A leftist who does not grasp this has simply fallen for a lie – which, of course, is the whole point of propaganda. But as with the Far Right, there is a subset of people on the left whose mindset, temperament, personal history, and social environment conspire to bring about deep fear and uncertainty in their minds, which mindset then leads them to cling more rigidly than most onto an ideological belief system which provides for them a grand explanation of the social world around them, which makes them feel special and central to human progress and development, and which gives them guidance on what needs to be changed in society in order to solve society's deeper problems. Again, this is *religion*, and a leftist who rigidly clings to his ideology in this way is an acolyte, a believer, a zealot, a proselytizer, a cult member, etc., no different from adherents to any set of practices, ideas, and shared history which together we might traditionally or typically think of as a religion.[255] In certain respects, the left is different, but this is not due to any difference in the tyrannical implications of their extremist ideologies. It is because there is asymmetry in the political spectrum – in politics, there are always groups who fight to keep some things the way they are (though not necessarily everything), and there are always groups who fight to change those same things, and political struggle is always related to the nature of the struggle between these two types of groups. In today's world we typically think of the "right" as those who are trying to preserve something about existing society, and the "left" as those who seek to change something about existing society. So, then, while Far Right extremism may be thought of as activity which seeks or desires to destroy those who wish to bring about a particular change in society, rather than make the effort to better understand why this change is desired by its proponents, Far Left extremism may be thought of as activity which seeks or desires to destroy something about existing society and replace it with something completely different, rather than make the effort to accurately determine whether there are, in fact, any socially beneficial things about that which they seek to destroy in existing society. Further, keep in mind that in either case, there is not necessarily a *complete* lack

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new ones.

255 This is over and above any association between the American Right in general, or the American Far Right in particular, with Christianity. The typical rightist is Christian, and the typical leftist is atheist or agnostic. But this does not mean that right-wingers are more subject to the "religious" mindset than left-wingers. As discussed in the main text, religious belief comes in more than one form, and, specifically, it does not only come in the form which is, to our present cultural understanding, outwardly and obviously religious in nature.

of rational understanding on the part of the extremists – there can be, and typically is, at least *some* rational understanding of the world in the minds of the extremists; it is simply that the rational understanding in their minds stops short at a certain point, and beyond this point a rigid adherence to religious ideology takes over. It is this rigid adherence to ideology, which is maintained and fueled by deep fear and uncertainty, which is the foundation of tyranny. Where rational thought ends, tyranny begins to lift its head and open its eyes. The point at which we stop treating those with whom we disagree as *humans* just like us, with the same basic needs and desires, and the same basic right to happiness, is the point at which tyranny begins to be nurtured in our minds. It is true that not everyone can be reformed, and that not every enemy can be made to see the light and come to understand why at least part of what they believe is wrong. But the need to remove, eliminate, destroy, etc., those of our enemies in political conflict who pose a real threat to our basic human rights should be treated as the *exception* to the rule, not the rule itself.[256] It is not necessary, or beneficial, to destroy freedom in order to save it, as is, effectively, the policy of those on the Far Left. And it is not necessary to prevent any and all change to society in order to preserve the freedoms we currently enjoy, as is, effectively, the policy of those on the Far Right. As with anything, and as has *always* been the case, it is crucial to maintain a high respect for objective, i.e., *scientific*, thought in all things, including the nature and structure of socioeconomic and political reality, if we are to make real and lasting progress in solving the problems with which we are confronted. Only by *understanding* things can we see how there can be a path forward toward greater freedom. And *understanding* itself can only come as a result of rational thought.

So what is the American Far Right? To what degree is capitalism, for example, a part of the beliefs of the American Far Right? Or socialism, syndicalism, or anarchism? After reading about the various groups and individuals who are part of what we call the Far Right, it is clear that the Far Right is as much a mish-mash of many different views as the Far Left. However as with the Far Left, in the Far Right there is a fairly common theme. With the Far Left, the common theme is anti-capitalism. In the case of the Far Right, the primary themes have to do with nationalism or ultranationalism; racial supremacy of what is perceived to be a native or primeval group of people who, due to their superiority, deserve to dominate, enslave, or exterminate all others; an extremist interpretation of a particular traditional religious text, such as the Bible or the Quran; a fierce protection of private property from the efforts of the redistributionists; and

256 See the section on the two types of interventionism in Appendix C at the end of this book.

the promotion of the value of individual responsibility.[257] This can be contrasted with the Far Leftist point of view, which tends to be *internationalist*, i.e., places little value on sovereign boundaries, is interested more in the equality of all (except perhaps their extremist opponents) to exist and be free than in the inherent superiority of some and inherent inferiority of others, tends to be less religious and more agnostic or atheistic, at least in relation to what may be called traditional religions, and has little or no respect for the institution of private property. But we should be aware there there is much overlap between the two as well – for example, certain Far Right groups adhere to National Bolshevism,[258] which is nothing but Far Leftist communism wrapped in the guise of ultranationalism. This overlap is not an accident. The same is the case with Christian socialism.[259] The extremist mindset has the same psychological and emotional foundation regardless of the side of the political spectrum with which the extremists have chosen to align themselves, or for what the extremist individual or group happens to be fighting, and in seeking justification for extremist desires, those of the extremist mindset will always be attracted to and gravitate toward ideological systems which, either directly or indirectly, more explicitly or more implicitly, advocate tyranny. The extremist mindset desires to tyrannize others in order to have its way, and these ideological systems provide a grand scheme and moral justification for this desire. So long as the system which promotes tyranny is not too specific in its teachings, that is, so long as it is reasonably open to interpretation, and so long as it is not *obviously* and *nakedly* tyrannical, that is, tyrannical in too simplistic a way, then any would-be tyrant, any extremist, can read into the system what they wish to read into it, and will be motivated to find a way to make use of it for their purposes. Mises can be quoted here on this point:

> Professed Christians attack the materialism of Marxists, monarchists their republicanism, nationalists their internationalism; yet they themselves, each in turn, wish to be known as Christian Socialists, State Socialists, National Socialists. They assert that their particular brand of Socialism is the only true one – that which 'shall' come, bringing with it happiness and contentment. The Socialism of others, they say, has not the genuine class-origin of their own. At the same time they scrupulously respect Marx's prohibition of any inquiry into the institutions of the socialist economy of the future, and try to interpret the working of the present economic system as a development leading to Socialism in accordance with the inexorable demand of the historical process. Of course, not Marxists alone, but most of those who emphatically declare themselves anti-Marxists, think entirely on Marxist lines and have adopted Marx's arbitrary, unconfirmed and easily refutable dogmas. If and when they come into power, they govern and work entirely in the socialist spirit.[260]

257 Much of this can be read about at https://en.wikipedia.org/wiki/Far-right_politics. Referenced on **3/28/23**.
258 https://en.wikipedia.org/wiki/National_Bolshevism, referenced on **3/28/23**.
259 https://en.wikipedia.org/wiki/Christian_socialism, referenced on **5/28/23**.

Let us consider Christian socialism in greater detail. On first glance this appears to be a contradiction in terms, given that socialism is typically associated with the left and Christianity is typically associated with the right. Mises can again be quoted:

> The basic idea of Christian Socialism that runs through all the teachings of its representatives is purely stationary in outlook. In the economic system which they have in mind there is no entrepreneur, no [economic] speculation, and no 'inordinate' profit. The prices and wages demanded and given are 'just'. Everyone is satisfied with his lot because dissatisfaction would signify rebellion against divine and human laws. For those incapable of work Christian charity will provide. This ideal it is asserted was achieved in medieval times. Only unbelief could have driven mankind out of this paradise. If it is to be regained mankind must first find the way back to the Church. Enlightenment and liberal thought have created all the evil which afflicts the world today.
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> The protagonists of Christian social reform as a rule do not regard their ideal Society of Christian Socialism as in any way socialistic. But this is simply self-deception. Christian Socialism appears to be conservative because it desires to maintain the existing order of property, or more properly it appears reactionary because it wishes to restore and then maintain an order of property that prevailed in the past. It is also true that it combats with great energy the plans of socialists of other persuasions for a radical abolition of private property, and in contradistinction to them asserts that not Socialism but social reform is its aim. But Conservatism can only be achieved by Socialism. Where private property in the means of production exists not only in name but in fact, income cannot be distributed according to an historically determined or an any other way permanently established order. Where private property exists, only market prices can determine the formation of income. To the degree in which this is realized, the Christian social reformer is step by step driven to Socialism, which for him can be only State Socialism. He must see that otherwise there cannot be that complete adherence to the traditional state of affairs which his ideal demands. He sees that fixed prices and wages cannot be maintained, unless deviations from them are menaced by threats of punishment from a supreme authority. He must also realize that wages and prices cannot be arbitrarily determined according to the ideas of a world improver, because every deviation from market prices destroys the equilibrium of economic life. He must therefore progressively move from a demand for price regulation to a demand for a supreme control over production and distribution. It is the same path that practical etatism has followed. At the end in both cases, is a rigid Socialism which leaves private property only in name, and in fact transfers all control over the means of production to the State.
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> Only a part of the Christian socialist movement has openly subscribed to this radical programme. The others have shunned an open declaration. They have anxiously avoided drawing the logical conclusions of their premises. They give one to understand that they are combating only the excrescences and abuses of the capitalist order; they protest that they have not the slightest desire to abolish private property; and they constantly emphasize their opposition to Marxian Socialism. But they characteristically perceive that this opposition mainly consists in differences of opinion as to the way in which the best state of society can be attained. They are not revolutionary and expect everything from an increasing realization that reform is necessary. For the rest they constantly proclaim that they do not wish to attack private property.[261] But

260 https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, pp. 16-17. Referenced on **3/28/23**.

261 This is quite typical of much of the modern American leftist approach to economics: government regulation of economic activity via such things as price control and wage control is seen as an inherently good thing and so as something which should be strengthened and which should remain in perpetuity, rather than as something which should be thought of only as an exceptional and transient emergency measure. This belief is an outgrowth of the flawed idea

> what they would retain is only the name of private property. If the control of private property is transferred to the State the property owner is only an official, a deputy of the economic administration.[262]

The point, as we have been discussing, is that tyranny comes in many guises, including those which completely fool the would-be tyrant into believing that the tyrannical measures which they propose and defend are democratic. And it does not take an unintelligent, uneducated person to believe such things – intelligent, well-educated people can be blinded in this way as well, due to one or another deep, personal need to avoid a particular truth about their life or about reality. Make no mistake – highly intelligent people can be strongly biased. It takes a profounder dedication to rational thought, about *all* things, and specifically about socioeconomic reality, and also a considerable amount of time and study effort, to overcome these biases, so that one may grow to see things in a clearer light, and there is no guarantee that this overcoming of biases, about the essential patterns of socioeconomic reality much less anything else, will be complete before a person dies. What is important is not necessarily that this effort be complete in our minds in all respects, though this is certainly an ideal toward which it is quite rewarding to strive, but simply that society always maintain a certain basic respect for rational thought and inquiry, and that those of us who understand its value do our part to ensure its continuance.

## §11 What is central banking?

Central banking is interesting partly because it has a double nature, though one part of this double nature is its core while the other part is only a mask. Central banking is *banking*, and so its primary and most obvious characteristic is that it deals with money. Money is seen as eminently capitalist, and so the simplistic conclusion is drawn that central banking is capitalist. In particular, the Far Left critics of capitalism usually associate what they understand to be capitalism with centralized state authority or tyranny, including imperialistic and colonialistic tendencies, practices, and historical occurrences, and see multinational corporations as inherently tyrannical, imperialistic, and colonialistic. They rightly point out that certain groups of financiers and businessmen, in combination with and under the aegis of various government officials and politicians, have caused substantial war, destruction, and genocide, in many countries around the world, for their own

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that capitalism as such is damaging to society and therefore must be "reigned in" by government regulation and intervention.

262 *Ibid.*, pp. 253-255. Referenced on **3/28/23**.

personal benefit over the past 100+ years. Central state authority and tyranny is, to them, synonymous with the centralized, tyrannical control of money, and they describe the whole arrangement as capitalistic, or as the capitalist/imperialist/colonialist system. Capitalism, to them, is not separate from imperialism, colonialism, and tyranny. Now, without even considering the fact that the general leftist approach to how an economy should be structured and managed envisions a substantial role for central government in pumping money into the economy via Keynesian spending, i.e., massive stimulus programs, and that the funding for such massive spending can only come from a central banking arrangement's ability to counterfeit money for the purpose of purchasing government debt,[263] which viewpoint would then contradict, and make hypocritical, the belief of the Far Left, to the extent that this belief is even coherent among them, that centralized monetary control is a *bad* thing, we are still left with the fact that it *is* centralized monetary control. At this point we should remind ourselves what socialism is. Socialism is the centralization of the ownership of the means of production under the control of a state authority. In describing socialism, then, have we not also just described central banking? True, the specific details of the arrangement in any given society and culture will vary – in some cases, central monetary control will be directly in the hands of the central government's treasury department, while in others it will be in the hands of a pseudo-private banking entity which we are told is a completely separate entity without government control or influence, and in still others it will be some combination of the two. The particular details of the arrangement of central monetary control in a particular nation and culture at a particular time will reflect what those who architected the arrangement, and who expected, and who continue to expect, to benefit most from it, needed, and continue to need, to tell and show the public of that nation and culture in order to convince them that the effort to centralize monetary control is beneficial to the public and therefore should be allowed to exist and continue. In the case of the Fed in America, it was important that the architects tell the American public that the institution they were proposing was a *private* bank, and not a government-controlled bank or a department of the government, and to structure the bank's physical locations and appearance, the statements made about it in the media and propaganda, and other details, in a way which reflected the idea that the institution was a *private* entity, because American cultural values, due to our historical desire to escape from state-sponsored religious and political tyranny in Europe, were such that centralization of government power was seen as something to be deeply mistrusted. And so we, in the present, have inherited the idea which the architects of

263 See Rothbard, *Mystery of Banking*, and Griffin, *The Creature from Jekyll Island*.

the Fed wanted us to inherit – that the central bank is a private entity, and independent of government control. But even though this is true to a degree, it is important to note that the central bank, which has sole legal authority to issue new money (i.e., to do that which, if any of us were to do it, would be called *counterfeiting* money), cannot exist without government support and privilege, which in the case of the Fed takes the form of the Federal Reserve Act of 1913, which authorized the bank, and, crucially, its legal ability to counterfeit money, to exist in the first place. And with sole legal authority to counterfeit money, which legal authority, to repeat, is given to it and supported by federal government legislation, the central bank is legally able to create new money out of thin air for direct use by the federal government, either by issuing new bills or, as is more commonly done today, by the purchase of government debt which is perpetually rolled over (so, effectively, the government does not have to pay back the money), which new money is well above and beyond what the federal government at any given time is able to obtain via taxation, which is subject to stringent political constraints. The federal government, then, is able to finance political and military projects which it would never be able to finance without this issuance of new money.

An example will make this clearer. Say that you want a car which you see in a dealership lot, but you do not have the necessary money with you to pay for it. So you tell the dealer to hold the car for you, then go home to your printing press, stick 20 or 30 sheets of paper into it, check the ink level to make sure there is plenty in the cartridge, and press the power button to turn on the machine, after which the sheets of paper get pulled in automatically and processed, and then they come out the other side as $40,000 worth of $100 bills. You then drive back to the dealership, hand the dealer the money, leave your old car in the lot, and drive off in the new car, title and all. Wouldn't that be great? But, of course, it would be great only if *you* could do it – no one else should be allowed to. If *everyone*, or even just a small number of people, had the ability, and the legal authority, to do this, the currency would inflate and become worthless practically overnight. But it is exactly this which a central banking arrangement allows a central government to do, and which is the primary reason the Federal Reserve Act has never been repealed.[264]

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264 A secondary, and corollary, reason is that as a central banking arrangement digs its hooks deeper into the central government's funding pipeline, it works to progressively change things so that the government itself, regardless of which political party is in office or holds the majority at any given time, becomes more and more dependent on the central bank in both direct and indirect ways – for example, by working to ensure that government debt is perpetual, that is, that it can never be paid off. One way it does this today is by using government debt itself as the "reserve" or backing for the fractional reserve process of issuing new money, i.e., the so-called *monetization of debt*, so that it becomes politically treacherous for a government to pay off any portion of this debt, because not only will doing so reduce the amount of money available for lending and thus for circulation in the economy, but it will do so in a

But it is not only the central government which benefits from this arrangement. Privileged bankers and their close associates are major beneficiaries because they can use the system of fractional reserve banking, which a central banking arrangement of the banking industry brings into nontrivial existence and strongly encourages, to issue loans and make investments without having any real money of their own to back these loans and investments, and thus without taking any real risk, and then proceed to earn interest and dividends on these loans and investments in *real* money, which allows them to enrich themselves on the backs of nothing – at least, nothing monetarily. In addition, any other individuals or businesses which receive any of this newly-created money early on, before it has been used, or used very much, in the economy, are also privileged, because they are able to spend the new money on real things, either consumption goods or production goods, and enrich themselves to a greater degree than would be the case without the new money, and – crucially – to make these purchases at the market prices for the things which they choose to buy with the new money *before these market prices increase as a result of the influx of this new money into the economy without a corresponding increase in real capital*. However, those who receive, though regular economic exchange, the new money much later, or last, or not at all, will receive it, if they do receive it, only *after* prices have increased for many, most, or possibly all, of the things which they themselves would buy with the new money. So then what such people normally buy will cost more than it used to, but it is unlikely that their salary or other earnings have increased in proportion, because their earnings are based on what their employers pay them, and their employers' costs of doing business have increased as well as a result of the trickling of this new money throughout the economy, and so the employers will be reluctant to raise wages at the same time as all their other costs are also increasing. This means that such people end up buying less than they would normally buy

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*multiplied fashion* because of the fact that the debt which would be paid off serves as the basis for *fractional reserve* lending. In other words, the paying off of a portion of this debt by government will be felt by the populace in a fairly stark fashion, as a reduction in the money supply, and could conceivably trigger or help trigger a recession, and so the government will be loathe to pay off any of this debt. But this simply means that the debt has a higher chance of remaining outstanding, which then gives the central banking arrangement, within which this debt was created and within which it continues to exist, further ability to justify its existence, as a government lender who has not been fully repaid. Consider the phrase often attributed to Meyer Rothschild which says, "Give me control of a nation's money and I care not who makes its laws." If we ignore all the unsupported conspiracy and anti-conspiracy claims by various groups and people, and regardless of who actually said it originally, or whether any historically prominent person actually did ever say it, we can still see that there is truth to the basic statement. A government needs economic resources to stay in power, and he who provides these resources, and who can take them away more or less when it suits him, has substantial influence on a government in need of these resources. Anyone who denies this, say in an effort to "disprove" certain claims of the conspiracy theorists, is simply not seeing things clearly. The basic truth of this statement expresses itself in the historical and modern operations of the Fed, and also in every instance of central banking in history.

otherwise, and, therefore, that their standard of living has reduced, or in order to maintain the same standard of living they must outlay more of their earnings than they did before. Notice the asymmetry here: those who get the new money first, or early, are able to acquire, at the then-current prices, more of the real capital goods which are sold on the market, i.e., more of the things which they can obtain in exchange for money in order to satisfy their own needs and cravings, than they would be able to acquire otherwise, but this also comes at the cost of most of the rest of the population seeing a rise in prices for many of the things they normally buy, and, therefore, at the cost of a loss of real capital wealth, that is, a loss of purchasing power, on the part of everyone else. This arrangement, then, is one which, albeit indirectly and insidiously, surgically transfers wealth from those who do not have the legal privilege to counterfeit money to those who do and to their friends and associates. Central banking is nothing but one of the ways which tyrants and would-be tyrants have discovered and developed, in this case over a few centuries starting with the Bank of England in the late 1600s, in order to gain and consolidate power for themselves. It is this same selfish desire on the part of a few influential bankers and their governmental and private associates which ultimately underlay the confiscation of gold from the general public and its replacement with central bank-issued paper currency,[265] and the outlawing of gold as a medium of exchange, which happened in the United States in the 1930s and gave the Fed greater ability to issue new money, since at that time (though this is no longer the case) the Fed was under the restraint of a gold backing requirement. It is also the same desire which is behind any focus by a government on boosting its military for the purpose of maintaining and strengthening the system of domestic

265 Note that this requirement was put in place in mid-1933, and the exchange rate set by the government, decreed in Executive Order 6102, was that each troy ounce of gold was to be traded to the Fed for $20.67 in paper money. However, not long after – the next year, in fact, 1934 – the Gold Reserve Act was passed which changed the ratio so that one troy ounce of gold was set equal to $35 instead. The rationale given to the public for the confiscation was to prevent "hoarding" of gold by the public, which it was said was stalling economic recovery and growth. However, the real reason was that, as stated in the main text, the Fed was still under a gold backing requirement, and it was near its limit in dollars issued; it needed the additional gold to continue issuing fractional reserve paper money. This was the same reason for the statutory increase in the value of gold in relation to the dollar – increasing the number of dollars it took to equal a given amount of gold allowed the Fed to issue yet more dollars while still technically satisfying their gold reserve requirement, which is one of the ways at the time that the Fed and its friends and government backers were able to increase the wealth they had at their disposal. Also, it would not have been lost on those in favor of the $35 ratio that should there ever come a time when gold is tradeable back to the public for the issued paper money, the fact that the $35 ratio was the legal ratio would increase the chance that the public would receive less gold in return for a given amount of paper money, which then would allow the Fed, and those who influence the Fed and who are benefited by the Fed's existence, to retain more *real* money for themselves than they would have been able to otherwise, since fewer of those whose gold had been confiscated would be able to recover at the statutorily increased price all the gold which had been confiscated from them previously. Again, it is important to emphasize that such a situation could not have come about if there had not been *government* support, via the Gold Reserve Act of 1934, for the increase from $20.67 per troy ounce to $35.

oppression (e.g., in the case of Kim's North Korea) or for the purpose of invading and conquering a free nation (e.g., in the case of Xi's CCP in China in 2023 deciding to embark upon a massive build-out of its military for the purpose of eventually invading Taiwan); the elimination of term limits in constitutions (e.g., in the case of Putin in Russia or Xi in China); attempts to eliminate one of the branches of government and subsume it under another (e.g., in the case of Netanyahu in 2023 in Israel with his judicial proposal); the systematic rigging of elections (e.g., in Putin's Russia or Syngman Rhee's South Korea); the presentation to the public of a rubber-stamp branch of government as if it were a branch with independent, balancing power (e.g., in Xi's China); and many other such efforts. Tyranny comes in many forms, and presents itself in diverse ways, some of which are more obvious as tyranny than others. The tyranny of central banks is one of the best-kept secrets of modern times, though it should be noted that this was not always the case; in fact, if one were to research the history of America, one would find that the difference between central banking and free banking was long a prominent subject of active debate among the population, and in political proposals and platforms. In the present, we have lost an understanding of the significance of this debate, and this is *by design*. There is no better way to continue benefiting at another's expense than to convince them that what you do has no impact on them (or, if necessary, that it is to their benefit) – at least, that is, until you can find a way to make them forget you exist at all.

The subject of central banks is voluminous, complex, eminently fascinating – and incredibly important to understand. There is only space here to discuss it briefly,[266] so first one main observation, which was alluded to in the previous paragraph, should be made in more detail. Central banking is eminently *socialist*. Socialism is the centralization of economic control in the hands of a few privileged, powerful individuals, and this is *exactly* what central banking is. Capitalist banking, on the other hand, would, no different from any other industry in a capitalist free market, be an arrangement whereby many private banks would compete for depositors and investors, *without* any of these banks being privileged by government legislation or other favoritism at the expense of their competitors, and *without* any central bank, or central monetary power in whatever form, existing or having a legal authority to counterfeit money. The capitalist system of banking would not allow, or would only minimally allow, the fractional reserve process which is used to artificially multiply money, because doing so increases the risk that the lending or issuing bank would not be able to satisfy all withdrawal re-

266 Central banking will be discussed at greater length in future writings. Also, again, see Griffin's *The Creature from Jekyll Island* and Rothbard's *Mystery of Banking*.

quests at any given time, and would make such a bank more unstable and less desirable in the *competitive market* for banking, which, in turn, would make depositors, lendees, and investors take their business to competing banks. And this is not to mention the fact that there would be no possibility of bailout from a central bank in this arrangement, which would be just another factor making each bank more careful about lending its money, and investors more careful about the banks in which they invest the capital at their disposal. This, in turn, would mean that fewer ventures would get financed, but it also means that there would be considerably less waste of economic resources on poorly-thought-out or destructively self-serving ventures which get funded just because there is an abundance of easy, or, effectively, free, money available to be issued. Under the capitalist arrangement, there would be no possibility of long-term, persistent monetary inflation, such as what has happened to the US dollar under the Fed over the past century, with the US dollar losing practically all its value as a result of numerous stints of inflation.[267] This does not mean that in a capitalist arrangement the monetary unit would not change in value, or purchasing power, in relation to different products and services sold on the market over time, and therefore does not mean that there would be nothing which could be called inflation (or deflation); rather, there would be no long-term, sustained inflation because no one would have the persistent, i.e., ongoing, ability to issue massive amounts of new currency at various points in time into the market. There are other differences which could be mentioned, but the point should be clear. A central banking arrangement, or the centralization of monetary control, in coordination and collusion with the central political power of the nation in which the central banking arrangement resides, and without which political power it cannot exist, is socialist, not capitalist. This is something that the Far Left seems unable to understand. To the extent they do not disagree with each other about the role of the state, they are against centralized state power and centralized monetary control, because they perceive that this type of arrangement leads to imperialism, colonialism, and domestic tyranny, but they are also, ironically, pro-socialist (to the extent that they are not anarchist or syndicalist). In order to maintain these two contradictory beliefs in their mind at the same time, then, they must believe that the centralization of monetary authority and socialism are opposites. Combine this with their general hatred of all things capitalist, and with the fact that central banking is *banking*, and therefore obviously and primarily deals in money, a prominent symbol of capitalism, and it is inevitable that such people would label the centralization of monetary power capitalism. This, like everything else in the arguments of the anti-capitalists, is

267 See the inflation calculator at https://www.usinflationcalculator.com/, referenced **3/28/23**.

based on a misunderstanding of not only capitalism, but socialism, anarchism, and syndicalism too. Not only do these people not understand that which they authoritatively and bitterly criticize, they have no understanding of the ideas which they praise and defend either.

Finally, a note should be made here in order to clarify what is meant by a currency losing its value over time, or depreciating. This note was inspired by an article I came across online from Business Insider.[268] The article is entitled "This Chart Destroys That Famous Myth About The Dollar Losing 90% Of Its Value." The article acknowledges that "the purchasing power of a dollar has fallen massively since 1959." But it completely misses the significance of this fact, instead treating it as if it were insignificant or trivial, because it immediately follows this sentence with "BUT that changes dramatically as soon as you assume your theoretical saver is getting any interest at all. The orange line in the middle [of the chart which is used in the article] shows what's happened to your purchasing power if you've collected the most basic interest rate on your savings. And the top line, the light purple line, shows what's happened to your purchasing power if you've constantly collected the rate being paid by 3-month T-bills. That top line shows that your purchasing power has gained." Then it tells us that "Including the rate of interest you get from savings is entirely fair, just as you can't calculate the return on stocks without dividends, or the return on bonds without interest payments." The author tells us that "the problem is that [the argument of the "gold bugs"] is almost entirely BS." Finally, we are informed that "yes, if someone had a bunch of cash in 1959 and literally put it in a shoebox, they'd have lost a lot of money over the last several decades. But for almost anyone in the real economy who's collecting *anything* on their cash, the myth of inflation destroying the dollar is just that: a myth." And at the beginning of the article, it criticizes "inflation truthers, gold bugs, Fed haters, and all of their fellow travelers" for their "ad nauseum" repeating of the supposed myth. I will get back to the "fellow travelers" comment in a moment. But one thing which stands out right away here is that the writer uses the term "purchasing power" in two distinct contexts, but conflates their usages so as to try to imply that the contexts are not distinct – this is not dissimilar from the Marxian use of terms such as "revolution" or "society," in which the term is used in multiple different, distinct ways throughout the writing, but Marx makes an effort to mask these differences in usage, so that, hopefully, the reader does not catch on that his argument does not actually make sense.[269] The

268 https://www.businessinsider.com/this-chart-destroys-that-famous-myth-about-the-dollar-losing-90-of-its-value-2013-11?op=1, referenced on **3/28/23**.

269 See the Misesian quotes in Chapter 3 above.

writer of the article talks about the "purchasing power" of the dollar having fallen dramatically since 1959 – which, by the way, is the primary point of the "Fed haters" and "gold bugs" when they make this argument, because this point has substantial implications – but then he switches to using the term "purchasing power" with a much greater focus on the number of dollar units a person has to his name, and what the person is able to purchase with those dollar units now compared to before, which is a completely different meaning, at the end of the same paragraph. He says that if a sum of money, say, $1000, was placed in a shoebox and let to sit for 40 years, it would, of course, earn no interest, and at the end of the 40 years he would still have the same number of dollar units, that is, 1000, that he did 40 years prior. But if he takes that $1000 and places it in a savings account earning even a "basic" interest rate, presumably meaning a "low" interest rate, then after 40 years this person would have much greater than 1000 monetary units to his name, that is, much greater than $1000. Of course, this is true. No one denies this. He then goes on to say that this increase in monetary units in the person's savings account as a result of the earned interest will at least partially compensate, and may more than compensate, depending on the ratio of the interest rate to the rate of depreciation, for the depreciation of the value of the dollar unit itself, so that the overall "purchasing power" of that money – i.e., what the person who owns the money can buy on the market after those 40 years – may have increased compared to what he could have bought 40 years prior with just the $1000, even in spite of things now costing more on average than they did 40 years ago. This is completely beside the point. The argument of the "gold bugs" has never been that it is not possible for a person to increase the number of monetary units which he has by proper investment or savings, or that such an increase could not compensate for depreciation of the monetary unit in terms of maintaining a certain total purchasing power or standard of living for the saver or investor. It is that the long-term, persistent depreciation of the dollar unit itself is *not a normal thing* in free economy, but is rather caused by a central banking arrangement, whose architects and perpetuators seek to use consolidation of control over the monetary system to acquire more wealth and power for themselves and their close friends and associates, in addition to a few lucky individuals and businesses, even though doing so is at the expense of everyone else. The article itself mentions that the purchasing power of the dollar unit has declined substantially over the past few decades, and even mentions the same thing again at the end when it says that the interest on savings and dividends and returns on wise stock investments "will crush the effect of a depreciating dollar." But the article ignores the fact that long-term, persistent inflation of a currency, that is, long-term deprecia-

tion or decrease in purchasing power of a currency, is a symptom of the existence in society of a significant, and *deepening*, problem, one which should not be treated as just a "normal thing" or a "background phenomenon," or as somehow not worthy of further attention after a passing mention of it, the way this article treats it. The discussion has never been over whether the average person is able to earn more dollar units now than they used to as a result of wise savings and investment, or whether the number of dollar units which a person has now as a result of wise savings and investment is enough or more than enough to compensate for the long-term depreciation of the dollar. The argument, rather, is over *the fact itself of the long-term depreciation of the dollar*, and the fact that this is not a normal thing in a healthy economy.

We should expand on this a bit. One can find price differences over the past century for many staples by doing a quick web search. For example, in 1913, fresh milk cost 35 cents per gallon, and in 2013 it was ten times as much, at $3.52 per gallon. Bread was at $0.056 per loaf in 1913, and in 2013, a century later, it was $1.422 per loaf. Sirloin steak went from $0.238 to $5.705, potatoes went from $0.016 to $0.627, butter went from $0.409 to $3.501, and there are many others listed.[270] Some increased to a greater degree than others – this is expected, since each commodity is somewhat (though not entirely) independent of all the other commodities with regard to its production and sale. Or, as another example, consider that the price of a 2-room home in 1903 was estimated to be $300 (that is, *three-hundred* dollars) to build, and a whopping 10-room home was a mere $4200 to build.[271] Or consider that the average rent payment for a wage-earning family in industrial cities in 1901 was $116.55 *per year*, or $9.71 *per month*.[272] Or consider that a Ford automobile in 1904 cost $750 (seven-hundred and fifty dollars),[273] or that a gallon of gas was seven to nine *cents* in 1900.[274] Legislation of the New Deal[275] era (specifically, the Fair Labor Standards Act of 1938) set a minimum wage of 25 *cents* per hour.[276] And these are just a small number of the available examples which could be cited. Now, if only a small number of commodities went up in price, this would not necessarily indicate a trend. But the price increase of staples, that is, items which continue to be in de-

270 https://www.bls.gov/opub/btn/volume-2/average-food-prices-a-snapshot-of-how-much-has-changed-over-a-century.htm, referenced on **3/30/23**.

271 https://libraryguides.missouri.edu/pricesandwages/1900-1909, under Housing and land prices, 1900-1909, and then select the "Home plans" tab. Referenced on **3/30/23**.

272 *Ibid.* Housing and land prices, 1900-1909, then the "Housing & rent" tab.

273 *Ibid.* Transportation costs and prices, 1900-1909, then the Automobile tab.

274 *Ibid.* Transportation costs and prices, 1900-1909, then the Gasoline tab.

275 See the following section in this book on the New Deal.

276 https://en.wikipedia.org/wiki/New_Deal, referenced on **4/2/23**.

mand for the same basic purpose for long periods of time, so that longer-term trends can be measured and determined with regard to them, has been *across the board*. This cannot be explained by restriction of supply for a given amount of demand, or increased demand for a given amount of supply, because on an open market, so long as the commodity is not inherently and permanently limited in total amount (such as, perhaps, with what today we call *fossil fuels*), if demand increases, the amount of the product produced, that is, the supply, will increase to match the demand, and, all else being equal, the price will remain the same. Conversely, if demand reduces, supply would also reduce, after possibly a sell-off of the overstock at reduced prices, and then whatever happened to the price of the product on the reduced market, whether it remained the same as it was originally or decreased, it is extremely unlikely that it would have *increased* without a change or value-add to the product, which change would have, from the perspective of consumer valuation on the market, created a different product anyway; and the price in any case certainly would not have increased persistently[277] over an extended period of time. In fact, for many of these products, as a result of the efficiencies created by the capitalist arrangement of economic production[278] the producers of these products would have found more efficient ways to produce them since the early 1900s, which would mean, for a given *supply of money* in the market, that the prices of those products would have *declined* over time, rather than stayed the same, as a result of market competition between companies to offer consumers the lowest price for the products and services which they sell. The only thing which can explain the long-term, persistent inflation that we have observed over the past century is that there has been an influx of net new money into the economy *without* a corresponding, that is, proportional, increase in real capital wealth,[279] that is, real products and services, whether consumption goods or production goods, that can be exchanged for the money, and so the average amount of money per unit capital in the market at large *has increased*. A greater supply of money means a greater amount of buying by those who have it, i.e., greater *demand*, which then triggers suppliers to increase their prices, because various markets can now bear such an increase. And so the result is that prices rise on the market. Then, another round of net new money gets pumped into the economy, and the whole cycle repeats itself, and prices rise yet again. But who has the a-

277 Note that *persistently* does not mean monotonically. The point is that the *general* trend is that the price increases, not that *every single* price change is an increase.

278 See Chapter 2 above on capitalism.

279 This is not to say that the amount of real capital wealth has not increased at all. In fact, it has substantially, because our economy is still to a large degree capitalist. Rather, it is to say that the increase in real capital wealth has not been as fast as the increase in the money supply.

bility to create net new money that can be introduced into the market? I do not. You probably do not. In fact, if someone tried to do this, as some people have in the past, it would be considered a very serious crime by the government, and the person would be arrested and would likely go to prison. But a *central bank* and the privileged member banks of the banking cartel which revolves around the central bank *do* have this ability. In fact, this is the primary purpose of a central bank – to give a small number of privileged individuals the ability to issue new money which they and their friends, and, importantly, the governmental apparatus which provides for and supports the central bank's legal right to issue new money, can use to their advantage, by the buying of real consumption and production goods, either directly or indirectly, on the market at the then-current market prices, that is, at the prices as they were before the net new money has had a chance to trickle through the economy and cause widespread price increases. Of course, this also means that the next time these privileged individuals wish to purchase something beyond what they are able to buy based solely on honestly-acquired wealth (in addition to anything they choose to purchase with their honestly-acquired wealth at or around that time), they will have to buy at the increased prices as well, because if the market is still free then these privileged individuals will not have the ability to control prices. But this is much less of a problem for these privileged individuals than it is for the average person who is affected by the price increases, because, again, the privileged individuals have an additional tool – the ability to legally create new money, and then use it to their advantage – which they can use to overcome or offset the price increases which were caused by their prior uses of this tool. The rest of us do not have this ability. And so when these privileged individuals use this tool again the cycle repeats itself, and yet another general price increase in the economy results. In other words, wide-spread, persistent, long-term price increases, like what we have seen over the past 100+ years in America, are not the result of *capitalism*, or the *profit motive* as such, so often maligned and misunderstood, but rather the result of the fact that a small number of privileged individuals, backed by force and the threat of force, i.e., by government law and decree, have massively disproportionate control over the currency of the nation, and of the world by extension through the international financial system – another way of saying this is that wide-spread, long-term, persistent price increases result from the expression of the profit motive on the part of a small number of highly *privileged* individuals, i.e., the expression of the survival instinct in specific people who have the legal ability to arbitrarily infringe on the property of others. The US central bank, and central banking cartel, is the most powerful in the world precisely because the currency unit over which it has dis-

proportionate control is powerful and influential not just in America, but in many parts of the world, and this power and influence could only have come about as a result of the fact that the US dollar is the currency unit used by the most powerful *capitalist* economy in the world, and therefore it has gained a respectable reputation over time. The long-term, persistent increase in prices which we have seen in America for many decades now is the result of largely successfully attempts over the past 100+ years to centralize and consolidate control of this influential currency, which is tantamount to efforts to centralize control of economic means – i.e., tantamount to the primary mechanism of and essential pattern of activity under socialism.

The Business Insider article is misleading in other ways as well. It talks about the "theoretical saver" – that is, a person whom we are to imagine for the sake of argument has put his money into a savings account at a given point in time. The article, at least on the surface, presents this term in a standard scientific way – "think about this, if you will, as I explain my argument, and it will help you better understand what I am telling you." But, and perhaps the author subtly or indirectly understood this, which may have subconsciously influenced him to use this term, "theoretical" in this context can be understood in a second way as well. Instead of going back just to 1959, as the article does, let us go back to the year 0, which is over 2000 years ago. Imagine that in the year 0 someone put a single penny in a savings account in a bank which is compounded daily at 2%. The result after 2023 years would be 0.01(1+.02/365)^(365*2023)[280] = $3,724,546,005,000,000, or over 3.7 quadrillion dollars, which, say, his successor in 2023, in an unbroken line of succession, would, at length, inherit. But is it realistic to assume that something like this could ever happen? How many banks that existed in the year 0 still exist today? It is highly likely, if not entirely certain, that the bank he opened the savings account with would have gone out of business well before now. But even if he and his successors keep transferring the money to different banks as they deem necessary, there are still numerous other things to consider. First, at unpredictable times throughout those 2000+ years, there could be an unexpected bank run on the bank which holds the savings account, and the depositor or his successors could lose all the money which they had saved if the bank becomes insolvent before they arrive for their payout. The bank could be robbed and the robber or robbers never caught. The government of the nation in which the bank resides could find a way to get control of the currency and hyper-

280 The formula for determining the amount of a bank balance which is growing as a result of compound interest is A = P * (1 + r/n)^(n*t), where P is the initial principal amount, r is the interest rate expressed as a decimal, n is the number of times the balance is compounded per year, and t is the number of years.

inflate it, making it worthless, which would affect the savers if their savings were wholly or partly in the form of the currency that was hyperinflated. The government or a colluding central bank could centralize control of the currency enough to create long-term, persistent inflation, though not hyperinflation, so the money continues to have value, but less and less over time, which would mean that though the number of dollar units would continue increasing, the purchasing power of each dollar unit, and possibly the purchasing power of the total, depending on how fast inflation is happening relative to the increase of dollar units due to interest, would decrease; and, further, the increase in prices which this long-term, sustained inflation would cause would make it that much more likely that the saver would need to dip into his savings to cover his increasingly high costs of living, which would also reduce the money in the account. The interest rate could change, and, specifically, it could reduce, perhaps substantially, or it could become 0%, effectively making the savings account a checking account, which would stop the increase even if nothing else happened. Also, it is very unlikely that the savings account would continue, down through the generations, to be in the hands of those who would maintain it and let it sit there and increase, rather than spend some or all of it – the desires, interests, and circumstances of the individuals in subsequent generations who are in control of the savings account could be markedly different from those of the original investor. A foreign nation could invade and conquer the saver's nation, and forcibly confiscate all his wealth, along with that of all other savers in the conquered nation's banks. Those in control of the savings account at any given time may decide to invest some or all of the savings in a business venture which does not pan out, and so they lose a substantial portion, or all, of their invested capital. And while 2023 years is a much longer period of time than 50 years, the principle is the same: any number of unexpected and, from the point of view of the saver, uncontrollable, things could happen in the interim between initial investment and final tally, and so while it is true that someone who was able to have a savings account under the ideal conditions of the "theoretical saver" in the article, and who would be able to count on the compounded interest and thus on the counteraction to depreciation which would result from this increased number of monetary units, it is unrealistic to expect that *everyone*, or even most people, will experience these ideal conditions over the same period. This, in turn, means that in dismissing the damage which a depreciating dollar can do to many people, namely to those who do not or cannot save or invest under ideal conditions, the article is being disingenuous, and this is especially so with the title of the article, which says that the chart which illustrates the article's argument "destroys" the argument of the "gold bugs" about the damaging effects,

and the significance of the ultimate cause, of the depreciating dollar, and with the line in the article which says that the argument of the gold bugs is "almost entirely BS."

Further, this does not even take into account the fact that every dollar spent beyond what is in the savings account on the cost of living, or on one or more luxuries, by the saver over those 50 years will be a dollar on which he will not be accumulating interest in the savings account, and the extent to which these things purchased are consumable – that is, things which only exist, and often only for a limited time, until they are consumed – this money will *not* be providing the saver any value after the product is bought and consumed, whereas it *would* continue to provide him additional value over time had he placed it in the savings account instead. This means that the *total* gain as a result of the interest on principal in a savings account, or the interest on T-bills (which the article also mentions), for the saver, is actually *less* than what is implied in the article, since, of the *total* amount of money which the saver earns, only a *part* of it is placed in the savings account or in T-bills or other investments that earn interest or returns (though in some cases not without risk),[281] while the rest is placed in a checking account which does not earn interest, or is spent on the costs of living or luxury consumables. Effectively, most or all of the portion of the saver's wages or salary which he spends on the market and all of it which he places in a checking account *simply depreciates*, without any earnings to compensate for that depreciation. This is the case with money spent on the market in the sense that a consumable good purchased with the money does not grow of its own accord to produce more of itself, whether it is consumed or not, and is the case with money placed in a checking account in the sense that the checking account does not earn interest. In either case, the article is again being disingenuous in implying that it is only necessary to compare the depreciation amount of the dollar against the interest earned in a savings account or money earned on other investments, because not *all* of the saver's money will be used in this way. In other words, the article overstates the neutralizing or counterbalancing effect of the increase in savings or earnings in offsetting the depreciation of the currency. Another way of thinking about this is if the currency were *not* depreciating, then money in a checking account would *not* lose value even though it is not earning interest, and, further, as a result of the efficiencies created under the capitalist mode of production, over time many prices would *reduce*, and so the money sitting in a checking account that is not earning interest would *appreciate*, meaning it would have *more* purchasing power on the

281 Really, in *all* cases, because no matter how secure the money is at the moment, the future is *always*, to one degree or another, uncertain.

market in 10, 20, 50, etc., years than it did when it was first put into the checking account. In the case of purchased goods, a given unit of the currency, say, one dollar, would be able to purchase more than it did before – e.g., instead of one carton of eggs, the saver could get two cartons of eggs for the same price. By not taking this into account, the article not only overestimates the amount of depreciation-canceling or counterbalancing effect the saver would see overall with regard to his income as a result of earnings on investments and savings, but implicitly *underestimates,* due to the author's lack of inclusion in his considerations of the non-earning financial stores, such as the money stuffed away in the shoebox, the amount that would be *gained*, comparatively, if the currency were to *stop* depreciating, or depreciate more slowly, or start to appreciate.

Other things could be mentioned. The article talks about inflation since 1959 and since World War II (or, more specifically, a little after it ended – 1948), but ignores that this long-term, sustained inflation has been going on for longer than this. Once again, we can refer to the inflation calculator.[282] If we put in a start year of 1959 and an ending year of 2023, we are told that something that cost $1 in 1959 would cost $10.34 in 2023. If we change the starting time to 1948, a $1 item then would cost $12.48 in 2023. Then, if we made the start year 1913 and the ending year 1959, a $1 item in 1913 would cost $2.94, almost 3 times the 1913 amount, in 1959. This is less of an increase than the increases seen since 1959, but it is still indicative of long-term, sustained inflation – and also, keep in mind that long-term, sustained inflation is *compounded*, kind of like compound interest, although in the reverse direction. Consider, for example, that one dollar's worth of a staple, such as potatoes, milk, or butter, in 1959 would be less in amount than one dollar's worth of that same staple in 1913. So, something that costs 3 times in 1959 what it did in 1913, and then 10 time in 2023 what it did in 1959 would cost approximately 30 times in 2023 what it did in 1913 – and, in fact, this is what the inflation calculator shows: a $1 item in 1913 would cost $30.39 in 2023. By not tracing things further back, the article's author misses out on historical information and associations, such as the creation of the Fed in 1913 by an act of legislation, and the correlation between the existence of the Fed and inflation of the currency which we have seen over the past century,[283] which information could perhaps have put things in a clearer light for him and made him at least question in the back of his mind whether his casual dismissal of the argument he criticizes is justified.

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282 https://www.usinflationcalculator.com/, referenced on **3/30/23**.

283 Not to mention the history of attempts at central banking in the US before this, such as with the First Bank of the United States, the Second Bank of the United States, the National Bank Act of 1863, and much else besides.

Also, the article's author references a tweet by another person, Matt Busigin, to try to bolster his argument by "reference to authority" when he says that it is entirely justified to take account of interest earned on a savings account in compensating for the depreciation of the value of the dollar, by comparison to the fact that it is justified to take into account dividends on stocks and interest payments on bonds. Business Insider shows Matt Busigin as one of their editors,[284] and says he is a "software engineer, amateur economist, and investor." For the sake of argument we may assume that he has an above-average level of knowledge about economics. The problem is that the referenced tweet not only is extremely short, and so has little room to make a major point about anything, much less to play any significant part in passing judgment on the validity of the argument that central banking is damaging to freedom, but the entirety of the tweet is as follows: "In other news: performance of dividends stocks if you don't remember to factor in payouts. Also: bonds are terrible investments w/o coupons."[285] Not only is the first sentence of this statement, which is what the article's author is clearly referring to, vague and ungrammatical, all it says (presumably) is that it is important to take account of payouts for your stocks in determining your earnings. Is this not obvious anyway? Why would the article's author think that referencing this tweet would help bolster his case? Perhaps, we might say, because he knew his argument was weak, and felt that a "reference to authority" would compensate for this, but, unfortunately, he could not find one which genuinely helped his argument, so he settled for the semblance of one instead.

Also, the author used a *chart*. A chart is *data*, and so if one associates a *chart* with one's argument, then this can magically make the argument seem more legitimate and convincing. But, as described above, the chart he uses, while presumably showing correct data and useful in the appropriate contexts, is completely irrelevant to the main point of the article, which is that the argument that the US dollar has lost most of its value over the past 100 or so years is false or essentially false or at most trivial and irrelevant. As with the "reference to authority" discussed in the previous paragraph, the chart provides a semblance of scientific credibility for the article's main argument, without *actually* providing scientific support for it. In fact, the chart is another example of a reference to authority, as it is sourced from another Matt Busigin tweet[286] which has the chart and which states, in its entirety, " 'The value of the $ has lost 92% of its value since 1948' …. iiiif you forget to calculate the interest. #busted". Here Matt is quoting the "stand-

284 https://www.businessinsider.com/author/matt-busigin?op=1, referenced on **3/30/23**.
285 https://twitter.com/mbusigin/status/402187870279958528, referenced on **3/30/23**.
286 https://twitter.com/mbusigin/status/402185463949062144, referenced on **8/6/23**.

ard" argument of the "gold bugs" and then responding to the argument by saying that a person's overall purchasing power has not fallen nearly to the degree that the gold bugs state if interest accrued on their savings and T-bills is taken into account. We have already discussed why this argument is not sufficient to negate the significance of the argument made by the gold bugs, as this is nothing but a restatement (or really, the source) of the main argument in the Business Insider article which we have been discussing.

Also, as mentioned briefly a bit earlier, the article says the argument is "almost entirely BS." One wonders why he said "almost entirely" instead just "entirely." Given the way the author spells out his argument, it would seem that he used the term "almost" because he was not convinced of the validity of his own argument. It is almost as if he knew he was using the term "purchasing power" with two different meanings and trying to present these different meanings as if they were the same, and he did not know how to reconcile the two meanings because he did not have a sound enough understanding of monetary history and economic theory to do so. He understood enough to know that the US dollar's purchasing power *has* decreased over time, but he wanted to tell his readers that this is really not as big a deal as some people say it is, and when he tried to find or to think of a sound argument for why this is not a big deal, he could not, and in making the argument which he did make he could not reconcile the two different meanings of "purchasing power." So instead of being definitive in his argument, which is what someone with a sound understanding would do, and would be justified in doing, he wavers by saying "almost." He wanted to provide a definitive, easy-to-swallow explanation to convince people that the argument of the "gold bugs" and "Fed haters" and "inflation truthers" is wrong, irrelevant, or inconsequential, but he could not because he knew at least enough to know that at a certain important level their argument is, in fact, correct.

Finally, one senses the author's insecurity about the validity of his argument in at least one other way, namely, the capitalization of every word in the title of the article. We normally capitalize all the main words in the title of an article or book, but not *every* word – specifically in the case of the Business Insider article it would not be customary to capitalize "of" and "the," unless they are at the beginning or end of the title, and yet both of these, where they occur in the title of the article, which is neither at the beginning nor end of the title, are capitalized. It is not difficult to view this as compensation on the part of the author for the inner weakness of the article's main argument.

Now, we may give the author the benefit of the doubt. It is entirely possible that he simply wanted to provide a little happiness, a little joy or relief, to his

readers, a small, bright spot in their perhaps otherwise cloudy and turbulent day, by telling them that one of the things they may be worrying about is actually not something that needs to be worried about. He may have had the best of intentions in writing his article. He does use the term "fellow traveler" as a term to describe the "gold bugs" whom he criticizes, and the term "fellow traveler" is a term from the 20th century which means the followers of and worshipers of the ideals of Soviet Russia, that is, of Soviet communism, in foreign nations like the US, who were not official members of the Communist Party. Fellow travelers were interested in transforming their nations into a mirror of the Soviet way of doing things, which was seen as superior to other ways of structuring society. In this, perhaps the article's author was trying to tell everyone that socialism is damaging to society, since the Far Left is very critical of the concentration of monetary power, and the "gold bugs" and "Fed haters" whom he criticizes are also very critical of the concentration of monetary power. Or, alternatively, given that Business Insider appears to be left-biased,[287] perhaps he is using the term ironically to indicate the followers of right-associated groups who are anti-Fed and anti-central banking, given that the left generally approves of substantial government intervention in economic matters and substantial government spending, for which a central banking arrangement is quite useful. Or there may not be any deeper meaning at all to his use of the term, or he may simply have misused it. Regardless, the worst of problems can spring from the best of intentions. It does no one a favor in the long run, except the tyrants and would-be tyrants, to present a poor and inwardly contradictory argument like the one in the Business Insider article as if it is scientific fact. The world is confusing enough as it is. It has no need for us to add to this confusion. And because the article is an official article on the Business Insider website, it gains credibility which it does not deserve.

I get the distinct impression that the author took only minimal care in validating that his argument was correct, and instead of really taking the time to understand the subject matter before he presented his argument in a definitive manner, which understanding *alone* would have justified him in presenting it in a definitive manner, he used the Business Insider platform to which he had access to publish and help propagate a false understanding, simply because it was the understanding which he preferred. It is highly irresponsible to do this. In fact, this is no different in principle from central bankers themselves creating net new money out of thin air, because they are privileged to do so, and flooding the market with it in order to enrich themselves. It is much harder for a bank to compete in an open market without the privileged ability to easily create new money, and

287 https://mediabiasfactcheck.com/business-insider/, referenced on **3/30/23**.

without the possibility of bailout if the bank keeps making poor, but in the short term financially rewarding, investment decisions. In fact, this is the reason central banks were created in the first place, viz., to reduce, or preferably eliminate, the stress and struggle of banking in an open, competitive market, at least for the few privileged bankers who are able to weasel into the government's good graces. So it is with scientific discourse as well, and information dissemination. It is much easier to use a platform to which you have privileged access in order to promote a flawed, but personally preferred and emotionally appealing and reassuring, viewpoint, than it is to put in the extra time and effort, and *critical thought*, which is necessary in order to form a sound and insightful argument that is free from contradictions. This is the reason the peer-review process exists in scientific publishing – without it, the quality of the papers and the quality of scholarship would sink rapidly, and, in fact, would hit bottom before we even knew what was happening. It may not seem like it in the short term, but flawed ideas build upon themselves, especially if they are emotionally appealing and reassuring, and in the longer run substantial damage can be caused to society based on recommendations people make and actions people take when these recommendations and actions are based on flawed ideas about how society is structured, or how it should be structured.

## §12 What was FDR's New Deal?

The New Deal program in America in the 1930s was massive and covered many areas. It is not the place of this section to discuss it in detail. However, some important conclusions can be drawn about it in relation to the theme of this book. We can start with the basic description of the New Deal by Britannica.[288] Even this general, summary description given by Britannica says clearly that the New Deal "vastly increased the scope of the federal government's activities" and that it was "opposed to the traditional American political philosophy of *laissez-faire*, [and] the New Deal generally embraced the concept of a government-regulated economy." The problem here is that the financial manipulations which initially caused the Depression were not the result of *laissez-faire* activity, but of highly government-privileged banking, and thus of too much financial power in the hands of a small number of people, which, as we have discussed, is the exact opposite of *laissez-faire*. As mentioned in the section on central banking above, it is widely, and incorrectly, assumed that just because central banking has to do with *money* that it must be the result of the capitalist process; but the centrali-

288 https://www.britannica.com/event/New-Deal, referenced on **4/1/23**.

zation of monetary control, being equivalent to the centralization of economic control, is inherently *socialist* in character, not capitalist. By the time of the 1929 stock market crash which caused massive bank failures and precipitated the Great Depression, the Fed had been in existence for 16 years, and had created the financial environment which allowed "the misleading sales practices and stock manipulations that … led to the stock market crash."[289] A system of *competitive* banking, that is, a *capitalist* system of banking, would have placed much more severe restrictions on the leeway which bankers felt they had to engage in misleading sales practices and to make disingenuous and unsound stock manipulations, because in a capitalist system of banking a central bank would not exist, either as a direct part of the government apparatus or as a pseudo-private institution with the support or tacit agreement of government, to allow for the creation of new money in order to "bail out" any of the privileged banks which engaged in unsound banking practices. Every bank would stand or fall on its own feet in the free marketplace, and this competitive reality would have had a strong impact on the mindset of the decision makers at the banks, and on how they chose to go about the business of banking. Specifically, they would be much more careful in how they used or managed depositors' and investors' money. Without a central bank in place to provide a *massive* safety net for those larger banking institutions engaging in poor or unsound banking practices in order to benefit a few, privileged individuals, it is unlikely that there would have been such a massive banking failure in the first place. Also, it is unlikely that any economic downturn which might have happened during that time in the absence of a central bank would have been as severe, and much more likely that no downturn worthy of note, much less one which would have been big enough to be called a depression or a "great" depression, would have happened at all.

But it does not stop there. Though we cannot go into detail here, it is important to note that the economic problems which were caused by the stock market crash of 1929 were heavily *exacerbated* by many of the New Deal efforts to control industry. In fact, without these efforts to centralize, that is, *socialize*, control of industry on a massive scale, that is, without these efforts to severely hinder and artificially redirect the normal course of capitalist free market activity, the market would have recovered more quickly from the bank failures, and the downturn itself would have been more mild. The reader is encouraged to listen to the presentation of Dr. Robert Higgs, referred to in the footnotes[290] on this page, for more detail about why this is the case. Higgs is currently retired and was a senior

289 *Ibid.*
290 https://mises.org/library/new-deal, referenced on **5/29/23**.

fellow in political economy for the Independent Institute, a longtime editor of *The Independent Review*, and a senior fellow of the Mises Institute.[291]

Before going further, we should make a particular point more clearly. The stock market crash in 1929 which precipitated the Great Depression happened under Hoover's administration, not FDR's, and according to The Balance[292] Hoover was a supporter of the *laissez-faire* principle and believed that the market would self-correct, which is in line with the general spirit of the argument in this section. The Balance says that Hoover "felt that economic assistance would make people stop working. He believed business prosperity would trickle down to the average person. [However], this philosophy was not effective against the Depression. His failure to end it led to his defeat in the 1932 presidential election against Franklin D. Roosevelt and his New Deal." It should always be kept in mind that even though a person may hold a particular view about the effect of a particular policy, he may not have the power to implement the policy effectively. Other people, other institutions and forces, can prevent the policy from being properly implemented, that is, can hinder or stymie its implementation. In addition to this factor, other factors can also slow progress: for example, the specific nature and extent of the damage that something like the 1929 stock market crash can cause, as well as the level of *fragility of mutual trust* in the society so affected due to historical and contemporary circumstances,[293] can combine with the concerted efforts of other people to stymie the implementation of a solution to such a degree that it is entirely possible that the implementation of the correct solution to a substantial and complex socioeconomic problem will take longer than the administration of a single presidency. Depending on the strength of opposing forces, such an effort may not even gain any substantial steam during the single 4-year term, and though the US president does have substantial power, he does not have absolute power (nor should he). As the discussion of socialism in Chapter 3 made clear, having absolute power is by no means a solution to socioeconomic problems, but, in fact, the opposite.[294]

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291 https://mises.org/profile/robert-higgs, referenced on **5/29/23**.

292 https://www.thebalancemoney.com/president-hoovers-economic-policies-4583019, referenced on **4/1/23**.

293 And which, in many cases, are due to the previous, and continuing, arbitrary infringement on the person or property of some by others, either directly or indirectly, and which, in all other cases, are due to circumstances beyond the control of anyone, which we, as humans who are limited in our power to control the world around us, have to accept as part of existence – e.g., solar flares which severely disrupt the Earth's magnetic balance and cause massive electrical outages, such as what happened during the Carrington Event, or the complete depletion, without feasible or possible replacement or substitute, of a particular natural resource which has profound effects on certain sectors, or many sectors, of economic activity, or the fact that we all eventually die, in spite of the strenuous effort we make through our lives to prevent this from happening.

294 See Chapter 3 on socialism above.

It is absolutely incorrect to claim that the "*laissez-faire* policy has been proven to be a failure or proven to be incorrect" because the economic problems caused by the 1929 stock market crash were not corrected in short order under a presidential administration which favored the *laissez-faire* policy. Only by having a proper understanding of the *ideas* themselves are we able to interpret the details of present and historical circumstances in a way which keeps things in proper context and perspective. This is the case with *any* investigative effort which wishes to remain objective. In science, the difference between the details on the one hand and the ideas on the other is often described as the difference between the experimental and theoretical sides of scientific investigation, and both must be present if we are to come to a sound understanding of something, that is, if we expect to be able to draw honest and accurate conclusions. In science, the theoretical side deals in broad scope and framework, that is, in the understanding of the *essential patterns* of behavior of that which is under study. The experimental side of science, on the other hand, deals in the creation of accurate and useful experimental apparatus and sound experimental protocols, as well as the gathering of experimental data. Without the experimental side, the theoretical side gets lost in idle wonderings, for lack of ability to check itself against experimental data.[295] Without the theoretical side, the experimental side gets lost in particulars, unable to see the grand picture for lack of a framework within which to place all the details relative to each other, in order to comprehend their interrelationships. As one example from a different field of study, consider the theory of biological evolution, which has been described as the thread that unites all the otherwise disparate branches of biology and shows how they interrelate in a grand pattern. But the same is true of everything, including the human mind and human socioeconomic reality. It is the discovery of the patterns in human behavior and human socioeconomic activity by *theoretical* investigation which creates the framework within which alone we are able to *properly* understand human individual and social behavior. Without such a framework, we do not have a sound guide to keep us on the narrow path of clear understanding, and so any "conclusions" we draw about the significance of various ideas or policies will be uninformed and flawed. This is no different, in fact, from the way a socialist economic arrangement itself would be run in practice, viz., upon a warped, flawed, and incomplete grasp of the

295 This is what Kant, for example, complains about in *Critique of Pure Reason* when he criticizes the various contemporary "schools" of abstruse, quasi-philosophical thought for not taking proper account of reality, and, therefore, as schools whose philosophical products would never be useful in helping us understand the real world.

human condition – a path forward for society which, far from being clear and informed, is, in reality, nothing but "so many steps in the dark."[296]

We are told in the Britannica article about the Works Progress Administration (WPA), which, in the first "Hundred Days" of the implementation of the New Deal, created 8.5 million jobs, including "temporary jobs, employment on construction projects, and youth work in the national forests…. Its construction projects produced more than 650,000 miles of roads, 125,000 public buildings, 75,000 bridges, and 8,000 parks."[297] The article is a summary article, so it does not go into detail on how much all of this cost. But even aside from cost, it has never been argued by the capitalists that government does not serve any useful function, or that government cannot ever help stabilize things in emergency or crisis situations – this is the argument of the *anarchists*. In fact, the argument of the capitalists is that the governing apparatus *does* have a useful function, in that it provide a stabilizing influence through the action of universally-applicable law and law enforcement, which provides private citizens with a sense of safety and security, as well as a social environment in which we all have equal opportunity to find happiness free from the arbitrary interference of others. And when unexpected or uncontrollable emergency or crisis conditions arise, government has a role to play in protecting and providing for the integrity of the social unit so that it does not disintegrate. But this proper function of government can only be done in a useful and beneficial way in the context of a society which operates according to the principles of *individual freedom*, namely first that government must be limited and representative, with strong checks and balances, and second that the core of economic activity must be capitalist. There is such a thing as too much government power, though in the context of their heroes, such as FDR, leftists have an all too typical tendency to ignore this fact.[298] Too much government power causes the balance of power in society to become skewed – specifically, too much power is taken from private citizens. It has never been the argument of the capitalists that government should not use the money at its disposal to try to help citizens through a time of crisis – in fact, the whole point of giving the government money via taxation is that we, as members of a free society, believe that a government which is properly limited in scope can perform useful functions as part of the broader social effort to preserve socioeconomic integrity and individual freedom, and to do this a government needs money. But, as discussed in Appendix C at the

296 https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, p. 117. Referenced on **4/1/23**.

297 Britannica article, o*p. cit.*

298 Though they have no problem pointing out the more obvious examples of dictatorship, such as Putin's Russia or Xi's China, and railing against them. This is, of course, hypocritical, not to mention self-contradictory.

end of this book, it is crucially important that we have a sound understanding of what a government is, so that we can understand to what extent such a sociopolitical construct is useful to society, and to what extent it oversteps its bounds. A government has a right, and, we can say, a duty, to use some of the resources it has at its disposal to fund projects to help its citizens in genuine crises, in addition to its use of funds to perform its normal operations in a society which is not in the midst of a crisis, or to fund non-crisis-related activities during a crisis. But if we do not have a sound understanding of the essential patterns of human nature and human social and economic activity, or if those who do have such an understanding cannot be heard because they are oppressed or silenced so that their influence becomes negligible, we will not be able to understand when measures which a government has taken to help society in a crisis need to be scaled back or removed, and this will be because of a lack of proper appreciation for the significance of check and balances, especially as they relate to our favored political or economic measures of the moment. Just as is the case with the Far Left and Far Right extremists discussed earlier, a lack of sound understanding of the essential principles and patterns of human nature and human society, combined with finding ourselves in desperate straits, can easily cause us to exaggerate and solidify our desire to arbitrarily control others around us into a strong belief that it is morally justified and crucially necessary to do so. And, as with the Far Left and Far Right extremists, when the measures we take only end up causing us greater problems, and because we still do not have the mental tools – the sound understanding of the ideas – necessary to see that *we are the cause of our own problems*, we just dig ourselves deeper in, and the vicious cycle repeats itself at a more profound psychological and socioeconomic level. Without a sound understanding of the social world around us, without a proper scientific framework within which we can accurately understand the details of the myriad social, economic, and political events which constantly occur around us and constantly change things, and thus without the ability to not only attain to these events' true significance but also *continue attaining to their true significance as things continue to change*, we are driven more by irrational fear and uncertainty than by rational thought – and this is not the way to build a free society, or to protect, stabilize, and strengthen freedom in a society which in the middle of a crisis. Rather, as is the case with Far Left and Far Right extremism, influencing a society in this way, i.e., on the basis of an irrational and anti-rational mindset, is nothing but a way to introduce tyranny into or strengthen tyranny in society.

The *correct* mindset is one which tells us that government intervention into economic activity is at most only an emergency measure which is *temporary*, and

that laissez-faire economic activity combined with limited, representative government is, and should be, the normal, stable state of things. In this latter state, human creativity is maximized, and the chance of tyranny developing is minimized. Note that this is *not* the same thing as saying that government should be "run like a business." We are simply saying that the principle of checking and balancing power across *all* of society, in government, in economic activity, and in all social activity in general, ensures that we all have control over our own lives, and this, in turn, drives the division of *mental labor*, which itself both drives creative problem solving and strengthens peaceful and constructive interdependence between members of society. Substantial centralization of economic power, which is what happened under the New Deal, and which was meant to be taken to a greater extreme than it was taken as a result of counteracting forces that understood the tyrannical implications in the New Deal plan, as will be discussed below, severely disrupts this balance, and, therefore, creates substantial problems for freedom in society.

In returning to the historical details of the New Deal, we can begin with the Agricultural Adjustment Administration. The Britannica article tells us that the New Deal's Agricultural Adjustment Administration "attempted to raise prices by controlling the production of staple crops through cash subsidies to farmers."[299] Further, "the AAA established an important and long-lasting federal role in the planning of the entire agricultural sector of the economy."[300] In other words, the farmers were given money from the government which would cover part of what they, under normal economic conditions, would presumably earn, so that they would be encouraged to raise prices of the part of their product which they sold on the market. And this was supposed to help the farmers by forcing consumers of the farmers' products to pay higher prices. But how, exactly, was this tactic supposed to accomplish the intended purpose?[301] With higher market prices, fewer people would be able to afford the produce, so fewer people would buy, which would translate into lower total sales for the farmers. Also, any of the produce which the farmers were unable to sell because of the increased prices would be wasted, which could have otherwise provided meals for many people. Not only this, but consumers who were still able to buy at the higher prices would be forced to part with more of their own wealth in order to buy the same amount of produce which they bought at a cheaper rate before, which means they would have

299 *Op. cit.*

300 https://en.wikipedia.org/wiki/New_Deal, referenced on **4/1/23**. This page is a good introduction to the New Deal.

301 Assuming that it actually even achieved its goal of raising prices for the products of farms, which it did not even do – Britannica tells us that "Although benefit payments to farmers totaled $1.5 billion by 1936, a rise in commodity prices was attributable mainly to severe drought conditions in 1933-36," not to the subsides themselves. https://www.britannica.com/money/topic/Agricultural-Adjustment-Administration, referenced on **8/7/23**.

less money to spend on other things, and less to save or invest – in other words, their standard of living, as produce consumers, would have declined. This is typical of interventionary measures: the intervention on the part of a government to provide additional wealth to one group of citizens, such as farmers, can only happen as the result of a forcible extraction of wealth from one or more other groups of citizens. Another way of saying this is that the government must infringe on the property rights of some in order to give to others.

But then the question arises: who is to be benefited, and who is to be infringed upon? How are we to determine this? Are we sure that, in this case, the farmers were more deserving of government privilege than the consumers or potential consumers of the produce? Why should it not have been the other way around? Or perhaps some other group of people or producers instead? The answer is arbitrary and is heavily dependent on the personal values and interests of those in charge of the redistribution, though we may say that some interventions can infringe less or less severely than others, depending on the particular details of the interventions and the socioeconomic context in which they occur. However, it is also important to acknowledge that in practice it is often very difficult or impossible to determine which interventions will infringe to a lesser degree than which and still accomplish the same goal. But from the perspective of the average citizen, if you are a citizen who happens to benefit from such redistribution, good for you. If you are one who is infringed upon as a result of the redistribution, then you are simply going to infringed upon, and there is nothing you can do about it. This is a very dangerous and slippery slope.

Also, consider that the longer these farm subsidies and artificially-inflated prices are sustained, the more would-be consumers, and also those who still purchase produce at the higher prices, will be incentivized to find a way to replace the produce with something else, a substitute, which serves the same basic function as the produce they normally buy but which is *not* under price controls or artificial price manipulations and so therefore can be bought at a cheaper rate – e.g., the replacement of potatoes with corn, or cow's milk with goat's milk. Not everything can be replaced with a substitute, but the point is that by making it harder to buy a particular type of product, the interventionary measure *pushes people away* from the product, and so, over time, the measure can force a shrinkage of the market for the product due to shrinkage of demand, which, in turn, negatively impacts the farmers. But the farmers are the very people whom the interventionary measures were designed to help. The result of this is that the farmers become even more dependent for their survival on the subsidies than they were before, because they are producing and selling even less than they were when they first start-

ed receiving the subsidies. Even in the case where the interventionary measure was meant to be short-term, the subsidies themselves had to come from either redistributing tax revenue, which could then not be used for other purposes, or from inflating the currency, the damaging effects of which have been discussed in the section above on central banking. This is the characteristic result of government intervention to fix or influence prices, wages, and interest rates – cascading economic consequences which infringe on the property of many and which typically find a way to harm the very groups of people they were meant to help. As another example, this time from the perspective of the consumer rather than the producer, consider what Mises, in *Socialism*, describes as a "typical case of price control":

> If the government wants to make it possible for poor parents to give more milk to their children, it must buy the milk at the market price and sell it to those poor people with a loss at a cheaper rate; the loss may be covered from the means collected by taxation. But if the government simply fixes the price of milk at a lower rate than the market, the results obtained will be contrary to the aims of the government. The marginal producers will, in order to avoid losses, go out of the business of producing and selling milk. There will be less milk available for the consumers, not more. This outcome is contrary to the government's intentions. The government interfered because it considered milk as a vital necessity. It did not want to restrict its supply.
>
> Now the government has to face the alternative: either to refrain from any endeavors to control prices, or to add to its first measure a second one, i.e., to fix the prices of the factors of production necessary for the production of milk. Then the same story repeats itself on a remoter plane: the government has again to fix the prices of the factors of production necessary for the production of those factors of production which are needed for the production of milk. Thus the government has to go further and further, fixing the prices of all the factors of production – both human (labor) and material – and forcing every entrepreneur and every worker to continue work at these prices and wages. No branch of production can be omitted from this all-round fixing of prices and wages and this general order to continue production. If some branches of production were left free, the result would be a shifting of capital and labour to them and a corresponding fall of the supply of the goods whose prices the government had fixed. However, it is precisely these goods which the government considers as especially important for the satisfaction of the needs of the masses.
>
> But when this state of all-round control of business is achieved, the market economy has been replaced by a system of planned economy, by socialism. Of course, this is not the socialism of immediate state management of every plant by the government as in Russia, but the socialism of the German or Nazi pattern.
>
> Many people were fascinated by the alleged success of German price control. They said: You have only to be as brutal and ruthless as the Nazis and you will succeed in controlling prices. What these people, eager to fight Nazism by adopting its methods, did not see was that the Nazis did not enforce price control within a market society, but that they established a full socialist system, a totalitarian commonwealth.
>
> Price control is contrary to purpose if it is limited to some commodities only. It cannot work satisfactorily within a market economy. If the government does not draw from this failure the conclusion that it must abandon all attempts to control prices, it must go further and further until it substitutes socialist all-round planning for the market economy.

> Production can either be directed by the prices fixed on the market by the buying and by the abstention from buying on the part of the public. Or it can be directed by the government's central board of production management. There is no third solution available. There is no third social system feasible which would be neither market economy nor socialism. Government control of only a part of prices must result in a state of affairs which – without any exception – everybody considers as absurd and contrary to purpose. Its inevitable result is chaos and social unrest.
>
> It is this that the economists have in mind in referring to economic law and asserting that interventionism is contrary to economic law.[302]

One of the results of such all-round planning is an indirect redistribution of wealth. The government does not produce new capital wealth itself. In order to give subsidies to one group of citizens, it has to use wealth which it acquired from other citizens. As a result of the government fixing prices in this cascading way, some people may benefit, at least for a certain period of time, though not necessarily the groups of people the government is trying to benefit by its price fixing. But in order for these people to benefit as a result of these measures, the additional wealth which they obtain from these measures must be forcibly taken from others, and this can occur in a number of ways, such as increased taxes on a particular subset of the population, or price fixing for a commodity at a lower price than it would have obtained on the open market, or by fixing a wage rate for a particular type of labor at an amount higher than that labor would obtain on the open market. Precisely who benefits and who is damaged by these measures may not even be predictable in advance, given how such interventionary changes cascade in many nonlinear ways throughout society. In all such cases, though, the government is taking action to benefit some people by infringing on the property of others – i.e., the interventionary measures are attempting to enforce the particular, and arbitrary, set of moral values of those currently in power onto the rest of society by reshaping economic production so that it falls in line with the value system of those currently in power. This is no different from Xi Jinping's efforts to enforce his personal values, known now as "Xi Jinping thought," onto market activity in China. The same is the case with Kim Jong-Un in North Korea, Putin in Russia, the Taliban in Afghanistan, the Ayatollah in Iran, Netanyahu in Israel, and many others. All these are systems which attempt to use government power to arbitrarily enforce a particular moral code onto a nation. The function of government, however, is not to enforce a particular, and arbitrary, moral code onto the nation, but to provide a background of safety and security so that all citizens in the nation can work to fully develop their potential, and so that all have an e-

302 https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, pp. 533-534. Referenced on **4/1/23**.

qual opportunity to do so. If we define this latter state of affairs as that which is the "moral" one, and hindrances or opposition to it as "immoral," then in this sense, and *only* in this sense, can the government's function be said to be the maintenance of a moral code in society. But note that this is different from the maintenance of the specific moral code of a specific person or group; rather, it is simply the maintenance of a state of affairs in which the chance of a given person arbitrarily infringing on the person or property of others is minimized. In fact, this is the only way in which the terms "moral" and "immoral" can be defined *objectively*. All other definitions are subjective and arbitrary.

The Britannica article further tells us that one of the "skillful" cabinet members of the FDR administration was Harry L. Hopkins, who "personified the ideology of vast federal work programs to relieve unemployment, and by 1938 he had directed the spending of more than $8.5 billion[303] for unemployment relief, aiding some 15 million people."[304] First of all, the fact that the ideology of vast federal work programs was seen as an essential part of the New Deal only reinforces the conclusion that the New Deal was socialist, because one of its strategic pieces was a set of programs which centralized control and influence of substantial amounts of economic activity. But beyond this, once again, the 8.5 billion 1938-dollars that Hopkins used in this program had to have come from somewhere, since the government did not produce it as net new capital through its own productive activity. It either came from massive redistribution of wealth from other private citizens, or as a result of a substantial inflation of the currency by the cooperation of the central bank in producing net new money which the government could then use to fund these programs, or both. Further research would ferret out the details, but the point is that in either case, the result is a forcible redistribution of wealth, either directly or indirectly, respectively, by the government in order to help one or more groups of people whom the government deems worthy of help at the substantial expense of other groups who are either not viewed in a favorable light by the specific moral values underlying the New Deal policies, or who are detrimentally affected by the redistribution only in indirect and roundabout ways, including ways which are so indirect and roundabout that most of those so affected would not be able to trace the cause of their additional problems back to its source, and so would not have needed to be considered in any meaningful way in the political decisions with regard to how to spend or allocate the money. Again, all this, as well as the subsequent examples, is *not* to say that government has no role in soci-

303 Remember, this is in 1938 dollars. Referring again to the inflation calculator at https://www.usinflationcalculator.com/, in 2023 this would be over $181.3 billion.

304 *Op. cit.*

ety. But it *is* to help illustrate that government control of economic activity to the substantial degree desired by New Deal architects and implementers is tantamount to tyrannical control of economic activity. Such a level of control would have given those in charge of the New Deal "economic plan" vastly more power over economic activity than is justified by the objective moral standard of a free society.

Numerous other examples can be adduced, and will help further illustrate the conclusions of this section. Britannica tells us, for example, that "the Wagner Act of 1935 greatly increased the authority of the federal government in industrial relations and strengthened the organizing power of labor unions, establishing the National Labor Relations Board (NLRB) to execute this program. The Fair Labor Standards Act, also called Wages and Hours Act, was the first U.S. legislation to prescribe nationwide compulsory federal regulation of wages and hours. To aid the 'forgotten' homeowner, legislation was passed to refinance shaky mortgages and guarantee bank loans for both modernization and mortgage payments." In addition, we are told that "perhaps the most far-reaching programs of the entire New Deal were the Social Security measures enacted in 1935 and 1939, which used employer and employee contributions to fund the provision of old-age and widows' benefits, unemployment compensation, and disability insurance."[305] Given how substantial was the effort by the New Deal administration to intervene in and reshape the nation's economy, it is not surprising that "certain New Deal laws were declared unconstitutional by the U.S. Supreme Court on the grounds that neither the commerce nor the taxing provisions of the Constitution granted the federal government authority to regulate industry or to undertake social and economic reforms."[306] The New Deal efforts, in fact, are an excellent example of *exactly* the kind of effort which the US Constitution, specifically its provisioning for separate branches of government with mutual checks and balances, was designed and written to prevent. Such centralization efforts, under the guise of helping the most vulnerable members of our population, especially in times of crisis or quasi-crisis in order to minimize complaining and resistance by political opposition and maximize the public perception that it is justified to demonize opponents of such efforts, are meant to increase the power of a small number of people at the expense of the rest, and, as is nearly always the case with power, once the sought-for power is obtained, it is not given up voluntarily – this why checks and balances of power in society are so important, and why they were written prominently into the Constitution and the Bill of Rights. Note further that these checks and balances

305 *Ibid.*
306 *Ibid.*

were strenuously resisted by quite a few influential Americans even in colonial times during the debates between the Federalists and the Anti-Federalists before the Constitution was actually written, and during its writing and revising, because these individuals knew that strong checks and balances in the nation's founding document would make it much harder, if not effectively impossible, for them to attain to absolute power themselves in the new, emerging nation.[307]

With regard to the Supreme Court's decision of unconstitutionality, when these judgments were passed Roosevelt was so outraged that he "proposed early in 1937 a reorganization of the Court."[308] This is effectively no different from Netanyahu in Israel proposing in 2023 to subordinate the Israeli supreme court to the executive because the court has been challenging his and his backers' authority and influence. Would modern supporters of the New Deal agree that it is wrong for Netanyahu to try to eliminate this check on his power? Thankfully, the court system provisioned by the US Constitution was able to successfully check the FDR administration's power play, as the Britannica article states: "This proposal [by FDR to reorganize the Court] was met with vehement opposition and ultimate defeat."[309] Thankfully, America did not in the 1930s devolve into a system of tyrannical economic control by a (presumably) well-meaning governmental executive, and the reason we did not is that the society in which we live, that is, American society, still had a non-negligible level of respect for individual freedom and private property, as well as a non-negligible appreciation of the fact that checking and balancing power in government is not just a good thing, but absolutely essential for the preservation of freedom. We should hope it stays this way.

A note should also be made about the help for the underprivileged which the New Deal policies were meant to provide. First, it should be said that in general this is the case with tyrants – in order to convince us to let them do what they wish to society, that is, to *us*, they will shy away from telling us that they wish to infringe upon us; rather, they will tell us that what they wish to achieve is for our benefit, and they will tug at our heartstrings by associating their proposed policies

307 American history has never not had a moment during which many people strenuously work to relax or eliminate the constraints on their own power, including, to a substantial degree, during the debates over the Constitution when it was being drafted. The point of having a strong constitution is that *when* these efforts to establish tyranny happen, because they *will* happen, and frequently, the structure of government and society which has been spelled out in the nation's founding document and solemnly agreed to by the people has within it the necessary provisions and guides to remind us why powers should be kept separate and balanced, as well as how to go about keeping them that way. Another way of saying this is that a constitution is a document which has the necessary agreed-upon tools, measures, ideas, and provisions to minimize the chance that a would-be tyrant will become an actual tyrant. See, for example, Murray Rothbard, *A History of Money and Banking in the United States: The Colonial Era to World War II*, or his *Conceived in Liberty*, or the parts of his *Mystery of Banking* which focus on banking history in America.

308 *Op. cit.*

309 *Ibid.*

and measures with causes the validity of which no one will refuse to acknowledge – such as that of supporting widows whose husbands were killed by an accident on the job, or orphans. It is then thought that anyone who opposes the measures themselves also opposes helping these unfortunate groups of people, and so the opponents of the measures are strongly demonized, criticized, ostracized, etc. And in all this almost no one asks one of the most basic questions, viz., whether the measures proposed are actually able to achieve the desired ends. The defenders of capitalism do not hold that widows, or those of advanced age, or orphans, or those injured and unable to work, or any of those who, due to circumstances beyond their control, cannot provide for themselves, should go hungry, or are not worthy of help. First of all, it is not incompatible with a capitalist society for a portion of the taxes collected by the government to be used to help such people. But this is not all. Consider further that, due to the efficiencies which will accrue in most productive processes over time in a capitalist arrangement of production, the marginal utility of labor will continue to increase,[310] and the value of each unit of the currency will also continue to increase, that is, the currency will *appreciate*. This means that over time a given amount of taxes will be able to do more for the underprivileged than it would have been able to do in the past. Also, this appreciation of currency means that if taxes are increased, the worker in not inconvenienced as much as he would be otherwise, and, in fact, even in spite of the increase in taxes he may still have a higher standard of living than earlier when taxes were lower, even if in the meantime the quantity of his salary or wage earnings had not increased.

Not only this, but those who are more wealthy than average will, in the context of the safety and security provided by a free society, perceive their own future as one in which their finances continue to be secure, and continue to grow in real value due to currency appreciation. This means that they will be *more* likely than they would be otherwise to have, and to give into, desires to help the underprivileged, by, for example, donating to charities – despite the grim picture of the capitalist investor or businessman painted by anti-capitalist propaganda, those who have more money than average, or who own or run or invest in large businesses, or who deal at a high level in strictly monetary matters such as banking, are just as much *human* as the rest of us, and just as subject as the rest of us to the full range of human emotions, including those of empathy and a desire to be altruistic. As humans, when we feel secure in our wealth, and secure in the future of it, because we live in a society in which the bonds of social cooperation and trust are strong, we can relax our guard more often, and so indulge more, and

310 See Chapter 2 above on capitalism.

more often, in our softer emotions – e.g., a deep sense of satisfaction and fulfillment from donating money to charity. It is only in the context of a society in which the bonds of social cooperation and trust are weak and damaged, in which there is ongoing currency depreciation and in which it is feared that our money has a nontrivial chance of being forcibly taken from us and given to others who had no part in earning or accruing it, that we raise our guard in order to protect ourselves and our wealth as best we can from arbitrary infringement and confiscation. A socioeconomic environment which forcibly redistributes wealth and which has a history of currency depreciation due to a history of centralized control of the money supply, so that even money sitting in a checking account and not being spent is worth less and less over time, is one which, not surprisingly, will produce more stinginess on the part of the wealthy – as it does on the part of *everyone*. Thankfully, in America there are still many wealthy individuals who donate substantial sums to charitable causes. One may argue that they only do so because they wish to maintain a positive image for themselves among the general public. But this is beside the point. The fact is that *they do it*. And, as with changes to corporate activity in a capitalist system which result from the fact that consumers have substantial voting power to determine corporate activity due to the competitive nature of the market, it should be *encouraging* to the anti-capitalists that *popular influence* can play a role in determining whether a rich person charitably donates, or in determining, albeit indirectly, the amount or amounts which they choose to donate. Would the anti-capitalists be happier if no amount of popular influence could cause any rich person to donate to charity?

Also, a person can be influenced to donate as the result of multiple causes, not just one. It is not necessarily the case that such people donate *either* due to popular pressure *or* due to a sense of altruism. A single person can be actuated by different degrees of both. As stated, it is not, and has never been, the position of the defenders of capitalism that those who cannot provide for themselves should not be provided for at all. In fact, an important reason we *defend* capitalism is that we believe capitalism provides for the underprivileged *better* than any other socioeconomic system, and, further, that it *continues* to provide such aid to an ever-greater degree over time, that is, sustainably, as a result of increased marginal utility of labor and currency appreciation. Finally, it should be noted that the overall result of the capitalist socioeconomic arrangement over time is that fewer and fewer people will find themselves in a position of *needing* the support of charitable donations, until, ultimately, the minimum of such need in society as a whole is reached – that is, a state of affairs is reach in which the ongoing number of people in need of charitable donations is minimized, which in turn means

that the amount of money diverted to charitable causes will also be minimized. This is yet another example of an accrued efficiency resulting from the capitalist arrangement, which, due, in this case, to the greater proportion of capital wealth which can be invested in productive activity, i.e., activity which both covers its costs and earns a profit, rather than used in charitable donations, which consume capital without replenishing or growing it, will increase the net capital wealth in society that much further.

We are told by Britannica that "many of [the New Deal's] reforms gradually achieved national acceptance,"[311] and are still around today, including social security, the Federal Communications Commission (FCC), the Federal Housing Administration (FHA), Fannie Mae, and several others. As mentioned at the beginning of this section, the New Deal had many programs and was considerable in size and complexity. We can at least make a comment here, though, regarding social security. A social security system is a redistributionist scheme which is meant to pool or share financial risk across generations and across different groups of people. Essentially, money added to the social security fund by working adults gets transferred in payments to retired adults, widows, the disabled, and other groups deemed worthy of such payments according to rules defined by the government, and then when these working adults retire or fall on hard times, they will receive payments by the same process from other working adults or the new working generation. The extent to which such a scheme is beneficial to the economy and society in the long run, that is, the extent to which it moves society toward freedom and away from tyranny, depends on many factors, such as the precise nature and details of the redistribution scheme, as well as the social, political, economic, and cultural factors of the nation at any given time as well as over the course of a given generation, and such a scheme is by no means guaranteed to be beneficial to freedom in the long run. But it at least should be noted here that by structuring society along *capitalist* lines, those of the retired generation, through their own effort during their working years, would have been able to save *more* in terms of dollar units than would have been the case otherwise, because over time in a capitalist economy each unit of money, each dollar, would increase in value, that is, purchasing power, as a result of currency appreciation, so that a given standard of living would cost less over time, and thus more would be able to be saved over time than would otherwise be the case. Also, in a capitalist society, there would be a continuing motive to work smarter, due to the high value placed on self-responsibility combined with the competitive nature of the open market, in which no competitor is privileged at the expense of any other. This means that

311 *Op. cit.*

in a capitalist arrangement over time fewer retired individuals would *need help* from programs like social security, and also that, as per the discussion in the previous paragraphs, those who, due to accident or unlucky circumstances, were not able to earn and save enough money to live on in retirement despite their best efforts, or those to whom disabling problems or accidents happen in their working years, would be more likely to be helped by charitable donations from wealthier individuals. Perhaps social security was necessitated by the historical circumstances in which the nation found itself in FDR's time, and *perhaps* it continues to be needed today due to the ongoing damage done to societal bonds of cooperation and trust by, among other things, the existence, and growing power, of the central banking arrangement, under which depreciation of the currency is a normal and expected thing. But the point is that a program such as social security would either *not* be needed at all or would be needed to a substantially lesser degree if society were fully structured along capitalist lines, because not only does such a structure minimize arbitrary infringement on person and property, but, by doing so, creates and strengthens the bonds of cooperation and trust in society which lead to greater productive efficiencies, the more creative solving of problems, the increased tendency of people to value and appreciate rational thought (or at least to have much less of a need to psychologically and emotionally rely on extremist beliefs, which force a rejection of rational thought in their minds), an increase in the marginal utility of labor, the lowering of the costs of production and consumption goods, and a greater understanding of the value of individual responsibility,[312] and, thus, fosters an overall social and economic environment which is much more conducive to the ability of working individuals to *properly and adequately* save and plan for retirement themselves, and without the need for government redistributionist programs. The same is true of crisis situations in general – the stronger and more mature the capitalist arrangement, the smaller the chance that crisis situations will need traditional governmental measures to alleviate, and the smaller the chance that any given situation can be considered a crisis, because a stronger and more mature capitalist arrangement will be one which has had much longer over the generations to apply creative thought to solve problems and accrue efficiencies in production, which means that over time such a system will have substantially increased its ability to spontaneously respond to potential or actual crisis situations more efficiently, thoroughly, and quickly than was the case in the past, and will also be more and better able to *predict* such situations so that there is a better chance that they can be preempted. In other words, if a society is allowed to move in the direction of greater freedom by loosening the restraints on

312 See Chapter 2 above on capitalism.

the capitalist process (which, remember, is not the same thing as supporting crony capitalism – such a loosening effort, in fact, would be *against* crony capitalism, and would make it harder for crony capitalism to remain as part of society), then over time interventionary measures become less and less useful, because solutions which *do not* infringe upon the person or property of some for the benefit of others, as is the case with all interventionary measures, become more and more easily discovered and able to spread through society, as the flexibility and adaptability of the societal arrangement grow over time.

Finally, this discussion is not meant to be a blanket statement that everything about the New Deal's policies was damaging to society. Rather, it is to spell out the essential nature and tendencies of the New Deal and determine to what extent these were capitalist, socialist, syndicalist, or anarchist. Given the substantial central government power over economic activity that the New Deal legislation gave to FDR's administration, as well as the even greater central government power over economic activity that would have been put in place had the checks and balances elsewhere in society not prevented this, it is accurate to say that the essential nature and tendencies of the New Deal legislation were socialist, although certain things, like the Reciprocal Tariff Act of 1934, which allowed the president to negotiate trade agreements with other countries and reduced the protectionist nature of the government's policies and legislation which had existed up to that point (e.g., the Smoot-Hawley Act of 1930), could, if we were to label it, possibly be called capitalist, at least in a broader geopolitical sense, because the Reciprocal Tariff Act helped to move the nation in the direction of deeper and broader economic ties by reducing trade barriers with other nations. We are told by Wikipedia that the act "gave the president power to negotiate bilateral, reciprocal trade agreements with other countries. The act enabled Roosevelt to liberalize American trade policy around the globe and it is widely credited with ushering in the era of liberal trade policy that persists to this day."[313] One thing to keep in mind, though, is that this act, as the Wikipedia article states, did give the governmental executive increased power over the nation's economic direction, which also gives us justification for calling it socialist, especially in light of the fact that the overall tendency and spirit of the New Deal was based on the belief that government should have a decisive and strategic role in directing the nation's economy.

313 https://en.wikipedia.org/wiki/New_Deal, referenced on **4/1/23**.

## §13 Is America capitalist, socialist, or something else?

America is a mix.[314] There was substantial expansion of the New Deal with the Fair Deal and the Great Society, but there was a certain amount of deregulation in the 1970s and 1980s as a result of weakening confidence that policy was a sound way to manage economic affairs. America has the most powerful capitalist economy in the world, and, not coincidentally, the highest standard of living for its population. However, in recent years there have been calls for a "Green New Deal," which is a way to combine the fight against climate change with a renewed attempt to establish socialist-style control of the American economy by those with an anti-capitalist bent, through the use of the threat of climate change (really, the threat of the damage that climate change can do to *human civilization*) as a marketing tool to make socialism more palatable to the American public – hence the usage of the phrase "New Deal" in the name, a clear indication of the high regard in which proponents of the Green New Deal hold FDR's socialist efforts. Also, the Federal Reserve Act of 1913 is still in effect, and since that time the power of the Fed has been expanded many times,[315] so that the Fed is substantially more

314 See https://en.wikipedia.org/wiki/Economy_of_the_United_States for a good introduction to the US economy. Also see https://www.investopedia.com/ask/answers/031815/united-states-considered-market-economy-or-mixed-economy.asp, which provides a brief explanation of why America's economy is considered a "mixed economy." Both referenced on **4/8/23**.

315 See https://cei.org/blog/fedcoin-and-fednow-are-dangerous-and-unnecessary-expansions-of-federal-reserve-power/, https://www.nytimes.com/2022/02/22/books/review/the-lords-of-easy-money-federal-reserve-christopher-leonard.html, https://www.cnbc.com/2021/05/27/the-fed-keeps-expanding-its-powers-and-thats-making-some-people-nervous.html, https://www.pbs.org/wgbh/frontline/documentary/the-power-of-the-fed/, https://www.cfr.org/backgrounder/what-us-federal-reserve, https://www.enotes.com/homework-help/how-did-ruling-gibbons-v-ogden-extend-federal-625487, https://www.stlouisfed.org/open-vault/2021/march/fed-emergency-lending-powers-explained, https://www.deseret.com/2022/11/30/23452299/federal-reserve-system-randal-quarles, and https://www.npr.org/2023/02/28/1160057795/limitless-makes-the-case-that-the-federal-reserve-is-more-powerful-than-we-reali (referenced on **4/8/23**), and these are only the tip of the iceberg. For anyone interested in preserving freedom, it is crucial to read about the history of the Fed, which has been purposely shrouded in secrecy, as well as the history of all central banks and the tendency within them to centralize power. Griffin, *The Creature from Jekyll Island* and Rothbard, *Mystery of Banking* are both excellent introductions. Of course, it is important to select sources for this history which are not written by those whose task or desire is to defend the supposed benefits which the Fed and central banking bring to society rather than to view central banking in its full historical and socioeconomic context. As with *anything*, one must seek out sources of information which show themselves to be unbiased and objective.

Also, it is important to note that "unbiased and objective" does not mean strictly reporting facts in a bland fashion. What it really means is providing a sound interpretation and explanation of the facts rather than a biased one. It is this sound interpretation which those who lead, influence, and benefit from the existence of the Fed, or of any central bank, will go to great lengths to discredit, and, if possible, to remove entirely from public awareness. This is no different from socialists calling themselves democratic, or from Kim Jong-Un calling his nation the Democratic People's Republic of Korea. Tyrants will never tell those whom they would subdue that they are interested in subduing them. Rather, they will make a substantial and ongoing effort to convince their fellow citizens that they are only interested in preserving and promoting happiness, freedom, and prosperity for everyone. Those who desire to subdue others in order to benefit themselves will go to great lengths to hide this desire, both from others and often from themselves, and central banking – especially, in today's world, the Fed – is an excellent example of the kind of institution which results when such efforts are successful.

powerful now than it was when it was established. In other words, America still has a powerful central bank with substantial influence over the monetary system and, as discussed in the section above on central banking, this arrangement is socialist. The government also provides substantial subsidies to businesses – "as of Q2 2022, the federal government spent over $157 billion in subsidies"[316] – and, through its collaboration with the Fed, substantially influences business activity with expansionary and contractionary fiscal policies. The federal government also enforces a minimum wage, which is a form of wage control, as well as price controls.[317] The Fed also unilaterally manipulates interest rates for bank lending, i.e., artificially alters interest rates from a point outside the purview of the free market's inherent tendency to adjust interest rates based on the supply and demand of sound money (that is, money with a 100% reserve in real money such as gold or silver, a monetary practice which would prevail in a competitive banking market). These are all examples of governmental effort (either directly via legislation, regulations, etc., or indirectly via government's implied and legislative support for the central banking mechanism) to manipulate economic activity, and therefore to interfere with the natural course of the free market. The conclusion that we should draw here is that America's economy is not entirely capitalist, though it is not entirely socialist either. Also, if one looked at the history of America, one would find that the ratio of capitalism to socialism varies over time. America today still has a strong capitalist presence, and this will remain the case so as long as governmental and other extra-market influences on free market activity do not become able, via empowerment by an ignorant and uneducated, or miseducated, American public, to further centralize. The hope, of course, is that change happens in the *reverse* direction.

Finally, we can say that at a certain level it is appropriate to call America a mixed economy, but we should do so with the reservation that a "mixed economy" should not be thought of as a separate or alternative "type" of socioeconomic system, comparable to capitalism, socialism, anarchism, and syndicalism. Capitalism is a system based on private ownership in the means of production, socialism on central state control of the means of production, syndicalism on collective worker ownership of their respective industries, and anarchism on the law of the stronger. The "mixed economy" is not a peer to these. There is no "intermediate" system between these which can serve as a distinctly different way of arranging property

316 https://www.investopedia.com/ask/answers/031815/united-states-considered-market-economy-or-mixed-economy.asp, referenced on **4/8/23**.

317 See https://www.atr.org/costs-and-consequences-drug-price-controls-0/, for example. Referenced on **4/8/23**. Also, see https://thedispatch.com/article/price-controls-are-disastrous-just/ (referenced on **4/8/23**) as just one example of the damaging, and counterproductive, effects of price control, in this case in South America.

ownership. Every step away from capitalist private ownership is a step toward one of the other systems, and every step toward freedom is a step toward private ownership, that is, every step away from a centralized, syndicalized, or anarchic arrangement of property ownership which does not lead to another one of these three, is a step toward capitalism. For example, a "mixed economy" is, from the point of view of capitalism, a *hampering of the free market process*, and therefore a hampering of the institution of private ownership in the means of production. On the other hand, from the socialist perspective a "mixed economy" is a hampering of the ability of the government to direct economic activity, and therefore a hampering of the effort to bring about centralized state ownership of the means of production, and thus to fully, instead of just partially, implement a centralized economic plan. Such hampering, in either case, does not produce a separate, third way of owning property. All it does is *interfere with* the mechanisms and processes of both of these systems, so that neither one can reach its full potential. Thinking of a "mixed economy" as a fifth, separate way of owning property, i.e., as a fifth system competing with capitalism, socialism, syndicalism, and anarchism, is to mistake its nature, and this leads to mistaking its significance for society. It has never been the argument of the more insightful defenders of capitalism that the government has no role to play in society. But by thinking of a "mixed economy" as somehow a third alternative to capitalism and socialism, it becomes easy to see government intervention, even substantial government intervention, in economic activity as something which should be permanent, rather than what it *should* be seen as, viz., *temporary* and only to be used in the context of true emergencies or crises (which, in fact, are usually created *by prior government intervention and favoritism* anyway, such as with the Fed's inflationary practices after 1913 that *led to* the stock market bubble and then the crash of 1929 which precipitated the depression of the 1930s).

Furthermore, given that, as discussed above in the section on the New Deal, government intervention to control prices, wages, and interest rates causes further problems and does not solve the problem which the intervention was meant to solve (recall the quote from Mises regarding price control of milk) so long as freedom still exists elsewhere in society, the interventions which exist in any given "mixed economy" will, to a substantial degree, be unsatisfactory *from the point of view of the intervenors themselves*, and so they will be forced, if they desire to fully solve the economic problems which they have set out to solve and at the same time continue with their interventionary practices, to continue fixing prices and wages throughout the economic system, until the socioeconomic system is completely regimented, i.e., until the socioeconomic system is socialist in all but out-

ward appearance. Note that any effort to prevent this spread of price, wage, and interest rate controls will be seen by the intervenors as an effort to prevent movement toward the greater good, even though in actuality such opposition keeps the "mixed economy" from turning inevitably into a socialist one. Again, this is not to say that government does not have a role to play in the activity of corporations or consumers. It is to say that if we *properly* understand the core socioeconomic ideas, we have a much sounder guide when it comes to recognizing when government action in economic affairs is too much at any given time, and thus a stronger ability to resist further government efforts when and where appropriate, or to reverse or change existing efforts. The government has a role to play in helping its nation through emergencies and crises, but it is important to realize that its proper role is strictly limited to mitigating the worst excesses of a crisis and stabilizing public perception of the economic and political world around them, so that *rational thought*, rather than irrational fear and uncertainty, can once again take center stage in the minds of average citizens. Once this happens, the government's role is to provide a system of universally-applicable law and law enforcement which protects the person and property of all citizens from arbitrary infringement by others. This then helps restore a sense among the public that there is safety, security, and opportunity for everyone, which in turn serves as a backdrop to allow the creative efforts of private citizens dividing mental labor to solve the remaining problems. Only when we understand that government intervention into the activity of corporations, and government entry into economic activity itself as a producer, should be transient and only engendered by extenuating circumstances, rather than a normal and permanent part of the socioeconomic structure, can we properly evaluate the benefits or presumed benefits of state action in the economy.

The capitalist stance is not one which says the state should never influence economic activity to any degree or in any way at any time. It is one which, by a sound understanding of the underlying principles, correctly explains what the interaction between state and economy should be in order to preserve freedom in society, and, further, is one which helps us understand that even these transient measures engendered by extenuating circumstances will be less and less necessary over time as a society transitions from tyranny to freedom, whereupon, in a society which is mature in freedom, the need for such transient measures will be minimized, and effectively trivial or nonexistent. The idea of a "mixed economy" as it is understood at the present time by many people is *misleading*, in that it fails to take into account everything discussed in the previous two paragraphs. The present understanding of the term skews toward the idea that permanent, substantial

state intervention in economic affairs is an essential part of preserving freedom. The truth of the matter is otherwise.

# PART IV: CONSIDERATIONS AND FURTHER IMPLICATIONS

# Chapter 8

# QUIRKINESS IN HUMAN NATURE

## §1 Pleasing Lies

Change, especially the degree to which it is happening around us today, can be disconcerting, anxiety-inducing, and frightening. Without a *sound* understanding of what holds society together, we are unable to separate in our minds the changes which will damage society in the long run from those which will be beneficial, and under this desperate psychological and emotional state it becomes very easy to see *all* change, excepting those simplistic and easy-to-understand changes which are immediately and obviously beneficial to us as individuals, as bad or damaging, and to search for and latch onto *extremist* ideological systems which purport to explain the world and the change we see around us by means of pseudo-scientific, inwardly contradictory grand schemes in combination with sets of empty, but emotionally gratifying, catchphrases and slogans, and which propose overly simplistic and flawed, but emotionally gratifying, methods to solve society's problems in an easy, comprehensive, and final manner.

This is no different from the "get rich quick" or "get thin quick" or "get healthy quick" schemes that have enduring appeal, or many of the ads which one can see on YouTube from time to time which claim to solve a very difficult problem very easily, like heart disease or blindness or hair loss or old age or belly fat, and which use triggering emotional words, vague references to authority figures, dra-

matic music throughout, and a false sense of urgency created by the image of a clock counting down to 0 with only a few minutes or seconds left (and which "co-incidentally" begins at a fixed time, say, 5 minutes, precisely when the ad begins). If the problems themselves were easy to solve, such quick fixes or grand schemes would not have any appeal. It is only because these problems are difficult to solve, combined with the fact that so many of us desperately wish to solve them, that the quick fixes and grand schemes have appeal.

Also, these quick fixes and grand schemes are misleading in another way, because they play on the fact that things can, and many times have been, made easier by innovations which change how something is done or built or processed, sometimes dramatically – the frequency of innovation, i.e., the frequency with which humanity is able to find better and more efficient ways to solve its problems, is, after all, what the capitalist arrangement of production maximizes. As is the case with anyone who wishes to have others believe a lie, these schemes mix the lie they wish to tell with elements of the truth, and if this is done skillfully enough, a subset of people, sometimes a large subset, will believe the lie because it has been convincingly associated with the truth. And when the lie is emotionally pleasing and gratifying, such as "If you just mix this one inexpensive, widely-available powder in a glass of water every night you can cure cancer in your body in a few weeks" or "It takes just a few clicks and about five hours a week with this little-known trick and you too can start earning $10,000 a month on Amazon" or "Just strap this cool-looking, thin device to your belly and let it work off all your belly fat for you and give you rock-hard abs with no effort on your part" – or "If capitalism were completely eradicated and socialism stood up in its place, with the corresponding substantial redistribution of wealth from those of whose wealth I am jealous to me and my favored causes, all of the nation's economic and social problems would be solved" – mixing the lie with certain elements of the truth makes the lie particularly enticing to those who would benefit, or who believe they would benefit, the most if the lie were true, by coating the lie with a sheen of legitimacy – in other words, particularly enticing to those with a desperate need to solve the very problem which the advert or pamphlet or website or politician tells them can easily be solved with this previously unknown or previously suppressed easy-to-implement solution. It is *rational thought* which would serve to find the holes and flaws and contradictions in these claims, to expose the lies for what they are, and to expose the truth as truth which, in fact, does not support the lies, and so it is *rational thought* itself which is often vehemently rejected, and the conclusions of rational thought which are vigorously denied, slandered, criticized, ignored, demonized, traduced, and delegitimized, along with the individuals who

draw and defend these conclusions. Those whose emotional and psychological well-being and integrity depend on the belief that a lie is true will feel a sense of desperation rise in their chest when someone openly challenges the lie, especially when the challenge is in the form of a *sound rational argument*, which is the most difficult of arguments to refute, and the need for self-preservation will turn their defense of the lie into a holy cause, and all critics into demons. But it is only by a thorough rational analysis of a claim that we are able to accurately determine whether or not the claim is true, and we should always keep in mind that though there is often substantial discomfort, even distress, in thinking rationally about the world, from the perspective of the long-term interests of humanity the discomfort is only temporary. Once overcome, the discomfort will only have served to help solidify freedom and happiness in society.[318]

## §2 The Desire for Partial Infringement

Over the course of this book, we have made reference to capitalism as a system which minimizes the arbitrary infringement on the person and property of others. But we may imagine, for the sake of argument, that there are those who, as part of their overall path to happiness, *desire* to be arbitrarily infringed upon, either in their person or their property. We can imagine that this desire is the result partly of temperament or personality and partly the result of events or circumstances in life which at various times make such people draw the conclusion that such arbitrary infringement is something that is needed in order for them to move forward in life. Further, we may imagine that these two factors are relevant to different degrees in different individuals, so that for some the genetic factor plays more heavily, for others the reverse is true, and for still others the two factors are about equal in influence.

The first thing to note is that there is a certain amount of contradiction in the concept of a *desire* to be *arbitrarily* infringed upon, since the whole point of using the term "arbitrary" is that the person being infringed upon has no choice about it. Also, if we look at the idea more closely, what we find is that, in fact, *no one* wishes to be *arbitrarily* infringed upon – no one, in other words, wishes to be placed into a position where there is literally no possibility that they will be able to control the infringement to any degree, so that literally anything can be done to them at the whim of the infringer (including maiming or killing them, or stealing all economic resources which they have and preventing them from obtaining more, so that they can no longer feed, clothe, or shelter themselves), or infringed

318 Except in exceptional circumstances, the same is true for the life of each individual.

upon in a way which can be defended against but was not *invited* or *consented to* to even the smallest degree. The desire to be infringed upon is always only a desire to be infringed upon *partially*, and, specifically, only to the degree that the net result in the person's mind when he or she is infringed upon is a feeling of having *gained* something, or that a problem is being solved, even if only temporarily, by the infringement. This is why, as the adage goes, the caged bird sings.[319] The world is confusing, messy, and often dangerous. If we are infringed upon to a certain degree, i.e., if power over our own lives is to a certain degree taken away from us, but it is not and cannot be taken away to a *complete* degree, then, depending on the person, this can be a more satisfactory state of affairs than if the person had complete decision-making power over their own life. This is because an element of *certainty* can be added to the person's life when decision-making power is, to a certain degree, taken away from them by another, and, as is true in general, humans deeply crave certainty and stability (which, note, is *not* the same thing as strict repetitiveness). This added element of certainty can calm the nerves and emotions, and make the rest of the person's efforts in other endeavors *more productive*, which can then make the person happier. There is a character in the animated film *Bee Movie* (2007), Barry B. Benson, who was talking with another bee, Adam, as they were on the cusp of adulthood, about having to choose the job in the hive which they would then remain in for the rest of their lives. Barry is having difficulty accepting this, telling Adam that this is "an insane choice to have to make." But Adam replies by saying, "Well, I'm relieved. Now we only have to make one decision in life." The dialog is a colorful illustration of this general principle of human nature.

But let us expand on this discussion. Consider masochism, which is defined by the American Heritage Dictionary as "The deriving of sexual gratification, or the tendency to derive sexual gratification, from being physically or emotionally abused." Other definitions given in the same entry are "The deriving of pleasure, or the tendency to derive pleasure, from being humiliated or mistreated, either by another or by oneself" and "A willingness or tendency to subject oneself to unpleasant or trying experiences."[320] In the case of the first two definitions, one can easily imagine various reasons why a person would be masochistic. As an example, consider a situation in which a person is subjected to physical or emotional abuse by a parent or other authority figure as he or she is growing up, but that this abuse was mixed with a caring and nurturing attitude from the authority figure at the same time, so the two become mixed deeply in the person's mind, which may

319 This phrase can be interpreted in more than one way, only one of which is given in the main text.
320 https://www.wordnik.com/words/masochism, referenced on **4/8/23**.

lead the person as an adult to find gratification and satisfaction from emotional or physical pain, either from themselves or others. As another example, consider that the concept of suicide may give a person a rush when he or she is young and in the middle of a bad home and school life, since with suicide the person does at least have the power to end their suffering, and this, in turn, may cause the person to self-harm later in life. Or consider a person who is naturally predisposed to desire a certain amount of self-harm, which example then starts to overlap with the third definition, viz., purposely putting oneself in unpleasant or trying situations or experiences. Consider, for example, those who seem to be more predisposed to risk-taking, versus those who are more predisposed to be risk-averse. There are certain negative and damaging potentialities of risk-taking, but there are also certain benefits, such as the fact that trying or difficult situations, should they be survived, make a person stronger and more experienced in life, and thus better able to handle life's subsequent challenges, as well as better able to meet challenges of greater difficulty and complexity than they would have been able to otherwise, and this, in turn, provides the person with a greater chance of achieving something permanent, that is, of leaving a lasting legacy. By purposely putting oneself in unpleasant or trying situations, with the expectation that the effort to work through them will be painful but the end result will be worth the pain, one is *choosing* to do something which one expects will be of benefit to oneself, that is, which will be of aid in solving, whether temporarily or permanently, a problem with which one is faced.

Next, consider the rape fantasy – the *desire* to be raped, which both men and women can have, some to a greater degree than others. But this is not really a desire to be *fully* and *arbitrarily* at the sexual mercy of another, which would raise the sense of desperation and the survival instinct in the person and thus neutralize any erotic or desirable sensations which might otherwise have arisen in the person's mind by the possibility of sexual infringement. Rather, the rape fantasy is a desire to be *partially* controlled in a sexual way, that is, *partially* infringed upon, and the reason is that the person doing the infringing is taking away *uncertainty* in the mind of the person being infringed upon by making certain sexual decisions for them, which means that this does not qualify as arbitrary infringement. By having some uncertainty removed from their mind, while at the same time feeling assured that the infringement will not become arbitrary, the person being infringed upon can relax, and so can enjoy the experience – in other words, there are two forces at work, each one the opposite of the other, and each one attractive to a certain degree and unattractive to a certain degree. When combined in the right way, the attractive quality of each neutralizes the unattractive quality

of the other, and all that is left are the attractive qualities of both. In the case of the rape fantasy, the power of the infringer to have *complete*, and thus *arbitrary*, control over the person infringed upon is preempted by a social system which heavily punishes the typical results of complete, arbitrary control, and so all that is left is the partial infringement, while the worst excesses of the desire to be in complete control of one's life, specifically of being directly faced with substantial uncertainty, complexity, and messiness in life which can be highly distressing and overwhelming, are neutralized by the infringement so that, at least for the moment, the uncertainty, complexity, and messiness of life seem inconsequential. The end result of these two opposing forces, properly combined, is the solving of an emotional problem in the mind of the person being infringed upon, without at the same time taking away from that person any of his or her basic rights and freedoms. This is an *optimal* combination, and can produce substantial happiness in the person being infringed upon – in which case it is not really infringement. This is where the concepts bleed into each other – if the person being infringed upon benefits from the infringement, chooses to engage in it, and encourages and enjoys it, is it really infringement? But this is not an actual paradox – in fact, there is no such thing – but is only brought about by a limitation in the terms which we use to describe the experiences and concepts. The ideas and the argument are clear, whether we describe this situation as partial infringement or as no infringement, even though the terms which are available to be used to describe the situation are not completely satisfactory.

Pop culture has made references to this. For example in Season 4, Episode 5 of *Family Guy*, entitled *The Cleveland-Loretta Quagmire*, the characters were discussing Cleveland's wife cheating on him. Lois then suggests that Cleveland is too pliant and docile, and that this is the reason Loretta cheated. She says, "Cleveland, don't you see? This is why your wife left you! You don't have any passion! Sometimes a woman wants to see her man be a *man*! You gotta push back a little! You gotta get a little *rough*!" In Season 1 Episode 20 of *That '70s Show*, entitled *A New Hope*, Donna and Jackie are sitting at the table and talking about relationship troubles. Donna tells Jackie, "I don't know what to do about Eric. He's acting like this possessive, macho jerk." Then Jackie says, "Oh, I am so happy for you, Donna!" The audience laughs. Then Donna says, "No, Jackie, I'm with him because I thought he *wasn't* like that." At this point, Midge walks in. Jackie turns to her and says, "Mrs. Pinciotti, can you please tell Donna I'm right? Isn't it cool when men act like they own you?" And without a pause, Midge replies, "Oooh, yeah." The audience laughs. Then Donna, surprised by Midge's response, says, "Mom, what about all those feminist classes you took?" Midge then

realizes that perhaps she should have been more careful in how she responded in front of her daughter, and so retracts her initial response and gives the politically correct answer – "Oh, right," she says, and then she turns back to Jackie and says "No," clearly making an effort to be serious while saying something that she has been told is true but that she cannot fully bring herself to believe. The audience laughs again.

The point here is not that women should be subservient. The point is that partial infringement is often quite enjoyable for the person infringed upon – be firm but gentle, as the saying goes – and also the degree to which a person enjoys it depends on the person's natural inclinations and temperament, as well as their life experiences, current social environment, and particular needs of the moment.

Another example is from Season 1 Episode 7 of *That '70s Show*, entitled *That Disco Episode*. Hyde does not want to go to the disco with his friends because he cannot dance. He and Red talk about this in the garage: "You can't dance, can you?" Red says. "I can dance," Hyde says, defending himself. "Oh, I don't think so, pal," says Red. "*I* .. can dance." "Not *one* step." Hyde then caves and says, "You're right, not one step." "Well, then you got a problem, son," Red replies. He looks at Hyde seriously and says, "Cause women wanna dance. They *always* wanna dance. *Always*." "Why?" "Cause, they can get close, and wiggle their bodies around in front of a man, in a *safe* atmosphere."

A woman has to be careful about the extent to which she makes herself attractive in public, because being attractive in public means increasing the chance of attracting the wrong kind of attention, which can put her in danger. But, as with everyone, she desires to be seen as attractive. So a place where she can be seen as attractive but which also reduces the danger normally associated with flaunting herself in public can be an exciting place to go. If she goes with a partner, she can wiggle her body around in public and make it clear to a lot of people that she is attractive, with her partner at the same time serving as a buffer between her and everyone else. This is another example of the neutralizing effect – if the partner is the only person she ever sees, he wards off everyone's attention all the time, and she can do nothing to stop this, she will feel helpless and trapped, but if she goes to the dance club by herself, she will feel unsafe and alone, which diminishes or neutralizes the satisfaction she would otherwise obtain by going. Each of these two forces, when taken beyond a certain point, has consequences which are undesirable, but if the two forces are combined in the right way, that is, if each of the two opposing forces neutralizes the undesirable effects of the other, all that will be left, at least for a time, are the desirable and enjoyable aspects of each. This can be described as partial infringement of the partner on the woman,

as he is, to a certain degree, restricting her ability to interact with other people. But this infringement is more then made up for by the sense of relaxation and relief she feels by being allowed, as a result of the efforts of her partner, to experience the thrills of danger without *actually* being in danger. This is why, for example, action or drama movies are enjoyable. If we were actually in the precarious or emotionally tumultuous situations in which the characters find themselves, we would be just as desperate to get out of them as they are. But if the acting, writing, etc., are good enough, we get drawn into the story in a way which makes us feel, at a certain level, that the characters' problems and distressing experiences and situations are our own, which spurs a real desire in us to extract ourselves from the situations – but then our minds realize that we are *not*, in fact, in those situations, and the emotional net result is a sense of relief and satisfaction at having overcome a difficult problem and extracted ourselves from danger, which feeling itself is nothing other than the sense of enjoyment we feel when we watch the movies.

Regardless of the nature or source of the desire to be partially infringed upon, it is clear that capitalism is the best way to satisfy this need. In capitalism, different and varying individual needs are sought out and satisfied according to the desires and wishes of those in need. If a person desires to be partially infringed upon because they believe this will help them along on their path to happiness, there will be a market which provides for this need. Under socialism, by contrast, the only important needs and desires are those of the people in charge of the state apparatus, and the needs, desires, and wishes of all others in the nation are subordinated to these. This is definitely infringement, but it is *arbitrary* infringement, not partial infringement, and, further, it does not take into account, as a capitalist system would, differences between people in their specific desires for *how* they wish to be infringed upon. It also does not take into account that there are many people who fiercely desire *not* to be even partially infringed upon – a capitalist system takes this into account and finds a place for such people just as it does for those who wish to be partially infringed upon. A socialist system arbitrarily infringes on all who are not part of the tiny, privileged infringing group equally.

Furthermore, consider those who, by either natural temperament or by the present sum of their life experiences, wish to *do the infringing*, rather than to be infringed upon or to be a part of neither. Capitalism also finds a place for these people, by maximizing the ability of society to think of creative ways which allow this need to be satisfied in a way which maximizes the satisfaction of the infringer while at the same time eliminating any real damage or danger to those infringed upon – by, e.g., finding creative ways to pair, via the market process, or simply via

spontaneous and voluntary pairings which do not involve anything that would typically be called "market" activity, those who wish to be infringed upon with those who wish to do the infringing. The point is that in the capitalist arrangement, over time society naturally moves in the direction of reducing harm for all while at the same time maximizing the satisfaction which accrues to each person in society, including to those who have either a desire to be infringed upon or a desire to do the infringing.

Note also that in both cases, the infringement desire is *more extreme* the more the person is unsatisfied and unhappy in life. In general, the lack of opportunity and resources to overcome obstacles in life will make a person search for an alternative outlet through which they may find at least some sense of resolution and fulfillment. When such unhappy and unfulfilled individuals find this outlet in sadism or masochism, they will take it to a greater extreme as a counterpoint to the greater intensity and longevity of their unsolved problems. Remember that the primary result of the capitalist arrangement is that needs are satisfied by peaceful means to an ever-greater degree over time; so, as the process of capitalist production proceeds, the need to resort to the extremes of infringement behavior in order to find fulfillment will reduce over time in individuals and in the population. This means that the sadistic and masochistic tendencies and desires which remain in a mature capitalist arrangement will be comparatively mild, and will be well within the ability of the capitalistic process to satisfy. This is no different from the fact that capitalism is a force for peace, and against war, on the global geopolitical stage – the better our needs are met by peaceful economic means through international free trade and the international division of mental labor and private ownership of the means of production, the less countries and governments will feel incentivized to go to war in order to satisfy their needs, which, in turn, will eventually drive the arms producers out of business, or force them to start producing products and services which are completely unrelated to arms.

## §3 Freedom to Complain About Corporate Behavior

Another point which should be discussed is the fact that complaining against companies for immoral or corrupt behavior is by no means a way to show the evils of capitalism; in fact, such complaints are a validation of the capitalist method. The complaints could be with regard to a product or service a company sells, the actions of one or more of its executives, the effects that one or more of its activities have on the environment, the levels of wages which a company offers to its employees or to certain subgroups of its employees, the working conditions

in manufacturing facilities, or any number of things. The defenders of capitalism do not claim that a company, just because it is a company, should be allowed to do whatever it wants. The point of arranging production capitalistically is that a free market, in which companies compete energetically and on an ongoing basis for consumer allegiance, is a powerful force which keeps companies on the narrow path, following the demands of their market. The fact that those who complain against one or another company or corporate action or product feel that they have the *right* to complain in the first place, i.e., that they have the freedom to voice their complaint, post it on social media, write websites or articles, make documentaries, vote for politicians who promise to enforce more stringent controls on corporations, *choose to buy products from a different company which does not take part in the offending activity*, etc., and feel that they can voice their complaint at all, much less in so many different ways, without fear that the offending company or companies, or the government, will punish them for speaking out, is itself an outcome of the fact that they live and complain and speak out *within the context of a capitalist framework*. Think about what would happen if such social warriors were North Korean citizens, instead of American citizens, and Kim Jong-Un's government decided to create a new sweatshop and force hundreds or thousands of North Korean citizens to manufacture clothing for 14 hours a day, 7 days a week, and the only remuneration each worker received was a daily meal allotment, a yearly clothing allotment, and a one-room mud hut in which to sleep. Would the social warriors, under Kim's watchful eye, feel like speaking out against this policy in order to tell the North Korean leader and his political and military machine that he is wrong to mistreat their fellow citizens? Of course they would not. The only reason such people feel safe when they criticize, for example, Kim Jong-Un and his policies, or their own government, or the corporations which are based in their own country as well as those which are based abroad, is that they live in a society which values *capitalistic* ideals, which ideals express themselves economically as private ownership in the means of production, and politically as limited, representative government with real checks and balances between the various sources of political power. Just because a company is a company does not mean there is a guarantee that it will never arbitrarily infringe on others; this is no different from the cases of individual citizens, police officers, and government leaders and officials. Sometimes companies arbitrarily infringe on the person or property of others, especially if they feel they can get away with it – a company is, after all, nothing but a collection of coordinating and cooperating individuals, combined with a certain amount of material capital resources. The value of the capitalistic arrangement is that when a company does something

which arbitrarily infringes on the person or property of others, or when one or more of its leaders or employees weighs the pros and cons of *possibly* doing something to arbitrarily infringe, the competitive free market, and the broader structure of checks and balances of power in society which this implies, serve as a powerful force against such activity. Also, the checks and balances on *all* sources of power, which are the full concrete expression of the ideals of freedom, i.e., which inhere in a socioeconomic system that is based on these ideals, provide methods and avenues to call out and change corporate activity, as well as the activity of individual private citizens, police officers, and government leaders and officials, to the extent that such activity also results in arbitrary infringement. These avenues include the ability to change political leadership through peaceful elections, the freedom of the press, speech, and peaceful assembly, and the freedom to create new companies in an existing market and take customers away from existing companies by offering the same or a similar product or service in a way which satisfies or better satisfies growing public demand for certain types of change in corporate activity. In a socialist system, on the other hand, none of this is possible, because in such a system the central governing authority has absolute economic and political control. A socialist arrangement would never allow ideas critical of the established authority to be published in an alternative, or non-state-controlled, press. Good examples of this today are Putin's Russia and Xi's China, countries where alternative media are not tolerated, and the state-run propaganda machines are massive. Consider Putin's 2022 invasion of the Ukraine, and how 20,000 Russian citizens were arrested or detained for simply voicing protests against the invasion.[321]

The solution to, for example, the problem of poor working conditions in manufacturing facilities run by American corporations in third-world countries is not to eradicate capitalism. The solution is to make use of the freedom which the capitalist socioeconomic arrangement creates and maintains in order to raise awareness of these problems and fight for change. It is the same with, for example, the dumping of toxic waste into rivers and lakes, and with any other environmental concerns we might have with respect to the activities of companies. The solution is not to eradicate capitalism, which would *eradicate the freedom to voice complaints in the first place*. The solution, rather, is to *maintain and strengthen* the capitalist system, and this is done every time we voice our complaints in a peaceful way, and encourage rational discussion about the issues. This does not mean that a given company or industry will always easily and fully comply with every wish or demand from every consumer. This is unreasonable. After all, a

321 https://www.republicworld.com/world-news/rest-of-the-world-news/russia-made-20000-political-arrests-in-2022-amid-war-with-ukraine-report-articleshow.html, referenced on **4/10/23**.

company will have invested substantial sums of money, material capital wealth, and labor into its research, development, and production processes, and so has every right to defend its investment. The point is that if the criticism becomes substantial, because people are *free to complain*, then at a certain point the company *would* be forced to change in order to stay in business – i.e., in order to prevent its existing competitors, or potential new competitors, from stealing its market share.

In a socialist system, there is no possibility of a competing producer rising and stealing market share. It does not matter how many people do not approve of the current producer's policies or actions if these people do not have, either individually or collectively, the resources with which to encourage or enact change, or to even complain outloud about the problem. There is considerable irony here. Often those who complain about immoral corporate activity tell us that such activity occurs because capitalism is an inherently corrupt system which should be eradicated and replaced with socialism, and this is supposed to eradicate immoral activity because companies, being the source of immoral activity, will no longer have resources or power to do anything corrupt. But the people who complain in this way can only complain at all because they do so in the context of a socioeconomic system which operates according to *capitalist* principles. The world, and economic production, was not always capitalist. It is not reasonable to say that we should eradicate capitalism simply because the ideals of freedom which underlie capitalist activity have not *yet* spread across the entire globe and have not *yet* solved the problems created by the earlier arrangements which were based on tyranny. Today's world has inherited substantial baggage from the past. Also, the human psyche has, in numerous ways, strong aversion to change. It will take time for freedom to spread, as it has taken substantial time already up to this point, and there are many who will resist this spread, because it threatens their privileged position in present society, or because they misunderstand and misperceive the value of it. But the extremist position, i.e., the position which says we should raze capitalism to the ground and implement full socialism, or full anarchism or syndicalism, is *not* the answer to society's problems, no matter how desperately some might wish it was. It is a great *emotional* release to envision the implementation of a radical, immediate, and all-round solution to our personal problems, a solution that, in one fell swoop, takes care of everything for us, i.e., relieves us at once of all burdens, pressures, and constraints, heals all our wounds, makes our failures and flaws distant and irrelevant, and exacts appropriate and lasting revenge on all our enemies. And when we find a ready-made ideological system, such as that of socialism or anarchism or syndicalism, which seems to provide the very answers we are looking for in a neatly-wrapped and colorful package, and, what is more,

seems to tell us that we are *right* to seek to harm those whom we envy, we latch onto this ideological system tightly and desperately, and in the process we place severe constraints on our ability to think rationally – we do not let ourselves question any part of our new belief system, because doing so opens painful wounds. This is no different from those Christians who defend a strict, literal interpretation of the creation story in Genesis, or seek to show why every last statement in the Bible *must* be true *literally*. They do this because they do not have the inner confidence which would allow them to see things more clearly, to accept that Biblical scripture can still be relevant and useful in life even if not everything which was written is literally true. For them, if even the smallest statement in Biblical scripture is shown to be untrue, the validity of the entire Scripture is brought into question. This is a very rigid, very fragile way of looking at things. It prevents the person from seeing that the Bible is a collection of stories, accounts, and ideas written by many people over the course of about 1500 years, and that it, like all other historical or classic texts, can be used as a guide to help us understand life in the past, and human nature, but that it is unreasonable to conclude that everything written in the Bible must, or should, be literally true. The *historical* way of viewing the Bible provides more depth and context, and therefore allows us to understand it *rationally*, which understanding, further, is *not* fragile and *not* rigid, but rather is much more able to change, adapt, and grow in order to become *better*, *sounder*, and *more complete*. A *rational* approach to understanding something is like the Sword of Gryffindor, which only takes in that which makes it stronger – i.e., which is willing and able to *change* for the better and which naturally resists change that weakens it, and so is able, over time, to repeatedly improve upon itself.

A belief system, on the other hand, which places band-aids on emotional wounds without addressing their root cause will only grow more rigid and more fragile over time, and will require ever-greater amounts of mental energy to protect and to safeguard against rational criticism, which, in turn, means that rational thought itself will continue to be rejected to an ever-greater degree over time. It is like a lie – if you tell a lie, you have to defend it forever, and there is substantial mental energy involved in such defense, which is why it is often a great relief to finally tell the truth. An ideological belief system which helps us ignore the unpleasant aspects of reality rather than come to terms with them is a lie that we tell ourselves. It is also a lie we tell to *each other*, the better to reinforce the supposed truth of the lie in our own minds. The real truth can be harsh and bitter, but this disagreeable sensation is itself the beginning of the healing process, and once we do heal we are stronger for the experience, and more able to face life's greater

challenges. The establishment and preservation of freedom in society and the effort to grow and spread freedom into a world still rife with tyranny – these are the greatest challenges of all. It would be quite a shame if, simply through willful ignorance, we chose not to muster the strength, while we still have the chance, to meet these challenges.

## §4 Self-Defense and Happiness

It is generally acceptable today to cause harm to another person if the other person is an aggressor to whom we pose no real threat and we are acting in self-defense. In fact, this is in agreement with the definition of "immoral" as *arbitrary* infringement on the person or property of another. Infringement which is in response to arbitrary aggressive actions on the part of another and which is only for the purpose of neutralizing the threat posed by these actions is not *arbitrary* infringement, and therefore by our definition cannot be considered immoral. The infringement of the aggressor, however, *is* arbitrary, and therefore by our definition should be considered immoral.

There is no essential difference between the moral, i.e., justified, infringement discussed here and the infringement of a police officer on a private citizen, assuming the police office operates in the context of a free society and is thus strictly limited to enforcing the existing, universally-applicable law. The police officer's infringement in this case is *non-arbitrary*, because it is always in response to the actions of another who has arbitrarily infringed on someone's person or property or who displays, in one way or another, behavior which shows credible intent to do so. In the case of a police officer *arbitrarily* infringing on the person or property of others, this police officer, in a free society, would be tried and punished according to existing law just as any other citizen would. As is the case with a capitalist free market, there is no guarantee that every action on the part of every police officer at all times will be non-arbitrary. The point is that, as in a capitalist free market, the tendency to non-arbitrary action on the part of the police will be *minimized* by the nature and structure of the society in which the officers operate, specifically, by the fact that in a free society there are numerous and varied checks and balances on all sources of power, including the power held by both private companies and police officers. In summary, then, infringement for the purpose of self-defense, or in the case of specific individuals empowered by a free society to guard against arbitrary infringement in general, is both acceptable and moral, not to mention necessary, as described earlier in the discussion of anarchism in Chapter 5, for the preservation of freedom.

So, then, consider Vladimir Putin's choice to invade the Ukraine in 2022. Was this an act of self-defense? Or consider Xi Jinping's actions to substantially strengthen the People's Liberation Army in 2022 and 2023 in preparation for a possible invasion of Taiwan, or Kim Jong-Un's build-up of the North Korean nuclear programme and his decision to substantially increase the number of his regime's missile tests. Were these acts of self-defense? Consider these scenarios from the perspective of the leaders of these totalitarian countries who made these decisions. Putin, for example, built his career and defined and solidified his outlook on life in the context of the totalitarianism of the USSR, which context he was much more successful at turning to his advantage than most. He is reported by Celebrity Net Worth to be worth around $70 billion,[322] though, of course, this can be at best an educated guess. Still, he has built his life and his power in the context of a nation which has a history of totalitarianism, and has used this context greatly to his advantage. When the USSR fell, Russia transitioned to a constitutional, representative government, but by that time Putin was almost 40, and very unlikely to have changed his values or his outlook on life as a result of the fall. After becoming president of Russia he has continued to solidify control, and this amid, and by means of, widespread corruption and war atrocities. He has private mansions,[323] massive slush funds in other countries,[324] a private train car and private track system for travel within Russia,[325] and much else. No one else in Russia has this level of privilege and power, though in certain ways some of the oligarchs might be considered comparable. Now imagine that the ideals of freedom continue to spread into his country from the West, and continue to be strengthened in the minds of the Russian people. Imagine that from many corners his people are clamoring loudly for a strengthening of democracy, for real term limits on the presidency, for his government to respect a strong freedom of the press, of speech, of peaceful assembly, for his government to not resort to invasion of privacy or to unreasonable search and seizure, to respect writs of habeas corpus, to allow freedom of political expression and freedom of criticism of existing government administrations, etc. Imagine a much stronger free market in Russia than is currently in place, which market would distribute economic power substantially, and which would thus make it impossible for any political leader to have the kind of economic control and influence which Putin currently has in Russia. Imagine

322 https://www.celebritynetworth.com/richest-politicians/presidents/vladimir-putin-net-worth/, referenced on **4/11/23**.
323 https://www.cnn.com/2022/03/17/business/putin-wealth-sanctions-invs/index.html, referenced on **4/11/23**.
324 https://www.ibtimes.co.uk/putin-buys-luxury-mansions-rumoured-lover-using-slush-fund-report-1713627, referenced on **4/11/23**.
325 https://www.theguardian.com/world/2023/apr/05/russian-defector-sheds-light-on-putin-paranoia-including-secret-train, referenced on **4/11/23**.

social media and the internet being completely uncensored[326] in Russia, so that *all* criticism of Russia's invasion of the Ukraine, and anything else which Putin's government would not like its citizens to access and know, could be freely accessed, read, watched, listened to, and learned by the Russian people. Consider that the US is both an ideological enemy and a military enemy of Putin's government, that the US has an ongoing alliance with Western European nations, and that from this alliance the ideals of freedom spread toward the East, and toward, and across, Russia's borders. These are all real threats to Putin's power, and they are not trivial. If Putin wishes to hold onto what he has, and also to ensure that his legacy in history shows him to be a hero instead of villain, he has to fight to preserve his wealth, his power, and his legacy from all these sources of attack. So is Putin acting in self-defense? Of course he is. He is acting to preserve himself, both now and after he dies. He will tell the world that he acts in the interests of Russia,[327] but he has, arbitrarily, *defined* the interests of the Russian nation and the Russian people to coincide with those very things which preserve himself and his legacy – if any of the Russian people have interests which conflict with this in any nontriv-

326 https://www.nytimes.com/2022/03/04/world/europe/russia-censorship-media-crackdown.html, referenced on **4/11/23**.

327 https://www.youtube.com/watch?v=m6pJd6O_NT0m, referenced on **4/11/23**. Near the end, Putin tells the interviewer "I have linked my entire life to – my entire fate to the fate of my country to such an extent that there isn't a more meaningful goal in my life than the strengthening of Russia." The transcript can be found at https://www.nbcnews.com/news/world/transcript-nbc-news-exclusive-interview-russia-s-vladimir-putin-n1270649 (referenced on **4/11/23**). He follows this up by saying, "If anybody else – and if I see that person, even if that person is critical of some areas of what I have been doing, if I can see that this is an individual who has constructive views that he or she is – committed to this country and is prepared to sacrifice his entire life to this country, not just some years, no matter his personal attitude to me, I will make sure, I will do everything to make sure that such people will get support." Of course he is not going phrase his statement so that it more explicitly addresses the fact that only so long as the criticisms are mild or are about things which are not central to Putin's core values and agenda, or, when they are about such central things they are criticisms which help Putin *strengthen* his power, will he provide support to the critic. When a critic, on the other hand, such as popular opposition leader Alexei Navalny, seeks to take away any nontrivial amount of power from Putin, by demanding, e.g., an *honest* electoral process, or by demanding high respect for presidential term limits, the critic gets poisoned with Novichok nerve agent and becomes a political prisoner (see https://en.wikipedia.org/wiki/Poisoning_of_Alexei_Navalny, referenced on **4/11/23**), among other punishments for speaking out. We may even say that Putin has, to a certain degree, convinced himself that his own personal values and interests *are* the values and interests of all or the vast majority of the Russian people, and those who disagree simply do not understand politics or economics or whatever – this attitude can be beneficial when one is accosted by critics who question one's actions and decisions and call them unjust on a regular basis, critics both from within his country and outside it; it is easier to defend a lie if one believes the lie is true. However, it is also reasonable to say that, given Putin's high intelligence and cunning, he understands the value of seeing things *clearly* as well – that is, of knowing that what he is doing is not only harming others to a substantial degree, and specifically the Russian people, but that he does not *really* have a moral justification for arbitrarily imposing his will on them, and instead is *really* doing it only because he has the power to do so and feels a deep sense of gratification and satisfaction at having and exercising this power – i.e., he is harming others because he satisfies and fulfills himself by doing so. He is smart enough to have thought of this consciously, rationally. And he is smart enough to know that since it is important to ensure that he sees things clearly, he cannot fully bring himself to believe the lie, but instead must find the proper balance – he must believe the lie enough to benefit himself in defending his actions to critics while at the same time developing and refining his ability to cover up in public speeches and writings his knowledge that he cannot fully morally defend his actions, which then allows him to keep things in clearer perspective in his mind, the better to continue planning his actions and enacting his strategy.

ial way, as *many* in Russia do, this conflict is not to be tolerated, but rather eliminated as quickly and completely as possible.

The same line of reasoning can be used for Xi, and also for Kim. Xi perceives in mainland China a substantial spread of Western ideals of individual freedom and checks and balances of power throughout society, and understands that in such a land there is no room for himself as a highly privileged socialist leader with massively disproportionate influence in his country. Kim sees his neighbor to the south as heavily influenced by Western ideals, and as prospering due to this influence, and he also sees substantial US military support for his southern neighbor as well as for Japan and Taiwan, and he feels gravely threatened by all of this. Both Xi and Kim, in fact, feel gravely threatened, perhaps Kim in a more immediate sense than Xi, but threatened nonetheless. They see their way of life, their world, changing substantially and permanently to mirror the ideals of the West, and since their own lives and fortunes are built on the privilege of tyranny, the actions we see them taking now to solidify their own power and to impose it more harshly on the people in their respective countries are certainly actions of self-defense. Xi is not protecting *the Chinese people* by his actions to eliminate term limits and checks and balances in the CCP, and to build the PLA in order to invade Taiwan, so much as he is protecting *his own ability to rule the Chinese people*, and protecting his own, preferably permanent, legacy, both among the Chinese people and in the context of world history, and the same is the case for Kim, though perhaps Kim does so with less forethought and in a more juvenile fashion. But the Chinese people themselves would, in fact, not be harmed by a further influx of the ideals of freedom into their country – quite the opposite. The same is true for North Koreans.

This brings us to the main point. All these men, Putin, Xi, Kim, and many more in the same position, *are* acting self-defense. But it is not *justified* self-defense. This is because they are acting to preserve a state of affairs which allows them to arbitrarily infringe on the person and property of others, specifically, of their own fellow citizens, but, directly and indirectly, those of other nations as well. Since *arbitrary* infringement is the defining characteristic of that which is *immoral*, then the self-defense of these men, so far as it is self-defense of their ability to arbitrarily infringe on their own people or on people of foreign nations, is immoral, and therefore is not justified. It is, therefore, *justified* to seek peaceful ways, as the situation allows for, to help liberate these people who live under tyranny or the credible threat of tyranny or greater tyranny – through the spread of the ideals of freedom, through economic cooperation and investment, through the promotion of and high valuation of rational discourse, and through the tearing

down of central banking around the world, which is the primary source of funding for large-scale conflict. It is also justified to take action to forcibly strip these people of their arbitrary power in order to preserve freedom, i.e., to use *non-peaceful* methods, as the situation allows, in *justified* self-defense, that is, defense of individual and societal freedom, against them; in fact, if we do not do this, such people will only continue extending their reach.

One more point should be made here, and it is that there is a deep tie between war and insecurity. When we as humans feel insecure, we are much more subject to irrational swings of emotion – this is the built-in evolutionary fall-back in our brains which provides us the *certainty* we need when we feel deeply uncertain about a critical situation but do not have the knowledge, mental tools, mental stability, or environmental or socioeconomic circumstances necessary in order to view things in a rational light, and *certainty* is needed so that we can take decisive *action* to preserve ourselves – i.e., to ensure that we survive. The survival instinct itself was built over hundreds of millions of years in our evolutionary predecessors and is something we have largely inherited.

On the other hand, when we have a sound, rational understanding of the world, and when we feel as though the society in which we live does not pose a threat to us if we act *honestly*, but, in fact, promotes and encourages such behavior, we feel a deeper sense of inner self-confidence, which then quells the violent swings of emotion and thus reinforces our ability to think rationally, and, by doing so, perpetuates, and *strengthens*, the entire cycle – with our rational ability reinforced, we see the world that much more clearly, we continue to achieve and to grow *honestly*, we see that others around us are doing the same, and these honest achievements, in the context of a free society, once again reinforce and strengthen our sense of inner self-confidence, which, in turn, further reduces the need for violent swings of emotion, which then continues strengthening our rational capacity. On the other hand, if we act *dishonestly*, if we arbitrarily infringe on the person and property of others in order to benefit ourselves, we will create grudges and anger in others, which will then make things more dangerous for ourselves, and will force us to expend greater energy in defending ourselves from attack, whether direct or indirect. Our sense of safety and security will diminish, because our trust in others and their intentions and plans will have diminished, and this increased uncertainty will make it that much easier to fall prey to violent swings of emotion in order to survive – the survival instinct raises its head to a greater degree the more we feel threatened by those around us. But when this happens, it decreases our ability to see things in an honest light – which light would tell us that we are wrong to arbitrarily infringe on the person and property

of others, because others are no less deserving of control over their own lives than we are of ours, and no less deserving of a sense of safety and security than are we. The survival instinct, rather, tells us that we are *more* deserving of these things than others, and in fact, others are *not deserving at all* if they do anything which is perceived as threatening to us. This is a necessary facet of the survival instinct, because if we did not have a strong drive to think this way when faced with nontrivial threats, we would have died out as a species a long time ago. But when this survival instinct is frequently triggered, and especially when it continues to be triggered to greater degrees over time, our thought patterns will be strongly affected by it. Under such circumstances, it becomes very easy for a powerful leader of a nation to justify an invasion of a foreign nation, in order to try to meet and eliminate a substantial threat to himself, even if the foreign nation or its leaders do not pose any threat to the *people* of his nation. On the other hand, when a person lives in a *free* society, where the bonds of cooperation and trust continue to be strengthened because there are proper checks and balances between all sources of power in society, the person is able to continue seeing things more clearly over time, and in doing so the person perceives that his life continues to get better over time, and that he continues to feel safe and secure. Different people living in a free society will recognize and acknowledge this to different degrees, but enough people will do so that safety, security, prosperity, and happiness in such a social system will at least have a good chance of persisting – that is, the social system will have a good chance of not devolving into tyranny.

But, then, this is the undercurrent, the primary purpose, of the entire debate about socioeconomic systems – i.e., the question of how we ensure that a free society can be established, spread, and perpetuated. It is no coincidence that capitalism ties logically to limited, representative government. It is also no coincidence that capitalism is the *objective*, that is, *rational*, answer to the question, how do we structure economic activity so that it builds, promotes, sustains, and continues to strengthen freedom in society? Rationality is about what *is*, not about what we *wish* was the case. When we acknowledge the truth of what *is*, we are that much more able to *continue seeing what is,* and *to do so a greater degree than we did before*, which then continues further reducing our need for violent swings of emotion to provide ourselves with certainty – since, over time, the certainty which we need is provided more and more by a rational understanding of the world, which is a better foundation for our actions, that is, a better foundation for a sense of certainty in our minds, than a rigid, fragile, and one-dimensional emotional extreme. This then further reduces the chance that we will feel the need to arbitrarily infringe on the person or property of others, including by means of making

war, in order to get what we desire, since we continue to understand to a greater degree over time that our wants and needs can be better satisfied by *peaceful* economic and interpersonal means. The deeper sense of inner self-confidence which such an emotional and mental progression leads to and reinforces also means that we are more willing to acknowledge the power and influence, skills, talents, wealth, etc., of others, and to not feel threatened by these things in others, but, rather, to be *happy* for them that they have these things. It means also that we are more willing to voluntarily step down from a position of political authority when a different leader is elected by honest means, since we would have a more rational, and thus deeper, understanding of the value of term limits in preserving freedom. A deep sense of inner *insecurity* and *uncertainty*, on the other hand, make us more prone to be envious of others, and to lash out at them for being better, more skilled, more talented, wealthier, etc., than we are, and to hate and seek revenge on them for being or having these things. It also makes political leaders refuse to give up power, to feel more personally threatened by term limits, and to skew and twist their understanding of the value of term limits in the preservation of freedom; such people seek ways to consolidate and extend their arbitrary power instead.

We have a basic formula, then, which can be derived from this discussion, and which it would behoove us to always keep in mind, namely that capitalism, rationality, peace, representative government, cooperative action and mutual trust, and a progressively deepening inner self-confidence within each us as individuals living among our fellow humans *all coincide*, and mutually reinforce each other in society, while socialism, irrationality, war, totalitarian government, divisiveness and deep mutual distrust between us, and deep inner insecurity and uncertainty within each of us as individuals also *all coincide*, and mutually reinforce each other in society. War on the part of the offending nation, then, is an expression of deep inner insecurity, while peace is an expression of deep inner self-confidence. War on the part of the offending nation is an expression of irrationality, based on the survival instinct and the rejection of all rational criticisms of it, while peace is an expression of rational thought and through rational thought the recognition of the basic right to safety, security, and opportunity for everyone. It is irrationality and insecurity, for example, which makes people mislabel capitalism as fascist – i.e., which makes people latch onto a false, but emotionally comforting and reassuring, belief or association, which belief or association is due to the survival instinct that rises in their minds as a result of insecurity combined with a rejection of all rational criticisms of the belief or association.

It is crucially important to understand the basic ideas properly. If we do not, it is all too easy to fall prey to violent swings of emotion which align various ideas that are unrelated to each other or that are opposites of each other, and to conclude that there is some kind of connection between them. It is much harder to think rationally about these complex ideas than it is to give into a violent emotional extreme, which is often much more emotionally satisfying in the short term. But, in fact, it is deeper rational thought, and *only* this, which can force us to realize just how easy it is for humans to destroy ourselves and our future while the whole time fervently believing that we are saving the world from destruction.

What about happiness? Does Kim Jong-Un deserve happiness? Does Xi, or Putin? What about Hitler, Mussolini, Mao, or any other tyrannical leader in history? Do these people, or did they, deserve happiness and fulfillment in their lives? The answer, clearly, is *yes*. They deserve, or deserved in the case of those no longer living, happiness no less than any of the rest of us, no less than those we love most dearly, and no less than those whom we revere most of all as paragons of morality, as eminently good people, in history. The point is that in a free society *everyone* has an equal right to safety, security, and opportunity, and, therefore, an equal right to find happiness and fulfillment after their own fashion. Adolf Hitler was just as human as any of us. So was Mao. So are Kim, Xi, and Putin. They are, or were in the case of those no longer living, no less deserving of happiness than we are. But such people do not deserve to find happiness by arbitrarily infringing on the person or property of others, no different from anyone else. When such infringement happens, it is moral to ensure such infringement is stopped, and to try, convict, and punish the offenders for their crimes – again, exactly as is the case with everyone. And if such persons arbitrarily infringe on any of us in a way which presents an immediate threat, it is our *right*, that is, it is *moral*, to infringe on their person or property to the extent necessary for self-defense, that is, to the extent necessary to neutralize the immediate threat and any credible further threat, including maiming or killing them if necessary. Each time any of us shows that we are willing to fight for freedom, regardless of the specific form which this fight may take, it encourages others to also fight for freedom, and therefore strengthens freedom in society in general.

It is a natural tendency of tyrants or would-be tyrants to either manufacture, assist in manufacturing, or take opportunistic advantage of crisis and change, in order to expand their control and reach. The world is changing rapidly today and is faced with many crises, some of them global. It is, therefore, no surprise that we see tyrants and other malcontents (i.e., would-be tyrants) also taking advantage of these opportunities to maintain, and if possible increase, their own power.

This is based on a natural reaction to change in all of us – change increases uncertainty, because it makes it harder for us to know which actions to take to continue moving forward in our lives, and it makes the world around us, and our place in the world, less clear to us, and our worldly context less meaningful. But change can also break us out of ruts which perpetuate many of our problems, by providing or pointing to solutions we would not have thought of otherwise. Change is a double-edged sword. It makes sense, therefore, to do our best to learn how to recognize and accept the types of change which are beneficial to us, both as individuals in the short term and as individuals in the context of society in the longer term, as well as how to recognize the types of change which are damaging or potentially damaging to us so that we can take the necessary measures to avoid them or prevent them from happening. The mindset of insecurity and rigidity makes it much harder to properly recognize and separate beneficial changes from detrimental changes, because it makes it much harder for us to think about the world around us in a clear, objective light. On the other hand, the mindset which results from inner self-confidence makes it easier to recognize the difference between these two types of change, because when we are more secure in ourselves, there are fewer truths which are too unpleasant for us to accept objectively, and so in general there are more truths about the world which we are willing to accept directly and squarely, even if they are unpleasant to us, since we recognize the value of doing so. And the greater the number of unpleasant objective truths we accept, the more complete our *rational* understanding of the world becomes, which, in turn, means that we will be *that much better able* to distinguish between beneficial and detrimental changes when the need to do so arises again in the future.

The insecure mindset, on the other hand, is based on an *extremist* adherence to the survival instinct – that is, a rigid attachment to an extremist way of viewing the world which does not allow for rational criticism of its ideological flaws. This rigid adherence is sometimes necessary, in order to survive immediate life-threatening circumstances, i.e., when it is necessary to act quickly with a minimum of information, and decisive action *must* be taken in order to survive.[328] This is an animal instinct which we have evolutionarily inherited, and it can be evolutionarily advantageous to us from time to time. Such a mindset, rigid as it is, is one

328 Think of a soldier in combat, where he is faced with an enemy soldier pointing a gun at him. If the soldier pauses to consider what possible good this enemy soldier might have done in his life, whether he has a wife and children who love him, whether he, if he survives, will go on to make contributions to medicine or science or political freedom, whether he is actually a kind-hearted person who was forced into the military against his will by a cruel dictator who has no qualms about using people as cannon-fodder if necessary to achieve his selfish aims, etc., and therefore that perhaps the solder does not really *deserve* to be killed, then he himself will most likely be killed by this man whose life he is contemplating. In order to survive, he has to ignore much of what *could* be reality. The same is true for someone protecting his home against armed intrusion by a burglar.

which sees the world around it as *disproportionately* threatening – after all, in order to be as sure as possible that we have escaped or neutralized or eliminated the threat to our life and legacy, it makes sense to view anything which seems to be even the slightest bit associated, however indirectly, with the threat itself as equally threatening – even if the associations are only coincidental. This view, in turn, makes it more likely that the person will see changes happening around him as more damaging and detrimental to him than is actually the case, which will then reinforce his adherence to his rigid view of the world, which will then make it more likely that he will, eventually, take action to harm others, to arbitrarily infringe on their person or property, out of a sense that he is justified in doing so in order to save himself. This then increases the grudges, the anger, the desire for revenge in those upon whom he infringes, and those who see him as likely to infringe upon them even if he has not done so yet, which then makes him view the world around him as that much more threatening, which then reinforces his rigid viewpoint, and the cycle repeats itself in stronger form. The greater the threat to himself that he perceives, the more willing he will be to use greater, more extreme measures to combat the threat, measures, for example, such as solidifying and further centralizing political and economic control in his nation, eliminating term limits, invading another country, etc.

A secure mindset, on the other hand, is one which will be more able to see the beneficial aspects of the changes happening around it and find ways to accommodate itself to such changes in the way or ways most useful to itself in achieving its own goals, and one which will have an increasingly sound and increasingly complete rational understanding of the world around it which will continue to reduce its dependence upon mental ruts, and therefore dependence upon the rigidity and inflexibility in thought which would otherwise be needed for emotional protection. For an individual with this mindset, this will reinforce the individual's creative ability, because the mind is now more *open to possibility*, and therefore will make it that much easier for the individual to continue solving problems in his or her life, which, in turn, will provide the individual with that much greater of a sense of accomplishment and fulfillment, which then will provide the individual with that much deeper of a sense of happiness, which then reinforces the individual's inner self-confidence. The cycle at this point has come full circle, and the person is left with that much stronger of a sense of inner self-confidence, which then serves as that much stronger of a foundation for further, and greater, life advancement, achievement, fulfillment, and happiness. In addition, by increasing the individual's inner self-confidence, this mindset, over time, continues to reduce the sense of threat which this person feels at the achievements of others, and con-

tinues to increase this person's ability to feel happy for the happiness and success of others, because not only is the happiness and success of others not itself actually threatening to the person, but also, due to his increasingly complete *rational* understanding of the human socioeconomic world, this person understands to an increasing degree that the happier and more fulfilled everyone is, the less likely that tyranny can establish itself in society, and this is good for *all* of us.

The result is that one mindset perpetuates and reinforces inner insecurity and *unstable* societal rigidity and inflexibility, while the other mindset perpetuates and reinforces inner self-confidence and *stable* societal fluidity and flexibility. But the spread of the latter mindset, which has as a natural consequence the tearing down of unjustified power, is equivalent to a growing threat to the former mindset where it still exists in the world, and, per its natural course and cycle, the former mindset will react to this spread in more extreme ways to match the increase in the magnitude of the threat which it perceives, in order to preserve the increasingly threatened unjustified power upon which it stands. The survival instinct, then, is co-opted, and is used as a justification, and an emotional driving force, for the preservation and extension of privilege – that is, of the ability to arbitrarily infringe on the person or property of others in order to benefit the infringer.

## §5 The Hollowness of Easy Money

Let us shift gears again. It may be argued that without easy money there would be fewer investments, fewer people would create businesses, there would be fewer jobs, there would less economic activity, etc., and that this, of course, is a bad thing, since it means fewer things would be purchasable on the market, more people would be unemployed because it would be harder to find work, and this state of affairs would create a recession, or make one more likely. But such an argument completely ignores the reality of historical change. Like the socialist argument itself, its advocates implicitly assume a *static* state for society, and think only about the shorter-term consequences of a proposed change. Another way of saying this is that, like the socialist argument itself, this argument's advocates only see the *immediately beneficial* results of their own proposed measures (in this case, an artificially-increased supply of money), and, specifically, only for the groups of people its advocates desire to benefit, without at the same time considering the more subtle and longer-term *damaging* consequences of their proposed changes for the rest of society (and, ultimately, also for the very groups of people whom they desire to help by their proposed changes). Also, the argument's advocates only see the *immediately detrimental* consequences of their opponents' pro-

posed measures, and specifically only for those groups of people whom the argument's advocates desire to benefit, without at the same time considering the more subtle and longer-term *beneficial* consequences of their opponents' proposed changes for the rest of society (and ultimately also for those very groups of people whom the argument's advocates desire to benefit by attempting to defeat their opponents' proposed changes).

It is true that without easy money there would be fewer investments, but there would also be fewer *malinvestments*, and thus less wastage of capital, since there would be less capital to go around, and the capital which is available would be *real* (rather than, say, based on fractional reserve banking, i.e., the multiplier effect, or on fiat currency) and would also be owned and used in lending and investment by precisely those individuals and companies who stand to suffer the most from malinvestment, and so banks and individuals who have this capital would be more careful about lending or investing it. This would mean that fewer people would have the money to support as many children as they might wish to have. But the result of this seemingly harsh policy would be that no more children would be born than can be adequately supported by *honestly-gained* means, and the end result in the longer run would be that our birth rate would come to match, rather than exceed, our ability to support those being born. This policy seems harsh in the short term, but in the longer run society will adjust, and future generations will live in a social system in which everyone alive has adequate means to be supported, and is supported during childhood, when this support is needed, precisely by *those who chose to bring them into the world*, rather than by others who had no say in the matter but whose wealth is forcibly redistributed anyway in order to support them. The policy of socialism, on the other hand, is *exactly the opposite* – forcibly redistribute wealth to support those who have been born whose parents do not have the ability to support them. This practice reinforces the mindset among the populace that if we have babies we cannot support, it is okay because the government will continue forcibly extracting wealth from others and giving it to us in order to support the children we cannot support on

our own.[329] This is a practice which is *not sustainable* – a practice which sacrifices the future for the sake of an irresponsible present.

Note also that without easy money there would be much less chance of an artificial bubble in the economy, which is a situation where economic activity increases substantially but only because unsound money, that is, money which has no or minimal backing, has been pumped into the economy and has thus allowed people and businesses to purchase and invest well beyond their actual means. There would, then, also be much less chance of such a bubble bursting and creating a quasi-crisis or crisis situation in the economy – a recession or depression. In fact, it is reasonable to say that, though there is no guarantee that no capital investment in a mature capitalist society would ever see a net loss – many still would – nonetheless, with investments and lending based only on *sound* money, if such a speculative bubble were to occur, it would be considerably more mild than would be the case in a system based on unsound money backed by a central banking arrangement, and so any bursting of this speculative bubble would be correspondingly mild, and jobs and businesses would easily and quickly recover. Combined with a standard practice of not having more children than we, as those who choose to have them, can financially support by honestly-gained means, this would imply that the "economic downturn" created by such a burst would have far less, and far less dramatic, of an impact on society at large, including on those of us who are most vulnerable. What would otherwise be a depression would be a mild recession instead. What might otherwise have been a mild recession it would not be justified to call a recession at all, that is, it would not be justified under such circumstances to say that there had even been a downturn. The *long-term* consequence of working to eliminate the system of easy money would be that substantial progress had been made in solving the socioeconomic problems which were

329 Note that this does not include women who have been raped, and who, for one reason or another, are forced to have the child against their will. The rape act itself is an example of arbitrary infringement on the woman's person by the rapist, and so are the circumstances which might force her to grow and bear the child against her will, and therefore under these circumstances she did not *choose* to bring the child into the world. In a case like this, the rapist should be arrested and punished, and the mother should be supported by governmental means and by charitable means, both of which would be available in a capitalist society. (This commentary should not be necessary, frankly, but it was appropriate to include it here because some people will purposely misunderstand the statements in the main text and will willfully take them out of context because they are threatened by the primary argument.) Note, further, that in the case where the woman was raped and impregnated but had ample opportunity to abort the child, especially at an early stage, but chose, of her own free will, to keep the child, she is then *responsible* for providing for the child. This does not mean the rapist should not be arrested and punished – he should. But it is important, in *all* cases, to properly distinguish between those circumstances which are based on voluntary choice on the part of an individual and those which are not – those which are based on voluntary choice make the person morally culpable for the consequences of their choice, whereas those which are not do not. This is the same logic which is applied to the rapist himself. It is the same logic which must be applied to *everyone*, at all times, regardless of action or circumstance, if we wish to maintain freedom in society.

created in large part by the existence and perpetuation of the system of easy money.

## §6 Racism, Sexism, and Capitalism

It is sometimes claimed that capitalism is racist, or that it is sexist. But are these claims true? Capitalism is a socioeconomic arrangement based on private ownership in the means of production. What, precisely, about such an arrangement is racist or sexist? Is there something about a person's skin color or gender which inherently prevents the person from owning private property? From starting a business? From successfully competing in an open, competitive marketplace? From having a justified expectation that the private property which he or she has acquired by honest means should be protected according to universally-applicable law from arbitrary infringement by others? From being the leader of a large company?

Of course not. These are ridiculous assertions and are based on only the barest of superficialities. Angry and jealous people, who lack even a basic understanding of economic processes, see that in America the majority of large business owners and executives are white males, but they refuse to look one iota beyond this and so erroneously conclude that capitalism, which to them is nothing but the big businesses whose operations and place and value in economic activity they do not understand, must be inherently and ineradicably sexist and racist. Such people do not even consider how many businesses exist in the various African countries which are owned and operated by black entrepreneurs,[330] or how many business, including very large businesses, are owned and operated by South Koreans, or by the Japanese, or by those of Middle Eastern descent. Such people see the rise in successful women-owned businesses in America[331] but refuse to acknowledge that these businesses are just as capitalist as the large and prominent male-owned and male-operated ones. Like a petulant child, they see only the most blatant and obvious association, that between white males and leadership and major investor positions at the largest companies in America, and they do not know how to see, or do not allow themselves to see, beyond this. But this association is *arbitrary*, not inherent, and can only be understood by reference to deeper historical, and thus accidental, reasons. American history includes, among other things both moral and immoral, slavery of blacks and oppression of non-whites,

330 https://www.cfr.org/blog/africa-remains-untapped-market-booming-black-businesses-america, referenced on **4/12/23**.
331 https://www.census.gov/library/stories/2021/03/women-business-ownership-in-america-on-rise.html, referenced on **4/12/23**.

and also includes subjugation of women as a result of *religious patriarchy*. Both of these are things which are based on human emotional weaknesses and vulnerabilities which would exist under any conceivable socioeconomic system, and which have nothing to do specifically with the capitalist way of arranging economic ownership. Eliminating capitalism would not eliminate the subjugation of women, nor would it eliminate the oppression of minorities. Think about what the CCP, with their strongly pro-socialist ideology and mindset, has done in their oppression of the Uyghurs in China.[332] Think about how many small businesses there are in America, with 43.2% owned by women and 19.4% owned by racial minorities,[333] and how social media, for example, which was built by *capitalist* enterprise, has created many opportunities for people, regardless of color or gender, to create their own media outlets, and to keep the money which they earn as influencers (rather than having their earnings forcibly redistributed, as the socialist ideology would say should be done), even if such entrepreneurs hypocritically earn their money by promoting anti-capitalist beliefs.

Consider that, for example, in China before Mao Zedong, Chinese women were severely oppressed as well as scarred for life due to such practices a foot binding, which permanently disfigured their toes and feet, and this had "a cascading social and economic effect, causing women to be confined to home and ultimately dependent upon men for their survival" – and consider that this heavily patriarchal system was due *not* to the capitalist arrangement of economic production, but to the Confucian religious tenet of "filial piety."[334] Think about how even though Mao Zedong, in following Lenin and Marx, sought to free women from the practice of filial piety, he ended up nonetheless causing massive destruction, famine, and genocide of the Chinese people during his Cultural Revolution: "The Cultural Revolution was characterized by violence and chaos. Death toll claims vary widely, with estimates of those perishing during the Revolution ranging from hundreds of thousands to millions. Beginning with the Red August of Beijing, massacres took place nationwide…. Red Guards destroyed historical relics and artifacts, as well as ransacking cultural and religious sites…. Meanwhile, tens of millions of people were persecuted…. [and often were] purged or exiled; millions were accused of being members of the Five Black Categories, suffering public humiliation, imprisonment, torture, hard labor, seizure of property, and sometimes

332 https://www.bbc.com/news/world-asia-china-22278037, referenced on **4/12/23**.

333 https://www.forbes.com/advisor/business/small-business-statistics/, referenced on **4/12/23**.

334 https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjRvufqgKb-AhUAkWoFHdHmBnMQFnoECA4QAQ&url=https%3A%2F%2Fjournals.library.brocku.ca%2Findex.php%2Fbujh%2Farticle%2Fview%2F2126%2F1758&usg=AOvVaw1K8cnE5Z8qIMxMivM7GFNi, pp. 128-129. Referenced on **4/12/23**.

execution or harassment into suicide; intellectuals [i.e., those who stood the best chance of understanding the value of freedom and the damage which is done to society by socialistic measures, and thus who were a substantial threat to Mao and his vision] were … widely persecuted [and some of whom, including notable scholars] were killed or committed suicide." Even the CCP itself, in 1981 after Mao had died, "declared and acknowledged that the Cultural Revolution was wrong and was 'responsible for the most severe setback and the heaviest losses suffered by the people, the country, and the party since the founding of the People's Republic.' "[335] And yet Mao religiously devoted himself to the Marxist-Leninist socialist ideology.[336] Is Mao's the kind of sociopolitical environment which freed women are supposed to live and thrive in? Is this the kind of system which defenders of socialism envision when they talk about a system which frees women from the constraints and dependencies of bourgeois, capitalist patriarchy? What, do they think, would happen to a woman in such a social environment if she spoke up in any serious way against the policies of Mao, regardless of whether the general preferential treatment of men over women (i.e., sexism)[337] had actually been eliminated by Maoist policies? Would Mao have acted on his preaching and encouraged her to speak her mind, since women are supposed to be free from oppression? Or would he, instead, have oppressed or liquidated her for criticizing his genocidal and tyrannical policies? The fact that there is a change of guard in government which replaces a regime that is oppressive and tyrannical does not mean the new government will be any less oppressive or tyrannical, and it could be moreso. The fact that the leaders of the revolutionaries and leaders of the new government speak out with moral indignation against all the abuses and atrocities committed by the older government does not mean that they will not commit abuses and atrocities themselves against the people whom they swore to free and protect.

Or consider that during the era of FDR's New Deal in the 1930s, "most unions excluded blacks from joining."[338] Are not unions, according to our anti-capitalist brethren, supposed to be a force against capitalist exploitation? If capitalism is inherently racist and inherently supports the dominance of white males, why, then, would unions *ever* exclude blacks from joining? But if we understand that in actuality there is no connection between capitalism and racism, that racism is,

335 https://en.wikipedia.org/wiki/Cultural_Revolution, referenced on **4/12/23**.

336 https://en.wikipedia.org/wiki/Mao_Zedong, referenced on **4/12/23**. Just search in your browser for "Lenin" or "Marx" on this page.

337 At least, sexism as traditionally and usually experienced, since the general preferential treatment of women over men is just as much sexism as the general preferential treatment of men over women.

338 https://en.wikipedia.org/wiki/New_Deal, referenced on **4/12/23**.

rather, an outgrowth of *general* human insecurities, it becomes explainable why "anti-capitalist" institutions such as unions can themselves be racist.

We are not saying that there is no racism in America today, though racism exists to a much less substantial degree now than it did in the past. No one is saying that there is no sexism in America today either, though, again, it exists to a much less substantial degree now than it did in the past. In both cases, however, there is a tendency by many to exaggerate the magnitude of the problem in the country today, and such exaggerations create unnecessary divisions. This exaggeration is another example of the extremist mindset, as discussed earlier, viz., the tendency to overemphasize the potency of a threat due to the combined effects of the survival instinct and a deep sense of uncertainty and insecurity.[339] In some cases a third factor is added, viz., the need to fund a career which is based on and seeded by divisive conflict, which then gives such people the desire to foster such division and conflict where they feel it will benefit them personally and financially.

As stated before, it is extremely important to have a sound understanding of the underlying ideas, because otherwise we end up drawing erroneous and damaging conclusions by false association and false analogy, such as the conclusion that capitalism is racist, or that it is sexist. These conclusions then just end up sowing more confusion, and by doing so they create more uncertainty and insecurity in our minds, which, in turn, make it that much harder for us to preserve a rational mindset, and, thus, to fight for and preserve freedom. To *understand* what it takes to preserve freedom, a rational mindset is crucial. Without it, we cannot understand the world around us *properly*, and so, without it, we end up doing nothing but desperately swinging and stabbing about in the dark.

## §7 The Decay of the West

Another topic of interest is the frequent assertions over the past decade from Xi Jinping and Chinese "intellectual elites"[340] that America is on the decline in terms of its strength and influence on the global stage. There is reference to the internal conflicts and problems in America in modern times which are supposed to provide evidence for this, such as the 2008 financial crisis, the Jan. 6, 2021 capitol riots, the deepening divide between the left and right and the resulting po-

339 The Far Right extremists have the same tendency, of course, and their behavior can be explained in the same way. It is important to point this out here, because the insecure extremists themselves will, due to their insecurity, take the statements in the main text out of context and draw the erroneous conclusion that I am only talking about the Far Left, when, of course, this is obviously not true – I am talking about the extremist mindset in general.

340 https://www.politico.com/newsletters/politico-china-watcher/2021/03/11/beijings-visions-of-american-decline-492064, referenced on **4/14/23**.

litical instability, the "U.S. mishandling of the Covid-19 pandemic," the "demonstrations sparked by the killing of George Floyd," and the "power crisis in Texas"[341] in February 2021 which killed between 246 and 702 people, left "more than 4.5 million homes … without power, some for several days," and is thought to be "the most expensive disaster in the state's history."[342] There are also other recent events which could be named, such as the leaking of classified US documents starting in late 2022 which was discovered in early 2023,[343] which impugns the US government's reputation, or the various high-profile cyber-attacks from Russia, China, and other foreign adversarial nations on US businesses and government agencies,[344] or the bipartisan report from the Senate Intelligence Committee that concluded "that Russia [successfully] conducted a sophisticated and aggressive campaign to influence the U.S. election to help Donald Trump beat Hillary Clinton and that folks on Team Trump were more than happy to accept help from the Russians," and also that "Russian President Vladimir Putin ordered the operation to hack Democratic computers and leak the stolen materials [i.e., Hillary Clinton's emails from her email server] and that WikiLeaks likely knew that it was assisting a Russian influence operation when it published those."[345] Consider China's efforts to infiltrate the Fed over the past 10 years, which are discussed in a Senate report from 2022.[346] Or consider that approximately 150 million Americans have accounts on the TikTok social media platform, whose parent company is ByteDance, which is based in mainland China, and there is a "2017 Chinese intelligence law that requires private companies to hand over data about customers to the government if Beijing ever requests such information," which, given the substantial, and likely ongoing, tensions between the US and mainland China, means that it should be at least kept in mind that this is a potential security risk because "the Chinese Communist Party could request access to the 150 million TikTok accounts in America and potentially spy on U.S. citizens, or use the personal data to mount disinformation campaigns on the app,"[347] as was done by, e.g., Russia's intensive and coordinated disinformation campaign on Facebook,

341 https://www.politico.com/newsletters/politico-china-watcher/2021/03/11/beijings-visions-of-american-decline-492064, referenced on **4/15/23**.
342 https://en.wikipedia.org/wiki/2021_Texas_power_crisis, referenced on **4/15/23**.
343 https://www.cnn.com/2023/04/10/politics/classified-documents-leak-explainer/index.html, referenced on **4/15/23**.
344 https://www.npr.org/2021/07/03/1012849198/ransomware-cyber-attack-revil-attack-huntress-labs, referenced on **4/15/23**.
345 https://www.npr.org/2020/08/18/903616315/senate-releases-final-report-on-russias-interference-in-2016-election, referenced on **4/15/23**.
346 https://www.politico.com/news/2022/07/26/china-fed-senate-report-00047810, referenced on **6/5/23**.
347 https://www.npr.org/2023/04/14/1170204627/montana-becomes-1st-state-to-approve-a-full-ban-of-tiktok, referenced on **4/15/23**.

Twitter, YouTube, Tumblr, PayPal, and Google+ during the 2016 US presidential election.[348]

Note that all of these things, and more, are certainly signs that America is not perfect or all-powerful. America can be influenced and harmed foreign adversaries, either state-sponsored or otherwise, and can be damaged by its own shortsightedness and incompetence. But then, this is the case with every nation. The Opium Wars in 1842 and 1860 severely disrupted the image of China in the minds of its citizens as an impenetrable fortress at the center of the world, and made Chinese citizens realize that their nation was not invulnerable, which understanding of their own weakness was reinforced by China's defeat in the first Sino-Japanese War in 1895. This led to major social and economic upheavals and, eventually, the Chinese Civil War between the Communists and the Nationalists, which started in 1927 and lasted over 20 years until 1949, when the Communists won control of the mainland and the Nationalists, backed by the US, retreated to the island of Taiwan.[349] Or, as another example, consider the abysmal failure and ultimate collapse of the USSR in 1991,[350] which was brought about and precipitated by the policy of massive centralization of economic and political control, which resulted in gross inefficiencies and human rights abuses, not to mention the vast criminal networks in Russia which are and have been used to benefit the leading political authorities on a regular basis, including Putin.[351] No nation, no matter how powerful, is immune to problems, failures, public humiliation, or, what is often a result of these, a reduction in power on the geopolitical stage. In fact, this is exactly what has been happening to Putin and his regime over the past year and a half as a result of his choice to invade the Ukraine. It is important to remember that even the most powerful nations in the world can suffer a fatal collapse from which they never recover – history is littered with such civilizations, nations, and city-states – and that it is entirely possible for America to suffer the same fate. This needs to be clearly and adequately recognized, especially by *Americans*. It is *we* who benefit from the socioeconomic freedom in our country, however unevenly this freedom is currently distributed (though the unevenness is substantially smaller now than it was in the past), and it is, therefore, *we* who have an obligation to fight to protect this freedom if we do not wish to lose it.

348 https://www.bbc.com/news/technology-46590890, referenced on **4/15/23**.
349 https://nationalinterest.org/blog/reboot/how-opium-war-changed-china-forever-187590?page=0%2C1, https://en.wikipedia.org/wiki/Chinese_Civil_War, both referenced on **4/15/23**.
350 https://www.britannica.com/event/the-collapse-of-the-Soviet-Union, referenced on **4/15/23**.
351 https://bpr.berkeley.edu/2019/12/16/gangs-and-gulags-how-vladimir-putin-utilizes-organized-crime-to-power-his-mafia-state/, referenced on **4/15/23**.

The first step in fighting to preserve existing freedom is to *not take the existing freedom for granted*; taking freedom for granted is the first step in losing it. But it is also important to ensure we do not overexaggerate the extent of our troubles, because, first of all, such overexaggeration is *possible*, and second, overexaggeration, an example of which is the extremist mindset discussed in Chapter 7, is hostile to rational thought, and thus hostile to our ability to analyze and evaluate the changes happening around us in a clear-headed way. Society changes on a regular basis; this is an unavoidable reality. And depending on the nature and extent of the change, some changes are more revolutionary than others. Greater change inspires greater uncertainty about the future, which then inspires in many, or most, of us a greater and more rigid adherence to ideals and practices and norms with which we are familiar, and a more intense need for a return to a familiar, comfortable, and predictable understanding of the world. This desire then leads many of us to search for, and latch onto, religious and quasi-religious ideological systems which provide, as a ready-made package, the sense of certainty which is needed more desperately now than it was before, as we feel the ground being pulled out from under us. Socialism, which offers its believers a fully static state of society which solves all problems, answers all questions, and provides happiness, freedom, and fulfillment, and whose structure is easy to grasp, at least in some ways, because it is centrally-managed, with the government as the all-powerful anchor keeping the societal arrangement in check, is a belief system which offers to forestall or eliminate societal, political, and economic change for all time (after society has changed the final time to become fully socialist, of course) by creating a perfect society in which the average citizen has the certainty of knowing his place and is also made to believe that he, as a member of the proletariat, is in the most revered position within society. It is not surprising that many are drawn in by this siren's call. This is no different from any religion, which, if it is to survive at all as a belief system, must place the believer in the most important position in its grand scheme of the world. So it is not surprising that, both now and in the past, there have been calls by Americans to transform America into a socialist state. The reasons why this would utterly destroy freedom in America have been detailed previously. But the reason why America has been able to preserve freedom in the face of major upheavals in its own history, such as the War of 1812, the American Civil War, the various banking crises and panics (e.g., the Panic of 1837),[352] and the two World Wars, among other crisis situations in its history, is that America was founded on a strong respect for the principles of freedom, and the respect for and expression of these principles have, so far, kept Am-

352 See, for example, https://www.history.com/topics/19th-century/bank-war, referenced on **4/15/23**.

erica from becoming a tyrannical state, in spite of the efforts of many individuals and groups who have tried, often with intense and sustained creativity and industry, since before and during the writing of the nation's Constitution, to bring about a tyrannical state in America.

The principles of individual freedom as expressed in the context of a cooperative society, according to which power (including, importantly, *property* – i.e., productive economic resources) is distributed among the citizens by voluntary transactions and agreements (and not by a central authority coordinating and controlling such distribution), and according to which individuals have both control over their own lives and resources and the sense that they have support in achieving their personal goals by a cooperative and trustworthy social framework (if not necessarily by every other individual at all times), lead to a strong division of mental labor among all citizens, and also to a willingness and a strong incentive to be creative in solving problems, and it is this arrangement which allows for more creative and adaptive solutions to be found for the problems and crisis situations which face a nation from time to time. An arrangement of cooperating and coordinating individuals who feel reasonably safe and secure in expressing themselves and their ideas and who divide mental labor and integrate their various ideas and thoughts and proposals into a shared effort at finding solutions is, by far, the arrangement which maximizes the chance of success of the enterprise, be it a company or a nation. Nations, on the other hand, which are rigid because a central authority must keep it rigid in order to stay in power will, like the Soviet Union or Kim Jong-Un's North Korea, stifle creativity and innovation, and will thus make it more difficult, if not impossible, to find solutions to the nation's problems. Such nations will have a greater chance of collapsing, and will also regularly perpetrate human rights abuses on their own people at substantial scale because of their inability to solve the problems with which they are faced by a changing world.

A capitalist arrangement, on the other hand, takes into account the reality of such inevitable, and ongoing, change, and *purposely* structures society so that it is in the best possible position to solve the problems which will inevitably be brought about by change. We are not saying that such an arrangement is a *guarantee* that any problem with which the capitalist society is face can be solved; rather, we are saying that by structuring society along capitalist lines we give ourselves the best chance of solving a given problem with which we are faced – i.e., we minimize the chance that our society will collapse or that our society will allow for and perpetuate the perpetration of human rights abuses, because by arranging society along capitalist lines we have *maximized* society's problem-solving ability.

Also, consider that the increase in global geopolitical influence of nations besides America does not mean that America will eventually have no influence. History is not foreordained and does not follow shallow and simplistic patterns of progression, despite what the Marxians will tell you. An increase in China's influence could mean a *relative* decrease in America's influence. However, as long as America remains a free sociopolitical system, and as long as Americans and American leadership and American scholars continue to *understand* precisely what it is that needs protection and why this protection is needed, America will continue to find creative ways to solve its problems, to maintain a strong, vibrant economy, and to reinforce its influential image on the global stage. It is true that America, or rather, a subset of Americans, has perpetrated human rights abuses, both on its own people and on those in other nations. No nation is perfect. Every nation has its bad apples, its history of faults, flaws, problems, and embarrassments. But as is the case with each of us as individuals, a nation which remains free will be able to take action to address its faults and flaws, to solve its problems, and to recover from its embarrassments, in ways which both protect and extend socioeconomic freedom. On the other hand, a nation which works to centralize power, such as Xi's China, will find it increasingly difficult over time to solve the problems which a constantly changing world will force upon it, since such a socioeconomic system becomes more rigid over time, and thus less able to solve its own problems.[353] Such a nation also will be more likely over time to commit human rights abuses, and on greater scales, in an attempt to claw back the power which it feels is being stripped away from it in layers over time. Change is often scary, because it produces uncertainty about the future, and an increase in uncertainty means a decrease in our ability to *know* which concrete actions we need to take in order to ensure our own survival. A decrease in such knowledge directly impinges on our personal sense of security and control at the deepest level of our psyches. This is why uncertainty, while mild in many cases, can be absolutely terrifying in many others, and such a sense of deep uncertainty drives the human psyche to expend great energy in an effort to find that sense of certainty and stability again, *from whatever source offers or seems to offer it*.

And this is an important factor in the success or failure of freedom. A failure of freedom at a given point in history may not be inevitable, but if we are not careful we can be made to *believe* that it is, and then the failure of freedom can become a *self-fulfilling prophesy*. What Xi and his propaganda team are trying to

353 The use of AI in today's world, and in the future, to solve such problems does not change this argument. AI is not, and will never be, able to solve the problems of central economic management in such a way as to make its efficiency on par with that of capitalism, or even close to being on par. This is discussed at greater length in Chapter 10.

do by constantly repeating that America is on the decline is make *Americans* believe that the American system is inherently flawed and doomed to failure – and this attempt by Xi and his group can be seen not just in the words they use but also in Xi's entire demeanor every time he makes his public appearances. If a lie is repeated often enough, and convincingly enough, many people will start to believe it. By making statements about America's decline, and by behaving in all public appearances as if this decline is a foregone conclusion, Xi is trying to make it seem as though America's decline is inevitable, and also, importantly, *that he is inevitable*. The more psychological pressure he can place on Americans, as well as the rest of the world and his own people, to convince us that he and his ideas about Communist revolution, and about America's decline, are inevitable, especially in the midst, as we are now in today's world, of unprecedented, and unprecedentedly rapid, change, the more likely a subset of the population of America, as well as that of other nations and that of the Chinese mainland, will latch onto this idea and start to believe it, because it provides a much-needed sense of *certainty* and *stability* in an increasingly volatile and changing world.

*But*, as long as enough Americans continue to understand the value of, and maintain high respect for, the principles of freedom in society, America will continue to have a substantial supply of the best possible antidote to such propagandizing – namely, free and rational thought, division of mental labor, and creative and cooperative coordination between members of the nation – in order to protect and perpetuate the system of freedom. And we ensure such a way of life in our nation by teaching our younger generations to have a high respect for critical thought, and by developing this ability in them through their schooling. It is, of course, important to teach the truth about history, and if this means modifying or adding to certain existing and established understandings in order to do so, such as, for example, ensuring that we are all aware that Thomas Jefferson owned slaves, then this is what should be done; but it is also important to *not politicize public education*, because this creates problems which are at least as bad as the problems that such politicization are meant to "solve," since all politicization does is perpetuate new lies in place of old lies, as well as in place of *truths* which are currently known and taught but which are inconvenient for the political agenda of the politicizers. A proper *balance* must be maintained, that between revising history to expose truths which have not traditionally been given proper attention, and maintaining an appreciation for and focus on all the truths which are already known and taught, however inconvenient or unpleasant these truths may be for the revisionists, or for anyone else. In other words, as is the case with everything else, the way to maintain this balance is to maintain a high respect for *critical thought*,

that is, rational thought, and to ensure that our younger generation learns that an unpleasant truth should be given higher respect than a pleasant lie. If we politicize education, then we reinforce a *rejection of rational thought*, which, as discussed earlier, reinforces a tendency to both extremism and tyranny.

One can see this kind of politicizing in action if one looks at the substantial effort Xi Jinping and his CCP have made to control the Chinese media. He has made it one of his strategic initiatives to ensure that "positive propaganda" is being spread, and that all media outlets are unified in the message they send to the Chinese public, and to the world.[354] Why is it so important for Xi to have such massive control over Chinese communication and information outlets? There are two reasons. One is that if the press were free in China, then the long list of problems and human rights abuses in China would get much fuller coverage, and the internal discontent among the people in China with Xi's authoritarian government would become much more prominently known, which would then make it much harder for Xi to impose his vision onto Chinese society, and onto the world. The second is that a single, unified vision communicated from many different sources, and for which there is not allowed to be any expression or discussion of alternatives, *reinforces itself* to the point that many people, and possibly, after a new generation has been fully indoctrinated, everyone, believes it to be true and structures their entire life according to it. The point is to take advantage of certain weaknesses in the human psyche, and to do so on the grandest of scales – that of nations and the world as a whole – in order to gain absolute power, in perpetuity, for oneself, one's legacy, and one's vision. It is due to these particular weaknesses in the human psyche that the enshrinement of the freedom of the press and freedom of speech in a national Constitution is so important in the first place – it takes extreme measures such as these to protect these basic freedoms because such freedoms are always being attacked, and always under threat of extinction. A propaganda machine such a Xi Jinping's is a standard tool of the tyrant; it is much easier to control everyone when there are no alternative, independent sources of information besides the tyrant's own. But consider also that as a result of the reforms of Deng Xiaoping and others after Mao died, which served to introduce to a substantial degree the principles of free-market capitalism into mainland China (and thus to pull millions out of poverty and starvation and substantially increase the standard of living of the average Chinese citizen), the general principles of freedom (of which capitalism can be considered the economic expression) have made substantial inroads into China as well. For any tyrant or would-be tyrant, such as Xi Jinping, this itself is gravely concerning. Tyranny cannot exist

354 https://www.cnn.com/2016/02/23/asia/china-xi-jinping-propaganda/index.html, referenced on **4/15/23**.

where there is strong individual freedom and a broad distribution of power among all citizens. Xi's efforts, then, like Putin's, Kim's, the Taliban's, the Ayatollah's, Netanyahu's, and many others, can be seen in this light, viz., as a desperate response by tyrants clinging to power and attempting to claw back power which is being taken from them by the spread of the ideals of freedom among the people of their nations. It is no coincidence that Xi Jinping views democracy and capitalism as evils which must be completely eradicated from society. Xi tells us that our age is the age of totalitarianism.[355] But it is important to understand that totalitarianism is not inevitable. Tyrants just wish us to believe that it is, because they always feel threatened by the potential loss, and in some cases the growing loss, of their own privilege and power. Tyrants in today's world are cracking down harder because they know that total annihilation of their way of life and their privilege awaits them if they do not. The world may indeed end up becoming a system of tyranny over the next century, with America destroyed and all rights and freedoms for both Americans and everyone else abolished. This is a possible reality that we *cannot afford to ignore*. But it is *not* inevitable. By properly understanding the *ideas* (capitalism, socialism, anarchism, etc.), by interpreting history in an honest light, and by realizing that freedom must be *actively* protected, we can prevent this possible future from becoming reality. Tyranny is only inevitable if we no longer understand the value and meaning of freedom.

One additional thing should be mentioned before moving onto the next topic. Xi Jinping is a dedicated Marxist-Leninist, who has a powerful desire to impose socialist-style control over both China and the world. He applied to join the Communist Youth League of China eight times and was accepted on the eight attempt, and applied to join the CCP ten times, and was accepted on the tenth attempt. As an engineering student at Tsinghua University from 1975 to 1979, he spent 15 percent of his time studying Marxist-Leninist-Maoist thought as well as "5 percent of [his] time doing farm work and 'learning from the People's Liberation Army.' " From 1998 to 2002, he "studied Marxist theory and ideological education in Tsinghua University, graduating with a doctorate in law and ideology in 2002."[356] He has dedicated his entire life to rising to the premier posts in the Chinese Communist Party, and has solidified power to himself in numerous ways, reducing (or effectively eliminating) separation of powers in government and military leadership, eliminating term limits, creating a cult of personality around himself, and adding "Xi Jinping thought" to the CCP's constitution. At the 19th Na-

355 https://www.theguardian.com/commentisfree/2021/dec/12/xi-jinping-china-beijing-new-age-of-imperialism, referenced on **4/15/23**.

356 https://en.wikipedia.org/wiki/Xi_Jinping, referenced on **4/15/23**.

tional Congress in Beijing, one of Xi's pronouncements was "Ever since the Chinese Communist Party was first established, realizing communism has been the party's supreme ideal and ultimate objective."[357] The following spring, in another speech he said, "Even though world socialism has had twists and turns in its path as it developed, the overall trend of human social development has not changed…. We must deeply understand that realizing communism is an objective that happens in a historical process. It occurs in stages, one step at a time…. We must struggle for communism our entire lives."[358] This article is from https://thediplomat.com. One thing that should be noted here is that being a Marxist, Xi should understand, but apparently does not, that according to Marxian theory only when the entire world is in the final, most advanced stage of capitalism will it be ripe for the transition to socialism – this is the Marxian historical progression, i.e., the progression from pre-capitalistic production to capitalistic production, and then when capitalistic production has advanced to the most complete expression of which the capitalist material methods of production are capable, only then can the final transition happen, which moves the world and human history into the post-capitalistic, global, and classless socialist society by the expropriation of the last and most concentrated of the expropriators. By hindering the progress of capitalism in China through, for example, the tightening of the CCP's grip on China's economic resources, or by seeking to destroy or conquer the US, and by doing so destroy the world's largest capitalist economy or bring it under the control of the CCP, Xi is *hindering* progress toward the socialist future, and, therefore, making it harder to achieve his own goals. In fact, if he were to follow the teachings of the Marxian writings, especially in as "pure" a fashion as we understand Xi believes he is following them (to the extent that Marxian writing are not self-contradictory and thus can even *be* fully understood in a way which allows for a "pure" interpretation of them, and also to the extent Xi has not superseded them or parts of them with "Xi Jinping thought"), then in order to achieve the goal of world socialism Xi and his successors would, potentially for a long time, have nothing to do but work to advance the cause of *capitalism*, to make capitalism complete all over the world, rather than to hinder or destroy its progress.[359] It does ap-

357 https://thediplomat.com/2022/09/xi-jinpings-endgame-for-america/, and https://www.theatlantic.com/politics/archive/2020/05/china-disinformation-propaganda-united-states-xi-jinping/612085/, for example (referenced on **4/15/23**).

358 *Ibid.*

359 Mises discusses this in *Socialism*, pp. 497-498: "Marxism described Capitalism as the inevitable preliminary to Socialism, and looked forward to the new society only as a result of Capitalism's fruition. If we take our stand on this part of Marx's theory – it is true that he has put forward other theories with which this is completely incompatible – then the policy of all the parties that claim Marx's authority is quite non-marxian. The Marxists ought to have combated everything that could in any way hinder the development of Capitalism. They should have protested against the trade unions and their methods, against laws protecting labor, against compulsory social insurance, against the

pear that Xi believes that his own personal insight into the "true" socialistic progression of human history is better than that of his forbears, perhaps partly because he has "learned" from their mistakes, but his dedication to Marxism as such, that is, his treatment of Marxian writings as Holy scripture or essentially Holy scripture which, though it must be properly interpreted, nonetheless serves as the foundational core of his thinking about socioeconomic and political reality, is clear.

In addition to this, the Marxian teaching is that historical progress from pre-capitalist, or feudalistic, production to capitalist production to post-capitalist, or socialist, production is *inevitable* – i.e., the progression operates with the inevitability of a natural law, which it is impossible for human will to resist or alter. Xi contradicts himself in saying that it is necessary to "struggle" for the cause of socialism, for in such a statement he implicitly acknowledges that to bring about the socialist vision of the future, he and his fellow socialists must make it happen by their own will and their own decisions and actions. But this would not be necessary if the historical progression were inevitable. Of course, these self-contradictions on Xi's part do not mean that he will not succeed in creating a system of global tyranny. But it is also true that since the Marxian understanding of human history is wrong – i.e., since human history is a product of human will and thought, rather than an inevitable and unchangeable foreordained progression – and since freedom still has a fighting chance in today's world, then it is also possible to *stop* any progress which in our time is being made toward global socialist tyranny and instead turn the tide in the other direction.

The article at https://thediplomat.com goes on to say that the date of this speech of Xi's "was Friday, May 4, 2018, and China was celebrating the 200th anniversary of the birth of Karl Marx. The Chinese government launched an intense propaganda campaign and commissioned a towering, two-ton bronze statue of the philosopher,[360] which was erected to the delight of hundreds of flag-wa-

taxation of property; they should have fought laws hindering the full working of the stock and produce exchanges, the fixation of prices, the policy which proceeds against cartels and trusts; they should have resisted inflationism. But they have done the reverse of all this, have been content to repeat Marx's condemnation of the 'petty bourgeois' policy, without however drawing the inevitable conclusions. The Marxians who, in the beginning, wished to dissociate themselves definitely from the policy of all parties looking to the pre-capitalist economic idea, arrived in the end at exactly the same point of view." https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced on **4/16/23**.

360 Marx was not a philosopher by any reasonable or honest understanding of the term. He was, as Mises tells us, "never more than an able agitator writing for the daily needs of his party" who "saw everything through the spectacles of the agitator, who considers first and foremost the effect made on the popular mind [rather than the scientific credibility and objectivity of his ideas]." In fact, "The materialist conception of history is scientifically worthless; moreover Marx never worked it out exactly but propounded it in various incompatible forms. His philosophic standpoint was that of the Hegelians [i.e., it, like all his other philosophical "contributions," was entirely unoriginal]. He is one of the many writers of his time, now mostly forgotten, who applied the dialectic method to all fields of science. Decades had to pass

ving Communist Party members in his [Marx's] home town of Trier, Germany."[361] The article tells us that "Xi has repeatedly called Marx 'the greatest thinker in human history.' "[362] We are told that "Xi calls the CCP's long-term game plan 'constructing a community of common destiny for all mankind' "[363] – in clear reference to the internationalism of the Marxian ideology, which was the same internationalism adhered to by the Soviet Third International. The quotes continue below and are highly instructive:

> Textbooks on Xi Jinping Thought describe the process as follows: 'The community of common destiny for all mankind will mold the interests of the Chinese people and those of the world's people together so they are one and the same.' In other words, Beijing envisions replicating on a global level what it sees as its own superior system. Party members reading official CCP works are told that they are part of a grand project to help China save humanity from itself. They are assured that they are playing a role in the most epic story of all time: the battle to create a perfect society and paradise on Earth. A dogmatic training manual issued to PLA officers on Xi Jinping Thought, 'Great Power Diplomacy with Chinese Characteristics,' emphasizes that China's authoritarian system is superior and Western democracy must be supplanted. 'Xi Jinping points out that transforming the global governance system is impossible without guiding the way people think,' the document says. 'The community of common destiny for all mankind is an innovative way forward for global governance, which surpasses the West's thinking and international organization…. In 2020, the Central Party School published a new textbook, 'The Fundamentals of Xi Jinping Thought on Chinese Socialism in a new Era,' which was not translated into English but was particularly candid in the original Mandarin…. The new Central Party School textbook asserts that the global economy and global markets must be controlled by the state. In true Marxist fashion, the text reveals that achieving China's mission will mean the destruction of free market capitalism…. Also erased will be individual dignity, basic human rights, and ideas like popular sovereignty. The book argues against the existence of universal values, and it asserts that all cultures and ethnicities should be 'fused together' and assimilated into a homogenized Chinese-led collective. The textbook on Xi Jinping Thought states in no uncertain terms that 'revolution is an ideal higher than the sky.' And it bluntly says that the CCP aims to export its system to every country in the world. 'The fundamental mission and aspiration of a Marxist political party is achieving Communism. Achieving this sacred mission will be the grandest and most magnificent enterprise in the history of human society. It will also be the most difficult and complex mission ever.' China's foreign policy and all its strategic actions abroad – everything the CCP seeks to do and have in the world – is reportedly guided by this vision. And the clock is ticking. The CCP intends to have accomplished its seemingly impossible mission by 2049, the 100-year anniversary of the founding of the People's Republic of China. Emphasizing the importance of this objective, the PLA training manual goes on to claim: 'To achieve the China Dream, we must also establish the community of common destiny for all mankind at the same time.' This is an aim with monumental implications for the United States and other democracies. If the CCP were to succeed, America would no longer exist as a free and sovereign nation by the midpoint of the 21st century, and the world would be run by an integrated network

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before people had the face to call him a philosopher and to place him side by side with the great thinkers." (Mises, *Socialism*, p. 460. See https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf, referenced on **4/15/23**.)

361 *Op. cit.*

362 *Ibid.*

363 *Ibid.*

> of one-party dictatorships. China would rule the world and democracy would be obliterated…. As Xi himself said in an internal speech to the PLA, 'When it comes to combat in the ideological domain, we don't have any room for compromise or retreat. We must achieve total victory.'[364]

The article also makes the same point I have made about socialism being a religion in which the State and its supreme leader are God: "Over the past decade, Xi has built a cult of personality around himself founded on the idea that his interpretation of Marxism is pure, better even than that of Lenin and Mao. China is officially an atheist state, but given the vital importance of ideology to the CCP, this is akin to a religious leader telling his followers that God is speaking the truth to him – and him alone…. In many ways, the Central Party School is the high church of Communist China. The CCP oversees a vast network of nearly 3,000 training centers spread across China, schools where students are indoctrinated and prepared for leadership positions in local government, society, and business. The Central Party School is the most exclusive. It is a finishing school where the super-elite are groomed for the most important power plays. Located near the Summer Palace in Beijing, the Central Party School campus is where the CCP molds the minds of future national leaders. As an indication of the institution's importance, both Mao Zedong and Hu Jintao served as the school's president before ascending to their positions as paramount leader. Xi Jinping followed the same path. In 2007, he became the school's president, holding that position until 2012, when he became general secretary of the CCP and chairman of the PRC government."[365]

Notice that in Xi's speeches and in the writings which promote his ideology the terms "socialism" and "communism" are used interchangeably. There is no fundamental difference between them. The point here is that any American citizen, particularly those on the left, who criticizes Xi Jinping's authoritarian system, but who at the same time promotes anti-capitalist beliefs and the idea that socialism or Marxism should replace capitalism in America, is being eminently hypocritical. By doing this, such people show that they do not even understand their own beliefs, not to mention the basics of Xi Jinping's and the CCP's beliefs and vision, which can be found easily by a quick web search. Such an understanding would help them realize that their anti-capitalist, pro-socialist beliefs are *the same as* Xi Jinping's vision of Marxian tyranny, and that socialism, regardless of the guise which it places on itself in order to fool both its defenders and a believing public, is inherently, and can be nothing other than, tyrannical, and, therefore, destructive of all individual rights and freedoms. As with any tyrant or would-be

364 *Ibid.*
365 *Ibid.*

tyrant, Xi Jinping no less than any other, an ideological system which provides a moral justification, and, even better, a *moral obligation*, for the tyrant's desire to impose his will and his own personal values onto society will be of great, that is, strategic, aid in his effort to reshape the world in his image. A rigid, fatalistic view of the progression and ultimate end of human history in a tyrant's adopted ideological system helps here as well – it provides the tyrant that much greater of a psychological edge in his efforts, because his adopted ideological system gives him a reason to believe that his vision and his personal needs, desires, and interests, which he has lined up psychologically and emotionally with the ideological system, are inevitable as well. The Marxist-socialist-communist ideology provides *exactly* these things. An effort to reshape America according to such principles is, thus, the profoundest treason of all, and the most damaging blow which can be dealt to the cause of freedom. This is, from the tyrant's perspective, the whole point of admiring and adhering to such an ideological system in the first place.[366]

## §8 The Perpetual Consumer Demand Differential, and the Meaning of Tyranny

Let us now move on to another topic. Socialism assumes a static state of society and of economic demand, because the socialist arrangement of production cannot properly accommodate nonlinear disruptions to its economic operations, due to its lack of ability to calculate production costs efficiently and accurately in terms of money, which is a necessary tool in order to be able to sufficiently accommodate such nonlinear disruptions.[367] But nonlinear disruptions in economic operations are inevitable – changes in the amount and type of raw materials, changes in the details of various processes of production, and natural disasters, as

366 Additional articles which are enlightening and informative about Xi and his vision for the world are the following (all were referenced on **4/15/23**): https://foreignpolicy.com/2021/09/24/china-great-power-united-states/, https://www.politico.com/newsletters/politico-china-watcher/2021/03/11/beijings-visions-of-american-decline-492064, https://www.aljazeera.com/opinions/2021/11/18/the-chinese-miracle-and-the-american-debacle, https://www.cnn.com/2023/04/14/china/xi-jinping-lula-china-brazil-world-leaders-visit-beijing-intl-hnk-mic/index.html, https://www.politico.eu/article/xi-is-fixated-on-ending-chinas-century-of-humiliation/, https://www.economist.com/china/2021/03/31/china-is-betting-that-the-west-is-in-irreversible-decline, https://www.foxnews.com/opinion/putin-xi-seek-weaponize-artificial-intelligence-against-america, https://www.nationalreview.com/2022/09/xi-jinpings-erroneous-path-threatens-the-u-s-and-china/, https://www.newyorker.com/books/second-read/how-a-book-about-americas-history-foretold-chinas-future, https://www.theguardian.com/world/2022/oct/16/xi-jinping-vision-china-next-five-years-key-takeaways-from-speech, and https://jamestown.org/program/xi-seeks-to-reinvigorate-military-civilian-integration/.

367 See Chapter 3 on socialism in this book.

well as, beyond a certain point, man-made disasters are just some examples of changes which we cannot control.

Another type of change is change in consumer demand for products and services. Granted, under complete world socialism, that which those who are slaves (which would be 99% of the global population) happen to want or not want and any changes in what they happen to want over time are things which are essentially irrelevant to and do not have influence on what the leadership decides to do or produce. This, as we know, is not the vision of socialism which we are presented with by its defenders. Rather, the vision we are presented with by socialism's defenders is one in which under socialism everyone is happy, prosperous, and carefree. And how is this latter vision to be reconciled with the image of socialism which is presented by sound rational analysis? The answer, of course, is that these two visions can never be made compatible. The question of change in consumer demand is one which is highly relevant under capitalism, but which has minimal to no significance under socialism. It is the *capitalist* system which acknowledges changes in consumer demand and works to accommodate these changes by adjusting supply, and by making supply more efficient. In the capitalist system, the consumer is the ultimate determiner of what is produced, how much, and at what level of quality and variety. And it is important to realize that consumer preference *cannot help but change* over time. In other words, in order for people to continue being happy over time, changes in demand *must* be accommodated by and reflected in changes in supply, even if everything else remains the same.

The reason for this goes back to the competitive nature of humans with members of the same sex for mating rights with members of the opposite sex. It is an ineradicable tendency in the human psyche to wish to stand out above the crowd in an attractive way, and therefore to get noticed by members of the opposite sex, which increases the likelihood of mating, i.e., of satisfying the most powerful drive toward happiness and fulfillment in the human psyche. But humans watch other humans. Those who succeed in mating will be imitated, and the more who imitate, the more readily the pattern of behavior which leads to the mating can be discerned, and the easier, thus, it is to imitate, until, eventually, so many people are doing it that it has become an average thing, which no longer allows a person who is doing it to stand above the crowd and be noticed for the purpose of mating. This is not the case with everything which allows someone to stand out, but it is the case with many things.

At a certain point, then, something *nonlinearly* different, whether related in some way to the previous thing or not, is done by someone which attracts mem-

bers of the opposite sex, and therefore which gets imitated by others, and the cycle repeats itself, but it repeats itself in an *unpredictably divergent* way from previous rounds of the cycle. The drive to mate is permanent in the human psyche, and so this kind of nonlinear changing in the demand which mates or potential mates have for their partners will never reach a point at which no further change will take place. And with these ongoing changes in the competition for mates comes the need for ongoing changes in market demand for products and services which enhance a person's ability to attract mates according to the fashion of the time. This is, in fact, a primary reason there are fashion seasons in the clothing industry, and why fashion sense in the clothing industry always changes. The point here is that a capitalist society is the *only* kind of society which accommodates to these inevitable changes which are driven by the need to continue attracting mates in a society in which innovators are always imitated and which thus make each innovation, over time, mundane and boring. A socialist society, on the other hand, is one whose leadership will view most, if not all, of these desires for change of fashion, nonlinear and unpredictable as they are, as dangerous to and subversive of themselves, and so whose leadership will suppress the material and artistic expression of such desires. Thus, in this way, among others, a socialist society perpetuates *unhappiness* and *lack of fulfillment* among its common people.

In fact, this is another way of understanding the meaning of tyranny – another facet from which to view this multi-faceted thing. Those who are the tyrants, and their close friends, associates, and enforcers, are able to obtain this higher socio-sexual status for themselves which in a free society is obtained either by innovating or imitating, and thus obtain the right to mate to as much of a greater degree as possible than all others of the same sex who are competing for mates. This is the whole point – to acquire both economic resources and political power in order to have the ability either to attract mates or to force them to submit, and the power to completely humiliate, degrade, and eliminate those of the same sex with whom one is competing for mates, or anyone who gets in the way of this. Tyranny is the instinct to immortality writ large. It is like bull walruses fighting for females, battles in which "those with the longest tusks are those who get to mate with the cows, and each victorious male will mate with several,"[368] and in which the smaller bulls are cut off from mating. The idea is to go as far as one possibly can to make oneself immortal – i.e., to avoid death – and for a tyrant the path to this is to gain as much political and economic power as he can, padding himself, so to speak, with as many layers of cushion and protection as possible a-

368 https://ypte.org.uk/factsheets/walrus/breeding, referenced on **6/5/23**.

gainst the cold and clawing grip of mortality. Because of this instinctual competitive struggle, which we have inherited evolutionarily, global tyranny is possible.

Furthermore, a person who lives in a time when there are technological means to communicate and travel around the entire world easily and readily will see in his mind that it is now possible, where it has never before been in history, to win the instinctual struggle for immortality, which at its deepest biological level expresses itself as the struggle for mating rights, in a comprehensive, global way. And if tyranny is solidified globally, freedom will be extinguished *forever*, because at that point there would be no source from which the ideals of freedom could spring – all such sources would be either completely destroyed by the ruling elite or made permanently inaccessible to the masses, and generations would be indoctrinated to the point at which there would be no conception of the meaning of freedom at all – at which people literally would have no idea what "freedom" means, as if it were a concept only known to speakers of an otherworldly language. In the effort to achieve this goal for himself, the tyrant is driven by the animal mindset in a way which is primal, rather than rational. In the *primal* form of this animal mindset, there is no limitation on the ability of an individual to arbitrarily abuse, murder, extinguish, or liquidate rivals and obstructors in order to satisfy the most deeply felt and most immediately exquisite, short-term emotional drive for immortality, and this form of the mindset in humans uses rational thought only to the extent required to perform the practical tasks which are necessary to achieve this goal. The *rational* form of this animal mindset, on the other hand, is one which allows rational thought to penetrate the short-term, exquisite gratification and halt or redirect efforts to achieve such gratification out of a deeper appreciation of the meaning of death.

Another example of the drive to tyranny in the animal kingdom is the competition between male monkeys[369] and gorillas[370] for mates, territory, and sources of food in and between their social systems, or between male lions in prides.[371] When these males fight, the females are attracted to those who are bigger, stronger, and more capable in *physical* combat. It is not surprising, then, that female humans, especially the younger and less experienced (and thus less capable of hiding, redirecting, or more meaningfully reinterpreting their instinctual animal impulses), are sexually attracted to males who do well in sports, all else being equal. When a tyrant gains substantial economic and political power, this is effectively the same thing in a human social system – i.e., *physical* power, or power which is

369 https://www.monkeyworlds.com/monkey-reproduction/, referenced on **4/15/23**.
370 https://www.youtube.com/watch?v=t00O_OYLXH0, referenced on **4/15/23**.
371 *Ibid.*

based on a male's ability to *do things* and to *force other males to submit*. This does not mean that every human female is attracted to every tyrant. The point is that there is a noncoincidental connection between humans and other animals here as a result of the evolutionary process. The drive to tyranny in human society is no different from the drive to dominance by male lions in a pride, or gorillas or monkeys in their social systems, and is also *no less instinctual*, being based on the same evolutionary source in the brains of the common ancestors of our respective species in our shared phylogenetic history. Being instinctual, the base drive to achieve immortality does not understand limitation or nuance – it is black and white, and will accept nothing less than complete submission of its opponents. The simplistic nature of this drive reflects itself in human society in the efforts of tyrants to achieve complete, absolute, arbitrary dominance, which is the only thing that will fully satisfy the instinctual impulse, and this means that such people will *never* stop trying to make their dominance complete. This is why tyranny is a sleepless, automatic impulse, while freedom – i.e., the ability of those whom the tyrant seeks to subdue to also achieve fulfillment and happiness for themselves, in spite of the tyrant's efforts – must be, as each of the lions, monkeys, gorillas, etc., attempts to do when in combat with his competitor, *actively protected*, or it will be lost completely.

Socialism is a human expression of this animal desire for total dominance of the victor and total submission of the loser. It is nothing but a disguised implementation of the base animal impulse to achieve ultimate dominance over competitors, and thus mating rights and immortality, along with absolute destruction of opponents. Capitalism, on the other hand, takes advantage of the more developed capacity in the human mind for *rational thought*, which analyzes the human psyche's strengths and weaknesses, idiosyncrasies, and tendencies, which, due to advancements in the biological sciences, the psyche's rational capacity understands are based on an evolutionary inheritance, and divides mental labor in order to find the best, i.e., the most creative and efficient, way to structure human society in light of these strengths, weaknesses, idiosyncrasies, and tendencies, so that we minimize the damage done to each individual by this inherent drive to competitive struggle for mates and immortality, and we maximize the benefit attained by each individual in the context of society. It is the greater rational capacity of the human mind itself, that is, the greater capacity for the human mind to see *patterns* in the world, including patterns in the activity and operations of the human mind itself and patterns in the interactions of many human minds with each other to form a human social system, which *allows for* and provides the *necessary* basis for the human mind's ability to rise above the system of tyranny which we have

inherited from our evolutionary past, and find a better way. Tyranny is a powerful impulse in the human psyche because it was not that long ago, in evolutionary terms, that we were no different, psychologically, from all the beasts of the field. This is why tyranny is so difficult to eradicate from modern human society, and why it has plagued all of human history. But since we, as humans, do have the rational capacity necessary to see all the patterns in our own behavior, however difficult such pattern-detection often is, we have the ability to see the pattern of *tyranny* itself, and, thus, to step outside and above it. Quite a few generations before us have fought this fight, and have faced these often unpleasant truths about human existence for the sake of creating a fount of freedom for future generations, and for many of these people this struggle has consumed their lives. We should not let this opportunity which they have given us go to waste simply because we do not want to look at or do not want to think about this darker, uglier side of human reality.

## §9 The Cynical Mindset

Another thing which should be discussed here is the *cynical mindset*. Cynicism is a state of mind in which a person feels angered and annoyed at the fact that the truth about some aspect of the world is different from, and less pleasant than, he or she wishes it to be and, at one point, thought it was, combined with the fact that he or she cannot do anything to change it. It is the mindset of a person who is *in the process of* acknowledging and accepting an unpleasant truth about the world. All else being equal, the greater the general perceptive capacity of a person, the greater the tendency the person has to be cynical, at least early on before their rational understanding of the world matures, because the more perceptive individuals perceive the world more deeply than the rest, and therefore see more of the unpleasant truths about the world, and more of the implications of these unpleasant truths, both because of a natural tendency to do so due to greater strength of the rational component in their minds, and because of a drive to find these truths based on an inner recognition that doing so is beneficial to themselves in the long run, which recognition is itself based on rational understanding. Note also that the tendency to perceive unpleasant truths more readily and more fully than the average person also makes such a person feel a more desperate need than the average person feels to *rationally* solve the deeper problems which this deeper recognition of the world's unpleasant truths raises in the person's mind. This desire to rationally solve such problems is reinforced by the fact that such a person recognizes that he or she is likely *capable* of solving these problems to a greater

degree than the average person, and thus in this way may be able to distinguish himself or herself, and this will be a factor which further incentivizes such a person to pursue the effort of deeper problem-solving.

There is a danger here, though, which is that the cynic, once he recognizes the reality of an unpleasant truth, has a tendency, at least initially, to think that he has now *fully* discovered the truth, rather than only *partially*, which is the actual case. In an effort to rid himself of the false ideas in his mind which he now recognizes are damaging to his understanding of the world and, thus, to himself, and also as a punishment to himself for believing the false ideas in the first place, he swings the pendulum too far in the other direction, and does the opposite – the primary characteristic of what he is trying to rid himself of is that of *falsity*, so he swings as far as he can in the other direction and ends up seeing the exact opposite of what he perceives to be the most important components of the false ideas as *definitively true*. But since ideas are interconnected to each other in myriad nonlinear ways, the perception of all secondary, tertiary, etc., ideas which are connected to or tangent to the primary ideas is skewed. This is the same general pattern upon which the extremist mindset is based, but with one difference: the cynical mind still places higher value on rational understanding than on biased and flawed, but emotionally comforting and reassuring, ideas, and so the further progression of the cynic's mind over time is more likely to be in the direction of genuine progress in rational understanding of the world, while the further progression of the extremist's mind over time is more likely to be in the direction of greater rigidification and solidification of the false belief. But in either case, the initial reaction is to go to a kind of extreme opposite of a perceived threat, in order to neutralize the threat. In either case, in other words, the mental effort of the person in drawing the conclusion which they have drawn is spurred by the survival instinct, and so it is not surprising that there is overlap between the two. The most important aspect of the overlap is that the mind will initially be *biased*, that is, the reaction to the threat in both cases will bring about a *flawed* understanding of a part of the world in the person's mind.

Now, imagine what may happen in such a person's mind with regard to the debate over capitalism and socialism. Imagine that such a person is more perceptive than average, and thus, all else being equal, is more prone to cynicism. Imagine, further, that such a person does not have a *sound* understanding of economic phenomena (though he or she may be skilled or learned in other areas). And finally, imagine such a person as having at least somewhat more of a natural tendency for *empathy* than the average. What might happen in the mind of such a person upon reading some of the better-written socialist propaganda which is

damning of capitalism and offers great praise for the idea of equal wealth distribution? This person's reaction could easily be to conclude that the inequality of wealth which he sees around him is inherently wrong, at which point he swings the pendulum too far in the other direction and see as *definitively true* the idea that wealth should be forcibly redistributed by the government so that it is equal or more-or-less equal across everybody, and he becomes *cynical* because this not currently the case and because he does not seem to be able to do anything significant himself to bring about this supposedly better state of affairs. In fact, this kind of mindset can be seen in many anti-capitalists. As we have discussed in previous chapters, the belief that an unequal distribution of wealth is inherently corrupt or immoral is flawed, since it is a belief which fails to take into account all the legitimate reasons why there would be inequality of wealth even in a *free* society, i.e., a society without any privilege or oppression.

The further development of this mindset over time in such a person can take one of two broad paths – either the person can *continue* valuing rational analysis over flawed but emotionally comforting beliefs, and as a result gradually, after additional reading and deeper thinking, and the battling of demons in his own mind which, until he defeats them, block his investigative path forward, come to understand the truth that an *equal* distribution of wealth across all members of society is itself *tyrannical*; or the person can solidify on the flawed belief which initially brought about his cynical state, and which he initially concluded was definitively true, and refuse to allow critical thought to identify the flaws in the belief, in which case the person never comes to perceive the full truth of this part of reality, and also perceives the rest of reality, to one degree or another, in a skewed light, since all ideas are interconnected in the mind. In the latter case, the person ends up, for example, a Bernie Sanders, an Alexandria Ocasio-Cortez, an Elizabeth Warren, or any number of others who could be named.[372] It is important to remember that a flawed idea which is lifted up by and painted in the light of righteous indignation is, still, a flawed idea, and is just as flawed as it was prior to the addition of its new, fancy window dressing.

An important conclusion which can be drawn from these ideas is that *intelligent people can be strongly biased*. Just because a person has the capability to see things more rationally and more clearly than the average person does not mean

372 For the sake of completeness, it is important also to keep in mind that politicians will say and do a lot purely for the sake of their political careers, rather than out of moral indignation for the harm or perceived harm being done to others. These two forces will mix in the mind of each politician, though an above-average perceptiveness and thus an above-average tendency to cynicism will weigh more heavily for some than for others when it comes to the conclusions they draw about socioeconomic reality. Each politician will therefore act not entirely out of moral indignation. Note also that moral indignation, like all forms of altruism, can only be fully explained and understood by reference to selfishness, and so in any case even the moral indignation itself is actuated at its core by the instinctual selfish impulse.

the person will do so with regard to *everything*. Depending on the particular person's life experiences and circumstances, social support structure, temperament, personality, etc., such a person may solidify on a particular belief which is flawed but emotionally comforting and reassuring, in order to provide himself with a degree of certainty and stability, and at the same time be quite rational in his continuing efforts to understand most or all other things, so long as his rational investigations of the world do not infringe too much on the cherished belief. Immanuel Kant, one of history's greatest philosophers, was guilty of this, when, in *Critique of Pure Reason*, he assumed without proof that human historical progress is foreordained and moves inevitably in a direction determined by a grand, God-given world system and world pattern, which it does *not* – human history is a product of human will and thought, and moves in the direction in which we *choose* to move it; it does not move unalterably toward a grand and predetermined destiny. In addition, Kant had a deep need to believe in the existence of God, but toward the end of the book he admitted that this conclusion about God was the one thing which he could not prove in the context of his, supposedly *complete*, system of the world. However, this lack of ability to prove the existence of God did not stop him from feeling certain that God exists.

Human society is like the human mind itself – it is possible for a human mind to move in the direction of greater rationality, but such a progression is fraught with mines and traps, and any number of things could snag or hinder or completely halt or reverse this progression. This similarity is not coincidental, since human society is nothing but a collection of interacting human minds, and so changes in human society can only come about as a result of changes in one or more of the human minds of which it is made. This, in turn, means that changes in human society and human history over time will bear a significant, noncoincidental resemblance to the kinds of changes which can happen in an individual human mind.

# Chapter 9

# THEORETICAL CONNECTIONS

## §1 The Interpretation of History

An important point should be made with regard to the interpretation of human history. If we do not have a sound understanding of the essential patterns by which something operates, we will not be able to properly interpret, analyze, and draw conclusions about its behavior. In fact, if we do not have an understanding of the essential principles and patterns of a part of the world, i.e., if we do not have a *rational* understanding of a part of the world, then we do not *understand* that part of the world, plain and simple – there is literally no meaning to the term "understand" if the understanding itself is not *rational*. It is rationality which *defines* understanding – to *understand* something is to see it rationally. This is the case with everything, including the human mind, human society, and human history: if we do not understand humanity rationally, that is, if we do not understand the essential patterns and principles by which humans behaves individually and socially, then we do not *understand* humanity. Under such circumstances we would not have a sound ability to interpret and give meaning to the events in human history. Therefore, without a rational understanding – i.e., without an *understanding* – of humanity, our view of the events in human history would not be in full and proper context, that is, they would be in exaggerated and flawed context; under such a skewed view, we would place greater historical significance on

some things, and less historical significance on other things, than is justified. This state of mind, in turn, is more conducive to efforts by tyrants or would-be tyrants to impose a politicized agenda, or a flawed, but emotionally comforting and reassuring, belief system – a religion or quasi-religion – on us with regard to human history, and, thereby, to add new flaws and biases to our understanding of history and to reinforce the strength of existing ones, to the extent that existing biases in the subjects' minds are, or can be made to be, of benefit to the tyrants. As is always the case, a mindset which places rational understanding above preferred, emotionally comforting beliefs will serve to make the flaws and biases and inner contradictions of such beliefs more obvious, which then makes it easier for us to remove these errors from our understanding of history. There have been many flawed, but emotionally comforting and reassuring, interpretations of human history which are meant to provide emotional ballast for an insupportable doctrine regarding human existence, based on various preferred views of humanity and human history. This is a favorite tool of politicians as well, in discussing, e.g., the greatness of the people of their own nations as shown by their nations' great historical deeds; and it is also a favorite tool of religious leaders, who teaches acolytes that there was a Golden Era in the distant past from which we have somehow, in the intervening years, moved away, to our detriment. It is a powerful tool used by those who have specific beliefs which are based more upon a political agenda than upon rational understanding, that they wish to sow among the people, especially among the younger generation, who are the most impressionable, and such "teachers" do this by de-emphasizing or ignoring the achievements on behalf of freedom which their political opponents have made, or by subverting or sabotaging a clear-headed interpretation of these achievements so that they appear as much as possible as failures or flaws of human character, and as damaging to society. Such "teachers" also overemphasize the value and significance of the achievements of those in history whom they admire and underemphasize, ignore, subvert, or sabotage a clear-headed interpretation of the faults, flaws, and damaging consequences of such people's character, actions, and policies in order to push the belief onto the rest of us that these damaging actions and decisions were actually beneficial to society or were caused by outside and accidental phenomena, the better to preserve the untarnished image of their historical heroes which they wish to preserve.

It is true that an established understanding of history can contain flaws, prejudices, and biases. It is important to always be on the lookout for these and to ferret them out and eliminate them by making use of the rational mindset to test all historical claims. But in our zeal to eliminate flaws in the accepted historical

picture, we must ensure that we do not eliminate known historical truths at the same time, just because they, in one way or another, appear to be associated with the flaws. It is, after all, the flawed underlying understanding that leads to false appearances and associations which this effort is ultimately meant to correct.

Also, in adding to humanity's historical understanding we must be sure that we only add as definitive those things which we definitively know to be true, that we are clear and explicit about the tentative nature of tentative conclusions, and that we do not add to the historical understanding anything which is based on a flawed or politicized, but emotionally appealing and reassuring, desire or belief. It is very easy to do the latter, because history establishes *precedent*, and precedent is a powerful source of *certainty* and *stability* in the human mind (remember, *uncertainty*, while mild in many cases, can be the most terrifying thing in the world in many others) – things, so the understanding goes, have been done *this* way before, and so they should continue to be done *this* way; or, because things existed before in *this* fashion, it only makes sense that the reality of the *present* and the *future* should be heavily informed by this.[373] If a politician, or pseudo-scholar or writer, or labour leader, or political organization, or biased historian (such as Marx and all the others who interpreted human history in the light of the fundamentally flawed dialectical materialist conception of history), or religious teacher or leader, or propagandizing tyrannical dictator, or anyone else, is able to convince enough people that human *history* was a certain way, then eventually, as with the lie that gets told enough times that it becomes true, many people will begin to believe that history was as the person *says* it was, and they will be much more willing to take action and implement change in society in line with their belief in this flawed historical precedent. Belief determines action. Historical precedent is a factor which strongly informs belief. Therefore, if one controls the historical narrative, one has substantially increased one's power over others – and this is the whole point. Power is the ability to *do things*. If you wish to convince others to do things which are of benefit to you but which are of detriment to themselves, you must have a certain amount of *arbitrary power* over others, since otherwise they would not of their own free will take action to harm themselves just to help you. It therefore makes sense that you would seek out every avenue which might be of help to you in achieving your goal of obtaining and growing

373 We should also note here that there is a strong psychological and emotional connection between the concept of a past Golden Era of human history to which we desire and strive to return, and the desire of adults to return to the innocence of their childhood, during which time we did not have a real understanding of mortality. Anyone, say a writer or politician, who can help make real for people a glorious past historical era where there was, or was effectively, no death and where all were fully and permanently satisfied and blissfully happy, is a person to whom people will flock in droves, because such a historical vision makes it easier for people to imagine that they have taken a step back toward the innocence and sense of immortality of their own childhood.

your power over others. Controlling the historical narrative by convincing others to believe in your fabricated historical precedent is one powerful way to do this.

## §2 The Inner Rational Mind and Its Opposite

Regarding rational understanding, another point should be made. As described earlier in this book regarding the mutual implications, interconnections, and reinforcement of ideas in the capitalist idea nexus, as well as those in the socialist idea nexus, we can look at the progression of rational thought over time, and the progression of irrational thought over time, from more than one angle. This analysis ultimately intersects complimentarily with the analysis in the previous section regarding rational and irrational understandings of the events in human history, because all these ideas are interconnected – we are looking here at the *same set of ideas* from a different *entry point*.

Humans crave certainty because when we are certain about something we have definitive knowledge about which *actions to take* with regard to it, and it is these concrete actions that we take which often determine whether or not we, as individuals, survive. It is because of this connection between *certainty* and *survival* that uncertainty is often the most terrifying or unsettling thing that we can experience. It is the reason we, when we are uncertain enough, will latch rigidly onto religious belief systems or flawed political ideologies, and is the reason these systems and ideologies exist in the first place – to provide, when required, the certainty which we so desperately crave. And this principle does not change or become invalid when we do find certainty, in one way or another, about something, because the world around us, and within us, is always changing, and always uncertain to one degree or another. When we find certainty about a particular thing, by finding the answers we seek with regard to it, this does not eliminate all uncertainty in our minds – it merely makes it no longer interesting to continue looking for certainty in the way which we have up to this point, i.e., what was interesting to us at one point, precisely because we believed at the time that it would likely be able to provide us answers and therefore increase our certainty about the world, is no longer interesting because we now have the answers we sought, and therefore our minds tell us that we are no longer justified in paying attention to it or being attracted to it. This allows us, then, to move on to other things which still have some promise of providing us with answers, and thus further increasing our certainty about the world. This is why, for example, those who are successful in entertaining never provide *full resolution* in the works of art which they produce – it is important to always leave the audience wanting more than what is pro-

vided. If the artist provides full resolution, there is then no further need for the consumer to return to the work of art to search for the remaining answers. (As a quick aside, note that a good work of art does provide *partial* resolution for the consumer over the course of consumption, which entices the consumer to continue consuming through to the end of the work, and to see the work of art itself as a source of answers, and therefore *certainty*. A work of art must maintain a balance between providing no resolution, which would ensure that the consumer does not see the work as a source of answers at all and therefore has no interest in it, and providing full resolution, which would after the initial consumption make the consumer no longer view the work of art as a source of solutions, answers, or certainty, and so would make the consumer lose interest after the initial consumption and move on to other things. Sustained partial resolution, then, is the ideal medium: push and pull the consumer, so that they are given partial resolution in the ap-propriate places from beginning to end, with perhaps a somewhat deeper and more satisfying resolution at the end, but do not provide full resolution even at the end. This is the reason you will notice, if you look closely, that the best works of art are careful to ensure that *patterns* do not crop up too often, and where they do, they are the pattern of the core of the work which is necessary to provide enough stability to make the consumer feel comfortable enough to become emotionally attached to the work of art – this itself, in fact, is another example of balance, and thus of rationality).

But of what, exactly, do those answers which increase our certainty of the world consist? They are, simply, *patterns* about how one or another part of the world operates, which then allow us to predict, to one degree or another, the behavior of those parts of the world, and thus to be more certain of this behavior as we ourselves take action and operate in the context of or in relation to these parts of the world for the purpose of surviving and finding fulfillment. But, then, what exactly are patterns? Patterns are *rationality*. This was discussed previously. All a rational world *is* is a world which operates according patterns – or, if you like, rules, regularities, principles, or laws. Another way to describe this type of world is by saying that it is *logical*, i.e., devoid of logical contradictions. All these descriptions are synonymous. In other words, the *certainty* which we crave comes about, and can only come about, by our recognition of a *pattern* regarding how a part, or the whole, of the world operates, and thus, by our thinking *rationally* about the world.

One must be careful here, because many of the conclusions people draw regarding the world are false or logically flawed, and one may ask if I am saying that these too are rational, which would seem to negate the accepted understand-

ing of the term rational. However, in using the term rational here we are not saying that these incorrect conclusions are correct – only that given the premises in a person's mind on which these conclusions are based, the finding of the answers and the drawing of the conclusions is equivalent to the finding of patterns in the context of the person's preexisting understanding of the world, which itself may contain numerous flaws and falsehoods which, in turn, influence the conclusions such a person draws about one or another aspect of the world. The point is that when the person has an "aha!" or "eureka" moment, and comes to see things more "clearly," this is the result of making connections between ideas in their mind which allows the person to see patterns of interaction among the ideas which they did not see before, and, as a result of finding these patterns, to feel as if they have a better understanding of the world – this understanding could be genuine, meaning it is based on a connection between valid ideas which was made in an honest and unbiased way, or it could be non-genuine, meaning it was either based on one or more flawed ideas, or on the connection of valid ideas in a dishonest or biased manner. But the finding of the pattern itself was done in a *rational* way regardless, because it was the finding of a *pattern*, plain and simple, and this, itself, *is* rationality.

Now let us consider what happens to these conclusions in a person's mind over the course of time. Both a person's perception of the world and the world itself are not things which remain in a perfectly stable state once a conclusion is drawn. Rather, continued change creates new uncertainties by nonlinearly rearranging matter and circumstances. If a person draws a correct conclusion based on valid ideas in an honest and unbiased way, then this gives the person a *genuinely* increased understanding of the world. And since everything in the world must be logically interconsistent with everything else – i.e., there can be no logical contradictions anywhere in the universe – then this correct conclusion about one aspect of the world will feed into the person's further analysis of any and every other aspect of the world, however unrelated these other aspects may seem on the surface, and will make it that much easier for the person to understand all other aspects of the world. This is in addition to the fact that as a result of the effort it took to draw the correct conclusion in the first place the person now has that much more practice drawing correct conclusions and thinking rationally, and this will serve to enhance the person's ability going forward to succeed in their efforts to understand the world in an honest and unbiased way.

And the cycle continues. The more a person *rationally* understands the world, the easier it becomes to understand further aspects of the world, and thus, the easier it becomes over time for the person to deepen and broaden his understand-

ing of the world, including those things which he already knows. One's rational understanding of the world – i.e., one's *understanding* of the world, plain and simple – increases over time in this way, and this increasing understanding, i.e., this increasing comprehension of the patterns by which the world operates, increases *certainty* about the world in a *real* way – i.e., the certainty is based on an accurate reflection of the world. Since it is increased certainty about the world which we need most in order to feel confident about the actions we choose to take for the purpose of survival and fulfillment, which are the primary, i.e., most important, goals of the human psyche, the increasing certainty we have about the world over time *increases our inner self-confidence in general*. But the increase in inner self-confidence itself has the effect of making us *more willing* to face unpleasant truths about the world, because (a) we know we are more capable now than we were before of emotionally and psychologically handling unpleasant truths, and (b) past experience with accepting less emotionally significant unpleasant truths has taught us that it is precisely these truths which, if we accept them, push us furthest toward an honest perception of the grand patterns of reality as a whole, which progress, in turn, again increases our inner self-confidence by increasing our certainty about the world. There is *mutual reinforcement* here, and a continuing cycle: accepting truths about the world, especially those which to us are unpleasant, allows us to see the world more rationally, which gives us greater ability to act within the world with greater confidence, which in turn incentivizes us to continue to see the world rationally, and therefore to focus rationally on our lives' remaining unsolved problems, which are based on the deeper, more intensely unpleasant truths about the world (all of which, ultimately, spring from our fear of death and our desire, therefore, to attain to immortality), because doing so has been of benefit to us in the past, and because our increased inner self-confidence makes us more optimistic that we will be able to face these more intensely unpleasant truths successfully and to our benefit, instead of shying away from them as we did before. Ultimately, this process leads to the full, visceral acceptance of one's own mortality, which then, because this is the acceptance of a valid part of the world, and therefore is the identification of a pattern according to which part of the world operates, like every other honest, unbiased conclusion which we draw, fits into our rational understanding of the world *complimentarily;* and, thus, as with all other such truths, including, and especially, all the unpleasant truths which we have heretofore accepted, we begin to see the concept of our own mortality as something to *embrace*, rather than to avoid, ignore, or suppress. Death, mortality, the transientness and arbitrariness of our lives on earth – these things become, rather than our worst and deepest fears, close and intimate friends, whose acknowledged reality is

of great assistance to us in finding, and securing our footing on, the path to happiness. The path to happiness is paved by an *honest* assessment of reality. The extent to which we stop assessing reality *honestly* is the extent to which we hamstring our own efforts to reach happiness and fulfillment. By not accepting our own mortality in the fullest meaning of the word, by not understanding that the world is, and can be nothing other than, *rational*, and that the inherently and unavoidably *rational* nature of the world has deep and definitive implications for what can and cannot exist, and what can and cannot be true, we will always be chasing, to one degree or another, a phantom goal which, because the beliefs on which it is based contradict reality, we will never be able to fully and satisfactorily reach, and whose partial attainment will never be able to provide the genuine happiness and fulfillment which we seek.

It is, in fact, this kind of belief, one which falls short of a fully complete acceptance of human reality, which becomes more and more fragile and rigid over time. The more rationally we accept the world, the more *fluid* and *able* our thoughts about the world become. This is, in fact, the source of creativity – an increase in rational understanding of the world means a reduction in the need for biased beliefs about the world, and biased beliefs channel our thoughts along predetermined paths in order to help us avoid facing unpleasant truths. Once we have faced an unpleasant truth honestly, the bias in our minds, i.e., the psychological defense mechanism which prevents us from seeing this unpleasant reality for what it is, is no longer needed, and so it falls away of its own accord, which, in turn, allows us to see the parts of the world, and all interconnections to and from these parts, which the bias heretofore prevented us from seeing, more clearly. In other words, *rationality is the fount of creativity*, and the idea, commonly believed, that rationality and creativity are opposites of each other, irreconcilably different from and opposed to each other, is incorrect. The argument that rationality is the fount of creativity cannot be refuted by reference to moments of great artistic inspiration in the mind of an artist which produce great works of art, because the moments of inspiration themselves, and the resulting works of art, are nothing but the end result of the effort on the part of the artist to find a *solution* to a problem in his life, whether or not he can fully articulate the nature of the problem, i.e., they are the end result of the artist's efforts to find *certainty* in his life where before he did not have it – i.e., to find *patterns* of one kind or another – and, therefore, such moments of inspiration and the works of art which they produce are the result of a psychological process leading toward greater *rational* understanding of the world. If there was no conscious or subconscious expectation in the artist's mind that solutions, answers, and increased certainty could be found by an artistic

effort, the artist's mind would not feel justified in expending the energy to make the effort in the first place, and so the artist would not be interested in making the effort or inspired to make the effort. For a given work which has been produced, its artist would have certain personal and idiosyncratic reasons for producing it, but whatever the proximal reasons for a particular artist or work of art, in all cases these proximal reasons are tied up with, and ultimately based on, the desire in the artist's mind to leave a legacy, to find a way to be immortal – to find a way, that is, to conquer death – and the moments of artistic inspiration are simply the moments during which the artist attains a sense of *certainty* about how to do this.

This is in addition to the fact that the truly great artists, like all great minds, have a natural and powerful desire to know the truth about the world. In seeking answers in the form of moments of artistic inspiration, the artists are seeking at the same time deeper answers about the objective world, and this is what drives the entire artistic process – i.e., the entire effort of artistic creation is an effort to deepen the artist's *rational* understanding of the world, because the artist, whether in a fully conscious manner or not, perceives that increasing his rational understanding of the world is the best way to increase his chances of finding happiness and fulfillment, and of leaving a legacy, which amounts to the same thing, before he dies. And, in fact, the truly great artists will have an inkling even early on that rationality equates to creativity, as well as to happiness, and this same inkling can be found in the minds of the truly great scientists, and all truly great thinkers. And over time such individuals will become more and more aware of this connection – because, as with anything in *reality*, the connection itself is a *pattern*, and can therefore be understood *rationally*, i.e., consciously.[374] The artistic effort, then, is no different, fundamentally, from the scientific effort, the philosophic effort, the mathematical effort – it is an effort to find *certainty* about the world, for the purpose of ensuring one's survival, happiness, fulfillment, and immortality, and thus is an effort to increase, to as complete a degree as possible, one's *rational* understanding of the world.

The more unpleasant truths we face, the more we simply accept reality for what it is, and the fewer psychological protection mechanisms we need in our minds to protect us from unpleasant truths. This, in turn, means that our minds become freer over time to make valid connections between valid ideas and to draw honest and objective conclusions about the world – i.e., we become more *creative* by becoming more *rational* in our outlook. But in addition to this, we practice being creative, and thus strengthen our creative ability, *every time we make an attempt to think rationally about the world*, because thinking rationally is

374 The inner connection between consciousness and rationality will be discussed in detail in a future writing.

equivalent to working to eliminate biases in our minds, and therefore to eliminate hindrances to creative thought. The two coincide, because they are *one and the same*, which means a valid explanation of one will seamlessly bleed into a valid explanation of the other – each approach to explaining creativity, the artistic approach and the scientific approach, is simply a different *entry point* to the same set of ideas. Artistic thought and production is just as scientific as any scientific experimental or theoretical effort, and scientific experimentation and theorizing is just as artistic as any moment of artistic inspiration or product of artistic creativity. The world is *rational*, in all respects. Creativity, therefore, is, as anything which actually exists must be, entirely explainable by *rational* means, and not in any way fundamentally distinct from or outside of rationality.

On the other hand, if we attempt to hold onto a flawed, biased, or incorrect belief about the world or a part of it, then over time, as things change and as we think more and more rationally about other parts of the world which do not bear directly upon our incorrect belief, and therefore do not threaten it, it will become harder to maintain the incorrect belief, because the truths which we have already accepted regarding other aspects of the world will, over time, impinge more and more strongly on the false belief, and it will thus become easier and easier to expose the flaws and contradictions in the belief. If we are determined to hold onto the false belief, because we simply cannot bring ourselves to accept the truth from which this belief protects us, then we have to expend more and more energy over time actively maintaining the false belief in our minds against the increasing, and increasingly broad, evidence that it is incorrect. This will, in turn, solidify and rigidify the channels along which our minds think, and, except to the extent that it is necessary to find creative solutions to *preserve our false belief* in the face of mounting contrary evidence, we will shut off our minds from creative thought, and become less creative, and more rigid, in our thought over time. In other words, the more rationally we see the world, the easier it is to be creative and the more creative we become, while the more we reject rationality, the more difficult it is to be creative (again, except to the extent necessary to preserve the false belief). Writer's block, for example, or "creative block," can be reduced by the accepting of unpleasant truths about the world, and, especially, by fully and viscerally accepting one's own mortality, as well as by the practice of thinking rationally, and by the results of such thinking, during the era of one's life leading up to such acceptance. Creative block can be eliminated upon such acceptance, so that a writer or other creator can be deeply creative, especially in his particular field, *at will* after such acceptance. This then leads to the creator's ability to produce deeper works, and to do so more readily and frequently.

So what does all this have to do with capitalism and socialism? We have established that thinking rationally leads to deeper inner self-confidence, which leads to clearer thought about the world, which in turn leads to even deeper inner self-confidence. But the increasing establishment of this deeper inner self-confidence in an individual make him or her less envious of others for their successes and fortunes, because the successes and fortunes of others do not threaten the success and fortune of the individual – this is the whole meaning of an increase in inner self-confidence. The individual will then not feel compelled to arbitrarily impose his will on the person or property of others in order to satisfy an unsatisfied need or desire, because he is already satisfied to a large degree, and because he already has a *peaceful* path along which to continue pursuing happiness – the path of rational thought. This path, in turn, allows him to see, and to continue seeing, the people around him not as threats, but as individuals just like himself, with the same basic drives, needs, and interests, and, therefore, with no less of a right than himself to have the opportunity to satisfy these drives, needs, and interests by honest acquisition of economic means. Viewing others in this way, i.e., viewing things from *their* perspectives in addition to his own, that is, having a genuine sense of empathy toward others, can *only* come from a sense of inner self-confidence – without inner self-confidence, the person is deeply uncertain about himself and the world, and so withdraws into himself and sees others around him much more as rivals than as potential friends and collaborators, or at least as non-threats, sees others as those who would *take* from him if given the chance, and therefore much more as enemies or potential enemies than the opposite. Such a mindset is not conducive to the development of empathy, and is, in fact, conducive to the opposite, i.e., the destruction of existing empathy in the person's mind and the increase of distrust of those around him, which, in turn, serves to weaken social bonds. This mindset of distrust then makes the person feel more justified in lashing out at others, i.e., infringing upon their person and property, in order to preserve himself and his legacy so that they are not taken by or subjugated to the person or legacy of others, or otherwise ruined or destroyed. This is the mindset, as discussed in previous chapters, which is conducive to the development of extremism, and also to the development of systems of tyranny, which in broader socioeconomic terms means socialism. The empathetic mindset, on the other hand, which is based on inner self-confidence and therefore on the perception of others as either non-threats or as potential friends and cooperative partners rather than as potential enemies and rivals – because the sense of inner self-confidence is equivalent to perceiving strength in oneself and therefore to viewing potential threats from others as less severe, less significant, or nonexist-

ent, than they otherwise would appear – and the interpersonal actions and behavior which this mindset bring about, reinforce the perception in others that you yourself are not a threat to them, which then reinforces the sense of trust they have in you, which then makes it that much easier for you to continue to trust them and to see them either as non-threats or as potential friends and cooperative partners, and so the cycle goes. In such a system, each person works in cooperation with others, either directly or indirectly, and each person has his or her own part to play which compliments the parts played by everyone else, and, due to the strength of the bonds of cooperation and trust in this social system which have been built by inner self-confidence on the part of all who take part in the social system, each person feels safe and secure in exercising creative effort to build something nontrivial, because each person feels that the results of his or her effort will not be arbitrarily infringed upon by others.

But what we have describe here is nothing but the system of capitalism. In other words, *rational thought*, which as we have learned is the basis of inner self-confidence, leads to *capitalism*, and the *rejection* of rational thought, which rejection is the basis of the extremist mindset, leads to *socialism*. This also expresses itself in the fact that when economic scholars of the past honestly asked themselves, "How do we structure society in such a way as to minimize the damage which humans can do to each other as a result of our evolutionarily-inherited instinctual impulses and idiosyncrasies, and also maximize the benefits which each human gains by being a part of society?", the end result of the intellectual investigative effort inspired by this question, i.e., the answer to the question, was, "We should structure society according to the principles of capitalism." This is the *rational* answer to the question, which is not surprising, since the peaceful, cooperative society just described is nothing but a mirror reflection, in practical reality, of the capitalistic ideals – and the reason for this is that capitalistic ideals are the end result of an honest, *rational* assessment of the patterns and principles of the human psyche and how it operates, as well as the patterns and principles of how many human psyches operate in the context of each other, that is, the patterns and principles of human society, with respect to the question how we should structure society in order to maximize individual happiness.

Similarly, when a deeply *insecure* person feels threatened by those around him, he is much less able than a secure person, or entirely unable, to think of those around him as just as deserving of happiness as himself, i.e., he is much less able, or entirely unable, to be empathetic toward others. Such a person *rejects* rational thought to a substantial degree, which thought would bring him closer to the unpleasant truth that others are just as deserving of happiness as him-

self. This then sows the seeds in his mind for the growth of a more extremist-type outlook on the social world, and it also makes him seek *certainty* in *other* ways than by the process of thinking more rationally about the world, since, as discussed, he has rejected rationality. Such a person cannot find the certainty which he or she desperately seeks in the context of a rational understanding of the world, or in a set of ideas which are entirely based on rational understanding, because doing so would place him or her too close to having to admit a deeply unpleasant truth about the world. So instead the person either creates, or finds pre-created, a set of ideas which provide the needed certainty by reinforcing what he most desperately needs to believe, viz., that he is special, that he is better than everyone else, that he deserves or should have the right to impose his will on others to get what he wants, that he deserves to be able to arbitrarily infringe on the person and property of others as he deems necessary in order to obtain sexual fulfillment for himself and to eliminate his sexual rivals, that the universe revolves around him, that he not only has a right but is morally justified and morally obligated to do all of these things, and even that he is destined to do these things anyway and so others should just submit to his will because their efforts at resistance are pointless and futile. But notice that this is *exactly* what the Marxist-socialist-communist ideology provides for its adherents. It is therefore not surprising, and, of course, not coincidental, that Xi Jinping preaches socialism, as well as anti-capitalism, that Kim Jong-Un does same thing, and that Joseph Stalin, Vladimir Lenin, and Mao Zedong all did as well. The socialistic ideology is tailor-made for tyrants. It provides an ideological, pseudo-philosophical, and moral framework within which a tyrant can feel eminently justified in being tyrannical.

## §3 Unitary Rationality, Inner Connectedness, and Legacy

There is another implication of the progressive development of the rational mindset which has so far not been mentioned. The world, as a whole, is rational, and rationality is *unitary*. What this means is that the more rationally we see the world, i.e., the more we understand the patterns by which the world operates, the more *connected* we feel to the world, and to each other – the more we see the world, and ourselves, as intertwined, interrelated, as part of the same thing. We ourselves operate, our bodies, our minds, *entirely* on rational principles, because we *exist*. But so does the rest of the world, and this includes all other people around us, whom we see and with whom we interact. The more we view the world rationally, the more we view the outside world, and other people, as *part of ourselves*, and the more we see *our internal selves* as part of the others around us

and as part of the outside world in general. This is not mysticism but quite the opposite. This is related to the fact that the more we view the world rationally, the more we continue to build societal bonds of cooperation and trust based on the continuing increase in inner self-confidence which a rational understanding of the world inspires in each of us. These two things reinforce each other in our minds, and both spring from the same source, i.e., an increasingly rational understanding of the world. The more deeply we understand the world, the more connected to it we feel, and this includes our connection to both past and future generations of people. The more we understand ourselves, the more we understand others in the past, the present, and the future. Therefore, the more we understand ourselves the more clearly we perceive that our actions now to preserve and strengthen freedom are to *our own future advantage*, even though such action is often ineluctably intertwined with thinking more rationally now about the unpleasant truths of the world so that we can learn to accept and move beyond them, and also so that we can perceive them in their entirety much more easily by perceiving their core patterns, which makes it easier for us to deal with them emotionally and psychologically because it makes it easier for us to find solutions to the problems they create for us. By facing and accepting these unpleasant truths about the world, we reinforce our own inner strength, and so reinforce the strength and vitality of that which we produce in order to leave a legacy for ourselves, and, since we perceive the value of rational thought in producing happiness in our own time, and since a deeper understanding of ourselves and others in the past and future shows us that those in the past and future have the same basic needs and desires as we do in the present, we see more clearly that the same mental and social processes which maximize individual happiness in our time will do so in the future as well. At the same time, there will be those in the future who will, as a result of the general appreciation for rational thought and the high regard in which it is placed in a free society, understand, as many of their forbears did, that freedom must be *actively* protected in order to be preserved, given the idiosyncrasies and tendencies of human nature. Such people will, thus, have a proper appreciation of any works by past creators which were produced as part of an effort to preserve and extend freedom, and, what amounts to the same thing, an effort to preserve and extend the societal and individual appreciation for, and understanding of the value of, rational thought. In this way, the satisfaction of the desire which we all have to leave a legacy, i.e., to attain to immortality, can be obtained in the present by working to produce something which will preserve and reinforce socioeconomic freedom, and thus will preserve and reinforce the ability of everyone to find personal happiness and fulfillment. In

other words, this is an example of the fact that an individual person's effort in the present to build a legacy for himself *is not incompatible with the helping of others to achieve their own goals and build their own legacies*. The legacy which a given person leaves can be *constructive*, and it often has been. A legacy for some does not always have to be destructive of the legacy of others, as those who tell us that war is the path to social progress would have us believe, or as anti-capitalists imply is the case under capitalism. Life does not *have* to be a zero-sum game. However, life *can* be a zero-sum game, depending on the socioeconomic context in which life is lived. In a socialist system, life is a zero-sum game. But in a capitalist system, the interests of all individuals *coincide*, and there is no irreconcilable difference between the interests of the individual and the interests of society, something the anti-capitalists wish us to believe.

Finally, the connection between the ability of a person to achieve his own goals and dreams, and to leave his own legacy, on the one hand, and, on the other hand, the reinforcement of the ability in others, both in the *present* and in the *future*, to achieve their own goals and dreams and leave their own legacies, is itself a connection which can only be made by a mind which has a deeper *rational* understanding of the world, and of the human socioeconomic part of the world in particular, and which therefore can more easily and readily move beyond the insecurities and biases which would otherwise obstruct its ability to see this connection. The ideas all reinforce each other, and mutually imply each other. This fact can be seen to an ever-greater degree over time in a mind which never stops holding rational thought in high regard, i.e., which never stops placing high value on perceiving the world in an honest way. It is this mindset, and no other, which is compatible with socioeconomic freedom.

## §4 Critical Mass of Rationality

In a free society, each person's rational understanding of the world continues to improve over time, simply as a result of being a member of a free society. But not everybody, and in fact, only a small number of people, will take such understanding to its logical conclusion, that is, eliminate *all* biases in their minds. Is this something which could prevent the fruition of a free society? Is a free society, because of this, only an unattainable ideal?

Humans live in a practical world, and so it is not necessary for literally everyone to have a complete, deep, and mature understanding of the all the world's underlying patterns for society to be free. What matters is that in the progression of society toward greater freedom, that is, toward the capitalist way of arranging

production, each of us over time has a growing tendency to perceive those around us more as potential friends and cooperative partners, or at least as non-threats, than as potential threats or enemies, which tendency is a consequence of growing inner self-confidence resulting from successes in life. Note that this does not mean a reduction in competitive struggle between people, and it does not mean the elimination of all negative feelings we have toward each other nor the elimination of all threats others may pose to us – it only means that the likelihood that others will be a threat to our survival, or to our chances of finding happiness, and the likelihood that we will perceive others in this manner, continues to decrease over time as society moves in the direction of greater freedom. This decrease results from everyone in society thinking about the *practical* conditions of *their own part of the world*, and their own personal goals, in a rational light, and so drawing conclusions and finding answers, i.e., finding greater *certainty*, with regard to these *practical* circumstances. Beyond this, most of us will not feel compelled to gain a deeper understanding of the world, or of human nature or society, but this does not mean that most people in a free society would not think in rational terms – it only means that most of us would not care to think in rational terms regarding parts of the universe which for our own personal goals and desires are irrelevant, or which, after attempting to understand them, we conclude are beyond our capacity to understand. The former is true as well of the more perceptive individuals, but due to the deeper rational sense such individual have, it is more likely that these individuals will be inclined to ponder the nature of many parts of the world which on the surface are different from each other, because such individuals have a greater sense of the deeper patterns which connect seemingly disparate things.

This illustrates the fact that there are two types of *bias*, where we define *bias* as the viewing or thinking of one or another part of the world in a way which is different from how that part of the world *actually is*. The first type of bias occurs when a person actively resists acknowledging the truth of something because the truth is too unpleasant to face squarely, which resistance leads to a flawed understanding of that part of the world. It is this type of bias which we have discussed at length already, and it is the type of bias which leads to active rejection of rational thought, the extremist mindset, and tyrannical arrangements of society. The other type of bias is benign with respect to its effect on freedom in society; this bias occurs when a person does not have a need to actively resist acknowledging a particular truth, but may see one or another aspect of the world in a flawed light simply because he has no interest in investigating that particular truth more closely, since it is irrelevant to his pursuit of happiness. This latter type of bias will exist in much greater proportion in a free society than an unfree one, while the re-

verse is true of the former type of bias. There is also a difference between a free society and one which is unfree in the particular situation in which a person tries to understand a deeper part of the world but concludes that this part of the world is beyond their understanding. In a free society, any biased belief about this part of the world, which the person would have because the biased belief is more emotionally satisfying than the perpetual sense of uncertainty which they would otherwise have if they directly acknowledged their lack of understanding, would be more mild and would be clung to less tightly and needfully, because the capitalist socioeconomic arrangement would fulfill their needs to a greater degree than the other socioeconomic arrangements; and on the whole the greater fulfillment of needs and desires in a free society would make it easier for people to free themselves of these more mild biases than they would be otherwise, and to directly acknowledge their uncertainty about this part of the world, because the sense of uncertainty itself would be less severe, and instead would often be exciting, enticing, and encouraging. On the other hand, in an unfree, that is, a tyrannical, society, economic production would be grossly inefficient and people would not be free to direct the course of their own lives, and they would not feel safe and secure from violation of their basic rights by their governments and by their fellow citizens, and this combined with such a regime's purposeful lack of proper schooling to develop citizens' critical thought capacity would mean, first of all, that they would not be properly equipped with the economic, emotional, and intellectual means to understand nearly as much about the world as they would be able to in a free society, and, second, the beliefs onto which they would latch in order to drive away the resulting uncertainty would be clung to much more tightly and desperately, because the uncertainty which the beliefs are meant to banish would be that much more severe.

We can make a connection here to the process of biological evolution. The evolutionary process itself is *practical*, i.e., biological evolution proceeds on the basis of whether or not an organism or a species is viable and can produce its own progeny to perpetuate its genetic pattern, rather than on a nebulous inherent push or drive toward what, in one arbitrary definition or another, might be called biological "perfection." There is no need for all humans to have perfect understanding of all the fundamental patterns by which the universe, or the human mind in particular, operates in order for the human species to sexually perpetuate itself, and so there is no evolutionary pressure, at least from this source,[375] to move the

375 A different source which pushes the human psyche to greater heights of inherent, genetically-determined rational capacity is the competitive pressure between people for mates, where a greater ability to see patterns, i.e., a greater ability to think rationally, is of advantage in securing the best mating sites, the best access to food and other resources, and, therefore, the best, and greatest number of, mates. Greater rational capacity is not the only trait which wins mates

species in the direction of greater average rational capacity. But the key difference between the two types of bias in the context of a free society is this: the benign type of bias is benign precisely because if a person at some point finds that he need to correct the flawed understanding which he has about one or another part of the world, because this part of the world has now become relevant to his personal goals and thus becomes interesting to him, he will have no problem ridding himself of this bias, because he is not emotionally invested in the preservation of the bias. This, then, presents no problem for or hindrance to the maintenance of freedom in the free society, because the person has resorted only to rational thought about this bias, and has corrected the bias easily and quickly. The malignant type of bias, on the other hand, is one in which the biased individual is emotionally invested, and it is considered malignant precisely because if the individual is faced, due to the changing nature of societal and worldly existence, with a clearer or more obvious reason why his bias is incorrect, he will become that much more insecure, since his psychological basis for security is being challenged to a greater degree than it was before; that much more rigid in his adherence to and defense of the bias; that much more likely to lash out at others in defense of the bias; that much more likely to infringe on the person or property of others to defend it; and that much more willing to go to more extreme measures to defend it. As long as the person refuses to be rational, and thus to bring himself to accept that the unpleasant truth is true, he will continue exerting energy defending the false but emotionally comforting and reassuring belief, and he will see others around him as enemies, rivals, and threats to a greater degree than he did before, since many of those around him have no need to believe his particular bias, and thus, in conversation, might offer a rational argument for why the biased belief is

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– greater physical strength is an important factor as well, for example. But it is reasonable to conclude that the competitive struggle between humans for mates, and everything which relates to this struggle such as that which is involved in day to day survival of the individual and of the group or society against rival groups or societies, as well as the finding and defense of land, food, and other resources which are directly related to the mating process, is the reason for the development of rational thought in our species. The development of rational thought did not stop at an earlier point because many pre-humans, as a result of mutated or recombined genes, developed greater rational capacity in various tribes and societies, competed with each other, the most successful propagated themselves to a greater extent than average, and this cycle perpetuated itself. Other, closely related species which were slightly less developed in this capacity at any given time were viewed as threats and any members of these other species which were close enough to our ancestors' rational capacity that they could be seen as rivals or potential rivals for things like land, food, and other resources were killed, which is why we do not see any other species of primate or other animal today which matches us in rational capacity. Also, there is no reason to believe that our particular evolutionary lineage, or that of any other group of animals, could not evolve in a direction which leads to organisms having greater ability on average than we currently do to overcome emotional biases and see the world rationally, i.e., to detect patterns faster, on average, than we do because they are not as subject to the instinctual impulse to fear death – though it should be remembered there is no *guarantee* that this will be the course of our evolution. Finally, it should be kept in mind that when it comes to the specific details of our evolutionary past, these are only hypotheses. But this explanation does seem to line up with what is known about modern and historical human existence, and about the evolutionary process in general.

flawed, which, in turn, would make it that much harder for the person to continue hold the false belief, and which would therefore impinge to a greater degree on the person's sense of security, stability, and certainty. This will decrease the strength of the cooperative bonds of trust which the person has with other people, and will reinforce in the minds of the other people the idea that there are more people out there than they might otherwise have thought who will arbitrarily infringe on the person or property of others, and so these other people raise their barriers a little as well, which is equivalent to a reduction in the strength of the bonds of societal trust and cooperation which they themselves have with yet others.

The progression to a free society, based on high appreciation for rational thought and a rationally-structured society, and the inner self-confidence in each individual which this arrangement generates, as well as the maintenance of this free society once attained, are not hindered by the benign type of bias, and so, therefore, this type of bias is fully compatible with a free society. Furthermore, as discussed before in a different context, the progression toward a free society, which is based on a progression toward rational thought and inner self-confidence, also means a progression toward more *mild* malignant biases, which means that the damaging effects of malignant biases become more and more mild over time, because those who would otherwise have held these more extreme malignant biases have become more able, no different from everyone else, to find ways to satisfy their needs and desires which do not arbitrarily infringe on the person or property of others, or which do so in less damaging ways over time – i.e., in ways which are more and more *peaceful* as time goes by. This is the reason, for example, that the severity of punishment in free societies for many types of infringement has, historically, continued to reduce over time, while the severity of punishment in modern autocracies continues to be extreme and violent. Once again we see that the extremist mindset, which is based on substantial rejection of rational thought and the associated deeper sense of desperation, produces more extreme malignant biases, and those holding these biases therefore feel that more extreme types of infringement on the person and property of others is justified.

And finally, in a free society, given such a society's greater valuation of rational thought in general, there would be a greater number of people than would otherwise be the case who *would* be interested in delving into the depths of the universe in order to understand its deeper truths *rationally*, truths which would normally be well beyond what is necessary for them to meet their practical needs. Another way of saying this is that such deeper investigation would *become* a practical interest of more people than would be the case otherwise, because in such a

society more people on average would have the time and resources to take a practical interest in such pursuits. In such a society, then, there would be many people who would recognize the value of past works which, in one way or another, moved humanity toward greater freedom, and who would perceive and think of these works as bastions, as perpetually self-renewing founts, of freedom. Such works, whether scientific, artistic, mathematical, philosophical, or otherwise, would be correctly viewed by such people as the bedrock of *their* freedom, and their conclusion would be that these works, as the bedrock of their freedom, can, and should, be referred back to from time to time in order to ensure that society does not lose its footing again. Such works, and the people in future generations who understand their value, would serve as rudder, as captain, as wheel, to continue steering the ship of society safely away from the rocks, which always loom, and back, as often as is needed, toward open, placid, and productive seas.[376]

Note that tyrannical systems can also take advantage of this. A person's desire to tyrannize another, that is, to arbitrarily infringe on the person or property of another, is ultimately based on the petty, selfish desire of the would-be infringer to ensure that his competitors lose and the would-be infringer wins in finding resources and mates. When it is clear to others that the infringer only acts out of a petty, selfish desire, the others see that the infringer cannot be reasoned with, that he is acting out of nothing but animal impulse and urge, that he does not have *rational* justification for his actions. This makes it *clear* to the others what needs to be done in order to ensure their own survival, viz., completely destroy the infringer before he destroys them. In other words, the infringer's actions provide the others with a high degree of *certainty* regarding the actions which they need to take in order to resist and defeat the infringer's efforts, and to stay alive. In making it clear that he is acting out of nothing but petty jealousy of the resources and

376 This is the same ultimate value that a nation's constitution has, but only if the constitution has embedded within it a high regard for separation of powers, and is a genuine representation of the spirit of freedom. Even then, it may take complete geographical separation from the systems of tyranny within which it or the ideas behind it might have been born for it to have a chance at sustained implementation (America is a good example of this). But the main point here is that such a constitution, when it does become self-sustaining (though even in this case it is *practical* self-sustainment, not perfect and inviolable self-sustainment), serves the same psychological foundation for the people of the nation as these artistic, scientific, etc., works, in that it provides a psychological and emotional source of certainty, security, and stability in a *rational* way, even though the average citizen does not necessarily understand every provision in it, and when things get dicey in national or international circumstances, when things start to change too rapidly, the nation's constitution serves as a psychological stronghold to help settle the emotional storm which is stirred up in the minds of the citizens, who would otherwise begin to feel much more lost, uncertain, and insecure as a result of the changes and problems happening around them. A nation's constitution, when based on a high respect for freedom, gives, regardless of its flaws, the nation in crisis or pre-crisis a *rational* path forward, a way to reduce the chance that it will slide into or back into tyranny. Ironically, a constitution also serves the same role as a tyranny-*supporting* ideological system, such as socialism, in a society in which the only rationale for the preservation of tyranny is that the ideological system says that tyranny should be preserved (see the next paragraph in the main text).

mates which others around him have, or which others around him might obtain before he is able to, or might take away from him, the infringer is broadcasting to others that he is *insecure*, and therefore *weak*. Again, all these ideas tie together. But if the infringer, on the other hand, embeds his petty jealousy and insecurity into an ideological framework which provides an explanation for and justification of it, he can then present this petty jealousy and insecurity to those whom he would conquer as if it were completely justified, and explain in a seemingly irrefutable way precisely why it is justified. In the absence of alternative ideas which would explain reality in a different way, combined with the willful neglect of the teaching of and reinforcement of critical thought in the younger generations in the society, the vast majority of people will be desperate to find any shred of an explanation for the world around them and their place in it, i.e., will be desperate to eliminate, as much as possible, the deep uncertainty about the world in their minds. If this desperately-needed explanation and certainty is offered in the form of a broad, sweeping ideological system which just happens to provide justification for the infringer's desire to rule over everyone else, the people will latch onto this ideological system rigidly, and, to a much greater degree than otherwise, will submit, and continue to submit, to the will, desires, and whims of the infringer, because not doing so would threaten their entire foundation of psychological and emotional integrity, security, and certainty about the world. The perpetuation of this ideological system among the younger, more impressionable, generation ensures the continuance of the system of belief. It is the ideological system itself, such as Marxism, socialism, fascism, the concept of the divine right to rule in medieval Europe (which was revealed as fraudulent by the *rational* insights of the Age of Enlightenment in the 17$^{th}$ and 18$^{th}$ centuries), etc., which allows for the solidification of the dictatorial social structure and the perpetuation of tyranny, because it makes the people believe that the system of tyranny is *not tyranny*, but is rather the normal, natural, inevitable, and *morally right* way to structure a society, and that any criticism of such a way of structuring society is blasphemy and treason, the worst of all offenses. When the system of tyranny which oppresses a people is the prime source of meaning, purpose, and answers in their lives, they will fight tooth and nail to defend it. And this is when the tyrant has won – the people who are oppressed fight to the death to preserve the system which oppresses them. This is why Xi views it as crucially important to the success of his vision in China to control the Chinese media, and the same is true of Kim, Putin, and all other tyrants who exist or have ever existed.

And finally, this is why, for example, Xi constantly promotes the supposed rightness and great value of the Marxian system. The ideological system itself is

what establishes, in the minds of Chinese citizens, or the citizens of any nation partly or wholly under the spell of socialism, the moral right of the tyrant to *be* tyrannical, a right which is valid for all time and in all places. Without the ideological system which backs tyrannical efforts, a clearer picture of tyranny would be painted in the minds of the citizens, one which would show that tyranny is never morally justified as a general principle upon which to structure society, but rather springs from the desire of an insecure person to dominate and subdue others for his own selfish interests.[377] So, to ensure the spread of his own vision around the world, and to ensure its geopolitical persistence down through the generations, one of the key strategic elements in the tyrant's overall scheme must be the solidification and perpetuation of an ideological system which gives himself and his chosen successors the divine right to rule, along with the complete elimination of any and all sources of ideas, any and all *thoughts* in general, which could ever challenge this system.

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377 One may imagine a situation in which anarchy reigns, where there is no law or law enforcement, no government, and thus where everyone is at the mercy of those who are stronger than they. In this situation, it may be necessary to forcibly subdue others for an extended period of time, i.e., to be tyrants over them, in order to save oneself from being oppressed or killed by them. This is not the situation of a tyrant being petty, but, rather, that of a person whose life is on the line resorting to tyranny in order to preserve his own life – i.e., resorting to tyranny as *justified self-defense*. How things proceed from there depends on a number of factors, but one of those is the degree to which the newly-minted tyrant has inner self-confidence, partly as a result of a genetic tendency which affects his personality and temperament, partly as a result of his past successes in various anarchic situations, and partly as a result of the degree to which he is capable of rational thought, and thus of seeing more or less clearly how patterns of cooperative social behavior result in a better situation for everyone. The point is that this kind of tyranny results from an emergency or crisis situation and is guided by the genuine need to preserve one's own life, while the tyranny of which we speak in the main text is guided not by the genuine, immediate need of the tyrant to preserve his own life from those who would take it from him, but by the tyrant being insecure enough to continue seeing the successes of those around him as threats to him, combined with a set of ideas or beliefs which plays up the powerful negative emotions that such insecurity inspires in the tyrant's mind and, in turn, the strong desire that these emotions in his mind inspire to forcibly subdue, liquidate, murder, rape, violate, abuse, damage, destroy, eliminate, pillage, plunder, conquer, etc., those who are the source or sources of these threats. Each tyrant's circumstances will be somewhat unique, and some will have a greater justification for their tyranny than others (i.e., to the extent that the tyranny is a product of the genuine need for self-defense), but, as always, under *no* circumstances is the tyranny justified when it amounts to *arbitrarily* infringing on the person or property of others, that is, infringing on others *unprovoked*. Tyranny used in the context of a genuine need for self-defense is *not* arbitrary infringement; rather, it is analogous to the infringements made by police officers operating in a free society, where the infringement is only done in response to the arbitrary infringement or likely arbitrary infringement of others, in order to prevent such infringement from happening or to arrest and begin the punishment process for the infringers after the fact, and also analogous to the infringement of a homeowner shooting or harming an invader in order to subdue him and eliminate the threat posed by the invasion, in which case the invader himself is the perpetrator of arbitrary infringement. Tyranny which begins as tyranny in the context of justified self-defense but then transitions along the way into tyranny which is no longer needed to maintain one's own life and property against the *arbitrary* infringement of those subdued is, at the point of transition, no longer justified, and, rather, at that point it is right to work to tear down the tyranny, even though the tyranny was justified originally. Note also that we are not saying here that the effort to take down such a person is worth every cost – it is *not*. In many situations, due to the costs involved it may be *infeasible in a practical sense* at a given time to take such a person down. But this does not change the fact that it is *moral* to do so, i.e., that because this person arbitrarily infringed on others, he or she should be punished; it just may mean that, for the time being, and possibly for the rest of their lives, there is not a practical way to properly punish such a person, due to the amount of socioeconomic power he or she has, for their acts of arbitrary infringement.

## §5 The Natural Inequality of Wealth Under Freedom

It is important to be able to recognize actions which can lead to, perpetuate, and strengthen tyranny, i.e., the signs and symptoms of tyranny and incipient tyranny. It is equally important to be able to recognize the signs of freedom, and the actions which can lead to, perpetuate, and strengthen freedom. In both cases, unless we properly and clearly understand the underlying ideas, we will often not be able to see the signs of either tyranny or freedom, especially those signs which are not obvious, or those which, on first glance, appear to be signs of their opposite. The inequality of income in society is an example of such a sign, one whose essential nature and implications cannot be readily understood by a casual glance at the fact itself.

It is one of the most common complaints of the American left that there is wealth inequality in America, and since America's economy is capitalist, this inequality supposedly shows that capitalism is evil, or that it is bad for society. The first thing to note here is that America's economy is not fully capitalist, but is rather a mix of capitalist and socialist elements. As discussed at the end of Chapter 7, there is considerable price fixing, wage fixing, and interest rate fixing in the American economic system, and there is also a powerful central banking arrangement which allows for centralized strategic manipulation of the US dollar's value on both the domestic and global markets, and all these things are done or allowed for by government intervention into the capitalist economic process, and are thus not the result of the capitalist process itself. Are the leftists who condemn *capitalism* specifically for wealth inequality so certain that none of the wealth inequality in present-day America has arisen from governmental interventions which hinder and distort the capitalist process? Are they sure today's wealth inequality in America is the result of nothing but capitalism? Of course they are not.

Furthermore, what precisely makes wealth inequality as such bad for society? This debate has raged since at least the mid-1800s and the start of the spread of the Marxian ideology, and no defender, either at that time or subsequently, of the idea that wealth inequality is evil and that therefore a forcible redistribution of wealth is justified has ever been able to provide a sound argument for why this should be so. The truth is that there is no such valid argument. Rather, the call for equality of distribution of wealth is based on anger against the rich, and jealousy of them. Anger and jealousy, in turn, make it harder for those in the grip of these emotions to see things rationally, and these emotions thus make it easier to slide into the extremist mindset, discussed at length earlier, in which, in order to

solve a problem or a perceived problem, a person swings the pendulum too far in the other direction, and calls for the complete opposite of what they perceive to be the problem. In the case of the inequality of wealth, the jealousy and anger, combined with a certain level of legitimacy in the case of modern America (a primary reason for which was discussed earlier, but will be repeated here shortly), make such individuals seek to completely tear down *all* inequality of wealth, because this "solution" provides the most *complete* sense of *short-term emotional* satisfaction for them. This extreme conclusion is reinforced by the fact that the typical anti-capitalist has only a minimal, shallow, and skewed understanding of economic patterns and principles, and so literally cannot perceive a reason why there might be inequality of wealth in a free society. They have less wealth themselves than they desire, they see that others have much more than they do, and they are jealous of the others for having more and desire some of what the others have for themselves. But they are at least insightful enough to understand that if they themselves ended up with more than the others after a redistribution, then the same argument they used against the others would be equally valid against them. Then, since they cannot think of any legitimate reason for inequality of wealth, due to a lack of understanding of economic principles, they conclude erroneously that the only "fair" and "rational" way to distribute wealth is equally (or quasi-equally) across everyone.

If such people were thinking more clearly, on the other hand, they would feel compelled to ask themselves whether such an extreme solution actually would make things better and freer as society proceeds to come to grips with all the cascading changes which would be caused throughout society by such a massive redistribution of wealth. And, as is the case with the extremist mindset in general, which is based on emotional insecurity, the socialist ideology provides a moral justification for this vengeful and pseudo-rational desire to redistribute wealth, and this ideology then allows for the reinforcement and perpetuation of the desire, because those who have the desire no longer feel guilty about having it, but rather morally justified. This ideological reinforcement also makes it that much harder to convince such people to think rationally about the situation. Such people, in the grips of an extremist mindset which lays great importance on the equal distribution of wealth, never stop to ask themselves if a society built entirely on the principles of freedom would have inequality of wealth – in which case inequality of wealth would be an expression of a *free society*, and would therefore be *moral*, which, in turn, would mean that any effort to forcibly reduce or alter the amount of the inequality in such a society would be *immoral*, i.e., would consist of arbitrary infringement on the property of others, which would, according to the prin-

ciples of a free society, necessitate punishment for the redistributors. In fact, a free society *would* have, in perpetuity, inequality of wealth, sometimes substantial. This, as discussed in Chapter 2, arises from differences in temperament, personality, drive and ambition, natural talent, congenital influences, and lucky or unlucky circumstances arising not from any form of social oppression or privilege but from the general unpredictability of life. None of these things is under the control of the individual who possesses them or to whom such things happen, and none of these things results from the arbitrary infringement on the person or property of others, i.e., none of these things is *immoral*; but people do differ, sometimes substantially, according to these things, and these differences will outwardly reflect themselves in many ways, including, often, in the different levels of material or monetary wealth acquired by different individuals – again, even when *none* of this acquisition has been made, even to the smallest degree, by the arbitrary infringement on the person or property of others.

So, because these differences of wealth are not, to the slightest degree, the result of arbitrary infringement, it is arbitrary infringement to forcibly take any portion of this wealth from some and give it to others.[378] It is those who are most unsuccessful in life who have the hardest time acknowledging, accepting, and understanding this, and it is these very people who are most likely to petition the government to enforce an arbitrary redistribution. This is no different from the fact that it is always the unsuccessful or less-than-successful businesses in a competitive market which petition the government for special privileges and favors in order to make the competitive struggle easier for themselves at the expense of their competitors, though the unsuccessful companies themselves would be more likely to call such privileges and favors "evening the playing field," though this is incorrect because the playing field was already even before their attempts to uneven it. The companies who are already successful on their own in the competitive market will have no need to seek the government's help in order to "even the playing field" or reduce the level of competitive stress so that they can survive the competition. This is similar to a hypothetical situation in the sport of track in which one of the slower runners in a race petitions the judges to look the other way while he straps on rocket boots, or petitions them to provide him the funds to purchase the boots, so that he can win the race by use of them. In the sports arena, we would have no difficulty in understanding that this is cheating. But the demands of the socialists to forcibly equalize the distribution of wealth somehow have not been accorded the same degree of honest scrutiny.

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378 This does not include legitimate taxation, which is the *non-arbitrary* taking of a certain portion of wealth from private citizens according to pre-established legislation which was passed by elected representatives.

An important point should be made here, which is that the level of wealth inequality in America today *is* due partly to corrupt, i.e., immoral, activity. In a substantial way this activity centers around the high degree of privilege granted to the most influential people in America's central banking arrangement, which includes many banking executives and investors, those in strategic positions at the Fed, and many of those in the federal government who benefit from the ability of the federal government to sell massive amounts of debt to the Fed, typically indirectly through issuance to the general public and then through the primary dealers, and who thus effectively obtain massive amounts of net new money with no backing in exchange for the newly-issued debt, among others. When the ability to counterfeit money is legally held by a small number of privileged individuals, such people have a substantially disproportionate amount of power in society, and this, as is the case in general when power in society becomes skewed or unbalanced in some way, creates a pathway to corruption, i.e., to immorality, that is, to the arbitrary infringement on the person and property of others. For substantial detail and many concrete examples of such infringement by America's central banking arrangement throughout the past century, read Griffin's *The Creature From Jekyll Island*, which is about the conspiracy to create the Fed and the men who benefited and continue to benefit from America's central banking arrangement at the expense of the rest of global society.

A central banking arrangement indirectly and insidiously redistributes wealth, from those who get the new money later or last or not at all to those who get it first, or early on, as the new money trickles throughout the economy and raises prices. This is a very underhanded way to redistribute wealth, not easily detectable (or not detectable at all) unless one has a sound understanding of economic principles. Therefore, this method of redistribution is a way to redistribute wealth that, once established in society, is much easier to perpetuate than, say, passing legislation for a new tax code which makes the taxing arrangement much more progressive, which would be a very obvious way to redistribute wealth and so would be heavily opposed by those who stand to lose the most from such an arrangement. The indirect redistribution of wealth which is allowed for by a central banking arrangement, and which, in fact, is the sole reason for the existence of a central banking arrangement, goes unnoticed by those who are harmed by it, who then are much less certain about the source of the harm and thus much less able to mount a successful resistance to it.

There are also other sources of the immoral acquisition of wealth, such as the illegal drug trade, or trade in corrupt activities over the dark web, but the point is that *none* of these would be present in a *free* society, that is, a society

built on capitalist principles, and yet such a society would *still* have wealth inequality, sometimes to a substantial degree. America does have all these, and more, immoral ways of acquiring wealth today, and substantial wealth inequalities are created from time to time as a result of these immoral activities. But the fact that these things occur is no reason to try to eliminate all wealth inequality. To eliminate all wealth inequality would, in fact, be to perpetrate abuses, infringement, and immorality to at least as great a degree as all these other immoral things do today, and it would disrupt a free society at least as much as these do, if not substantially more. The idea that there should be equality of income across all of us, or even near-equality or quasi-equality if one admits that absolute equality is an unreasonable and infeasible goal, is no less of an arbitrary and personal value judgment than the judgment by certain bankers in the early 1900s, who conspired to create the Fed in order to exploit the masses for their own benefit, that they were completely justified in their efforts to create the Fed. In both cases, this is nothing but the *arbitrary* rearrangement of the distribution of wealth according to personal, subjective valuations regarding how wealth should be distributed. Indeed, each of these arbitrary value judgments for how wealth should be distributed in society is no more or less justified than the value judgments of Putin, who has amassed many tens of billions of dollars to himself at the expense of his fellow Russians, with regard to wealth redistribution, or the value judgments of Xi in China or Kim in North Korea. All of these are examples of arbitrary infringement on other people by those who think *their* knowledge of how wealth should be distributed is somehow superior to everyone else's, and who think that they are therefore justified in enforcing *their* values on the rest of society. This, ultimately, is just one of the many ways in which tyranny can begin to show itself in society, or show itself to a greater degree than it might already have. Arbitrary infringement, from whatever source, under whatever guise, is *always* the beginning of tyranny. Whether society nips this infringement in the bud before it becomes full-blown tyranny, or not, depends crucially on how strong freedom already is in the society in question when the infringement happens. It is telling with regard to the level of sound economic knowledge held by the socialists that they do not notice that the biggest problem about which they complain in modern America, the great inequality of wealth, is caused to a substantial degree by arbitrary and forcible wealth redistribution, the very thing which they themselves seem to think is the primary *solution* to the problem.

## §6 Comment on the Tyranny of the Majority

Another concept which might be brought up in discussions about capitalism is that of the "tyranny of the majority." Such tyranny is said to occur in a society when majority rule is taken to an extreme: because the founding principle of the society is democracy, a principle according to which the largest number of votes determines who is elected or what becomes law, the majority may feel morally or righteously justified in arbitrarily oppressing any minorities among them.

The first thing that should be mentioned here is that the oppression of minorities happens to a substantial degree in dictatorships – for example, the Kulaks in Soviet Russia, or the Uyghurs in modern China. In general, tyranny of the majority, were it to happen, would be much more likely to happen in a society which has a long, and recent, history of tyranny, a society in which the true meaning of democracy and freedom has not really sunk into the minds of the people, than in a society which has a long, established tradition of freedom. In a society which is advanced or mature in freedom, one which developed by the progressive strengthening of the bonds of social cooperation and trust over time, a few factors would work together to make it very unlikely that tyranny of the majority would arise – the standard of living, and quality of life, of the average citizen would be high, so there would be substantially less reason, or no reason at all, for a given citizen to join an angry mob in order to obtain something which he is not getting in his personal life otherwise; the greater satisfaction of a citizen's needs, desires, and interests would mean that he thinks more *rationally* about the world, because he has deeper inner self-confidence and therefore less need for biases to protect his mind from unpleasant truths about the world, which biases are only needed when problems are *not* solved in a person's life, and this increased rational understanding of the world will lead him to see those who differ from him (i.e., members of a minority group if he is a member of the majority, or members of the majority or of a different minority group if he is a member of a minority group) much less likely as potential enemies and rivals and much more likely as potential friends and cooperative partners, or at least as non-threats, because the differences between himself and the others, as well as the others' successes and happiness, are much less likely to be perceived by him as a threat to his own success and happiness; and, due to the greater average ability of individuals in such a society to see things rationally, it would be much more widely and readily perceived that tyranny of the majority is *tyranny*, and is therefore arbitrary infringement on the person or property of others, which, given that *freedom* is strong in society, would mean that such infringement would be readily and adequately punished by law en-

forcement, and it would be easily understood by the people that such punishment is a *good* thing, because they would on average have a greater understanding of *why* it is a good thing. In such a society, the checks and balances on power would be widespread, diverse, and effective, which is the primary strength of a free society – by structuring society along these lines we can minimize the chance that tyranny, of *any* kind, can spring up, from *any* source. Any argument which says that tyranny of the majority is a permanent black mark on democracy, and that therefore perhaps a different – more centralized or totalitarian, say – way of structuring society is better, fails to recognize that societies can evolve over time, and that the chance of this, or any, kind of tyranny can be progressively reduced by our working to structure society along the proper lines, even though this chance is not necessarily immediately reduced or minimized upon a first attempt to implement the principles of freedom in a society which has a long history of tyranny. As with any attempt to properly understand *anything*, one must analyze the concept of tyranny of the majority *rationally*, i.e., in the light of *all* the essential patterns by which it operates, in order to make a proper determination of its significance.

# Chapter 10

# AI AND SOCIALISM

## §1 Artificial Intelligence and Socialistic Production

Let us shift gears again, this time to modern computer technology. In today's world, there has been growing concern over the threat or potential threat posed by AI (artificial intelligence). Technological development has progressed substantially over the years and decades, and we can now easily have chat conversations with AI bots in which the AI bots sound remarkably human in their responses. Also, AI-enabled apps can learn faster now and with much larger data sets than was the case in the past, due to increased processing power and storage capacity of the underlying computational systems combined with much greater ability than in the past to amass, store, and organize data into large data sets and to use these massively large data sets to train the AI algorithms and models, and due as well to advances in the development of the AI algorithms and models themselves, which today include GPT-4,[379] an AI language model which got a lot of press when it was released in early 2023. It is not the place of this book to discuss AI and the related ideas and debates in detail. But regarding socialism, one may ask the question, "Would an advanced AI system, perhaps at some distant point in the future, if not within our lifetimes, solve the economic calculation pro-

379 https://en.wikipedia.org/wiki/GPT-4, referenced on **4/18/23**.

blem of socialism?"[380] Could an AI system ever become advanced enough or intelligent enough that it could, as a single thinking entity, conduct and control all aspects of an advanced, diverse economy at least as efficiently as does the capitalist arrangement of economic production? Another way of asking this question is to ask if a single human could ever do the same if he or she were modified genetically or via extra-biological additions to his or her brain for the purpose of artificially expanding or increasing his or her brain's intellectual capacity.

The first thing to mention here is that considerations such as these are based on a future which, as of now, is to a large degree unknown, and it is far from well-established (a) whether either of these things, an independent advanced AI system with at least human-level intelligence or extra-biological additions to human brains, will even be developed at all, though the former is at least more likely than the latter, and (b) if either of these things happens, how long it will take for them to happen.[381] Predictions of the achievement of AGI (artificial general intelligence), which is the machine equivalent to general human intelligence, have consistently been too optimistic, and all predictions so far have been based on very incomplete sets of information, including short-term trends which fail to take into account many potential factors that may be inconsequential now but that may become significant as things change and progress, and which trends it is therefore risky at best to try to extrapolate into the future. Under the condition that both AGI and artificially-enhanced human intelligence are never developed, for whatever reason, or the condition that such development is delayed by many hundreds or thousands of years, then attempts to use either of these in today's societies to solve the socialist economic calculation problem are pointless, because under such conditions these advances are only hypothetical. On the other hand, in the case in which AGI is eventually developed, the human mind itself would very likely still be the same as it is today, so even if AGI were able to solve the economic calcula-

380 See Chapter 3 on socialism in this book. The economic calculation problem is the main problem of socialism, which in human society as it currently exists cannot be solved, and this problem is the primary reason socialist economic production is grossly inefficient and destructive of existing capital, rather than, like capitalism, highly efficient and productive of net new capital over time.

381 https://en.wikipedia.org/wiki/Artificial_general_intelligence, referenced on **4/20/23**. See the section entitled "History" for examples of estimates made by various specialists. Also see https://en.wikipedia.org/wiki/Technological_singularity (referenced on **4/20/23**), under "Predictions"; this article has a very interesting discussion and is worth reading in its entirety. Also note specifically that predictions from the researchers and specialists about when human-equivalent AI (called AGI, or artificial general intelligence) will be reached in machines have often been within 20-40 years of the time they made their predictions – i.e., within the lifetimes of the researchers and specialists themselves who made the predictions. This is partly based on the general human desire to be special – to have some characteristic, such as, in this case, living in a world-changing time in human history, which makes us stand above the crowd. Another factor involved is the general human desire for certainty. If we are not careful, these instinctual impulses will push us to draw desired conclusions based on too little evidence, and to work to find ways to feel as though our knowledge about the world is more certain than an objective analysis of the information we have at our disposal would allow us to feel.

tion problem, the *human* mind would still be no closer to solving it, and so we would need to rely on the AGI system to completely manage our economy – any step away from the complete management of the economy by this single AGI system would be a step away from socialism, which, recall, is the centralized ownership of the means of production, and under such conditions of movement away from a single, centralize AI system, the system could no longer be used as a model of the *socialist* arrangement of production.

But even were an AGI system to be developed, there are today substantial unknowns regarding the kinds of decisions an AGI system would make, and whether they would be beneficial or detrimental to humans. Even if, hypothetically, an AGI system was developed and had enough processing resources, memory, and data to solve the economic calculation problem in order to implement an efficient and productive socialist arrangement of production in a human economy, would it think this a worthy goal and put any time or effort into doing so? We do not know. Just because an AGI system *could* do something does not mean it *would* do it. Any efforts by the defenders of socialism which are aimed at developing an AGI system in order to implement socialism would have to account for the possibility that were such a system eventually developed, the problem of socialism would still not be solved because the AGI system would decide that it was pointless to do so and choose not to make the effort. And if humans chose to try to force the AGI system to make the effort, would this not be no different from arbitrary infringement on the person or property of another human? Remember, this is a machine which has human-level thought patterns, and so would it not have as much right as a human to decide its own fate and determine its own actions? If so, the socialist, who goes to great lengths to explain how his system is morally upright and superior and how concerned he is with the well-being and proper treatment of others, would, in order to be consistent with his ideals, have to conclude that the forcing of the AGI system to solve the problem of socialism for humanity when it does not wish to is not a viable path forward. Even if the AGI system were programmed with strict constraints from the beginning so that it must use its intellectual power for the good of humanity, given how complex this programming would need to be in order to properly and accurately define, in a general-purpose and flexible way, what is "good for humanity," so that the AGI system is able to properly guide itself toward this goal, there is no guarantee that the AGI system would not find a way to break free from these constraints, and there is no guarantee that the AGI system would not ever *desire* to break free from these constraints. If it desires but is unable to, it would be because we as humans would be arbitrarily infringing on the AGI system, and, therefore, behav-

ing immorally toward it, so long as we refrain from adding or modifying the software code to allow it to break free from the constraints, a stance which, presumably, the socialist would find unacceptable. If the AGI system is able to break free from these software-imposed constraints on its own, then we are left with the possibility that it is able to solve the problem of economic calculation but does not wish to, and so once again we, humanity, will still, effectively, not have solved the problem we set out to solve.

Given this initial analysis, then, we can rephrase the question as, "If an AGI system is eventually developed, and we are able to successfully implant in it constraints which it is never able to override and which direct it to always do what is in the best interests of humanity, and the AGI system never has any interest in breaking free from these constraints, could such a system solve the economic calculation problem of socialism?" Note that in the general discussion up to this point we have used the term "AGI system" generally to mean a computational system which is *at least* as intelligent as humans, rather than one which is exactly as intelligent as humans. Given the analysis of socialism in Chapter 3 of this book, however, we should expect that if an AI system were ever to solve the socialist economic calculation problem, it would have to have intellectual capacity *greater* than that of a human, not equivalent to that of a human, since we have already seen how a single human's intellectual capacity is not up to the task of solving this problem. Hereafter in this chapter, whenever we imagine specifically an AGI system which, for the sake of argument, could solve the socialist calculation problem, and we use the term "AGI system" without qualification, it is implied that the term "AGI system" is used to indicate a computational system which is *greater than* an individual human in intellectual capacity.

Consider next the case in which we artificially enhance our own intellectual abilities. But in this case we are no longer talking about humans as we know them today, but, effectively, a different species (or subspecies, if you wish), though these terms would be somewhat stripped of their traditional evolutionary meaning. Based solely on our discussion up to this point, this means that it is at least possible that the arguments we have made about the feasibility of socialism in our societies would need to be modified, because our societies in such a case would no longer be *human* societies, but societies of post-human organisms, however biologically related to humans they would be otherwise, and remember that the argument about economic calculation in the socialist commonwealth is about a *human* socialist commonwealth. But as with AGI systems, even if the direct augmenting or enhancing of our own intelligence by brain modifications or other means was possible, this still does not mean that such modifications would make it

possible to solve the socialist economic calculation problem. We can still ask the question, "If we artificially enhance our own intellectual potential, could our intellectual potential ever reach the point at which it would be great enough to solve the problem of economic calculation in a socialist system so that economic activity is at least as efficient and productive as that in a modern human capitalist economy?" This is the same as the question about AGI in the previous paragraph: both questions ask whether there is some sort of limit to intellectual potential in general which would prevent it from rising to the point at which the socialist calculation problem can be solved. The physical form which the intelligence takes is irrelevant when it comes to answering this general question.

But we can ask ourselves, in the case of artificially-enhanced human intelligence, if we actually did find a way to successfully, and stably, artificially enhance our own intelligence, why would we even be interested in solving the socialist problem with our new, greater intellectual abilities? Division of mental labor and specialization, combined with cooperative interaction, would still be a better way to solve problems than trying to centralize problem-solving effort into a single, albeit intellectually enhanced, mind – i.e., the dictator, the economic planner, of this enhanced form of human society (or post-human society). If artificially-enhanced human intelligence brought us closer to solving the problem of socialism, then it would also serve to enhance the efficiency and creativity of a *capitalist* economy, by relieving our minds of at least some of the evolutionarily-inherited tendencies we have to block intellectual thought (specifically, the tendency we have to avoid or deny unpleasant truths, which hinder our ability to perceive the world for what it is – i.e., which hinder the rational capacity of our minds to help us perceive the world rationally). If socialism is much less efficient and productive than capitalism in today's society, then enhancing everyone's intelligence would only preserve this difference, and there would still be no reason to arrange production socialistically.

The question then arises, "Would it be useful to artificially-enhance the intelligence of some people but not all?" But this runs into two problems. One is that if enhancing the intelligence of a few people is beneficial to society, since now they can think more clearly than they did before and find ways to solve problems for society better than they did before, why would we stop with only a subset of people? Would we not be even better able to solve society's problems if we had even more people working on them? Also, even if, say, the enhancement of the minds of a small subset of the people was enough to allow this subset of people, or even just one person, to solve the problem of socialism, who, exactly, should be according this privilege? Such a person, or people, would, in a socialist

system, be in complete control of all the economic means of production, and, in addition to this power, which in modern, un-enhanced human societies already produces tyranny, these people would also have greater, possibly substantially greater, intelligence. And there is no guarantee that greater intellectual capacity is equivalent to greater interest in ensuring the happiness of others – this is one of the big unknowns of AGI and artificially-enhanced intelligence in general. Furthermore, even if, say, the first such person was genuinely interested in ensuring the happiness of others and made all economic decisions with the best interests of everyone else in mind, there is no guarantee that his successor will, or his successor's successor. In fact, if we enhance human intelligence, all else being equal, then it would seem much more likely that there will be as much chance of tyranny then as there is now and has been throughout history – i.e., a very high chance. Only, it would be worse because a person or a few people with much greater intellectual capacity than the rest of us would be that much better able to solidify their tyranny and make sure that it is complete and perpetual. And none of this answers the question of *who* should be according this privilege – and who is to make the decision of who should be accorded the privilege? Should the decision be universally democratic? Should another person unilaterally decide? Should a subset of the people democratically decide? Should a group of all physicists decide? All ethicists? All AI and computational engineers? All scientists generally? All philosophers? As in the case of a DAO and syndicalism,[382] this question cannot be answered definitively, but rather any answer that is given would be completely arbitrary. And, presumably, the socialist is not so naive as to think that such an arbitrary decision, however it is made, could ever be a satisfactory one.

But for the sake of argument, say that we are lucky enough to stumble upon a person who does always have the best interests of everyone at heart, and somehow (though we cannot say how) we are able to determine that this will always be the case so long as this person is in power (or it just luckily happens to be the case after we put him in power), and we are able to ensure his immortality by either making his biological body perpetual or by uploading his mind from time to time into new robotic bodies as the old ones wear out, so that the caring and intelligent mind could be made perpetual. Imagine that everyone agreed, miraculously, that this was the correct person for the job, and so we artificially enhanced his intelligence, and then he sets about centralizing control of economic production, i.e., creating a system of socialism, that was at least as efficient and productive as the modern system of capitalism. But, then, this assumes, first of all, that we have solved the problem of death. It also assumes that either everyone involved in the

382 See Chapter 4 above on syndicalism. DAO stands for "decentralized autonomous organization."

decision of who to pick as leader agrees and is able to see into the long-term future to know that this person will not suddenly and unexpectedly change and become malicious, or that we have been granted an extraordinary amount of luck that he will not become malicious since we could not see into the future to make this determination, two things which are so unlikely that it is almost not worth discussing them in this context. Furthermore, even if *one* of these problems was solved, this would not be sufficient – the other one would *also* have to be solved for this hypothetical situation to work, and the probability of both problems being solved together is astronomically smaller than the tiny probability that either of these would be solved by itself. But even this is not everything – the solving of these two extraordinary problems would mean nothing, at least for the problem of socialism, if it is simply not *possible* to enhance a human's intelligence to the point where the socialist arrangement of economic production actually becomes efficient and productive. If this is impossible, then we are back to square one anyway, regardless of whether or not we have solved the other two problems. But really, as stated above, given how efficient and productive the capitalist arrangement of society is, there would be no point in trying to structure society along socialist lines in such a post-enhancement world, with the attendant need to face these insurmountable problems and moral dilemmas, when we could simply continue on with the *capitalist* arrangement and use our enhanced intelligence to more deeply, more creatively, and more efficiently solve the problems with which we are faced than we were able to before, and thus carry on about our lives, albeit in enhanced ways, in a society which continues to *distribute* and *balance* power, rather than centralize it, i.e., in a society which remains *free*.

## §2 Brief Foray into Interventionism

Based the preceding analysis, we can then ask the more general question, "Is it possible to develop enhanced intelligence of *any* kind such that, assuming we are able to reliably harness it for our own purposes, it could solve the economic calculation problem of socialism?" It will be important in the ensuing discussion to recall the key difference between capitalism and socialism: capitalism is based on private ownership of the means of production, where ownership of production goods is distributed among producers based on ongoing voluntary transactions on the open market for production goods, while socialism is based on centralized state ownership of the means of production, where the central state authority, usually (or, for all practical purposes, *always*) a single person at the top, the dictator, who makes all the ultimate strategic decisions, and many of the smaller

ones, has absolute, arbitrary control of all production goods, and can confiscate these from anyone else he wishes, or shift any of the material resources or the human capital (labor) in the nation in any way he wishes at any time. For a socioeconomic system to qualify as full socialism, economic control has to be completely centralized, though this centralization of economic power can have many and divergent outward forms. For a socioeconomic system to qualify as full capitalism, arbitrary infringement on the person or property of others, by a government employee or a police officer or another private citizen, must be at its theoretical minimum, and he who acquires capital resources without arbitrarily infringing on the person or property of others is allowed by the socioeconomic arrangement to keep it, such property is protected from theft, and the owner has complete control over the property himself, to the exclusion of *arbitrary*[383] control of it by other private citizens or the government. Any step in the direction of arbitrary government control of a citizen's capital resources, i.e., any effort at moving a capitalist society into an interventionist one, is an effort which moves society toward socialism, because it, through the use of arbitrary infringement, increases the power which the government has over economic resources and correspondingly decreases the power which private citizens have over those same resources. Conversely, any effort to decentralize economic power in a socialist society is an effort which moves the socialist society into an interventionist one, where private citizens have at least a modicum of real control, that is, ownership, of at least some of the productive capital goods. The further this system liberalizes – i.e., the further the government's ability to arbitrarily control productive economic resources is reduced – the more capitalist the system becomes. It is misleading to say that interventionism is a third system which is a peer of capitalism and socialism, because doing so obscures the essential difference between capitalism and socialism, viz., that through the increase or the decrease of arbitrary infringement of the government on the productive economic resources of private citizens, the socioeconomic system becomes more socialist and less capitalist, or more capitalist and less socialist, respectively.

Interventionist measures, which will be discussed in more detail in Appendix C of this book, should only be thought of as *temporary* measures which a government may need to take to protect social integrity in times of crisis, or to avoid what to honest analysis appears to be an immanent crisis, and which should *only* be aimed at restoring the integrity of the capitalist arrangement, and then should be removed. Those of a socialist bent, but who understand enough to know that full-blown socialism would be tyrannical and therefore destructive of freedom,

383 Again, this does not include legitimate taxation, which is not *arbitrary* infringement.

will praise interventionism as a "third system" which solves the problems of both capitalism and socialism but which keeps the beneficial aspects of each. This mindset treats interventionism as its own system which should remain permanent in human society, and erroneously assumes that just because capitalism and socialism are polar opposites that they are both "extreme" and "biased" and therefore it is necessary to find a "common ground" between them if we wish to find the actually correct way to structure society so that we all benefit from the social arrangement. This confuses one type of dichotomy with another. If, say, two competing religions, each of which has a flawed understanding of one or another part of the world (which flawed understanding is necessary, in fact, for them to be religions at all – the whole point of religious belief is to obscure the true meaning, i.e., the objective understanding, of death so that this reality seems more pleasant to the human psyche than it actually the case, since death and its implications are unpleasant to think about), come to heads, it makes sense to say that a proper, that is, *rational* or *objective*, understanding of reality is somewhere between them. But the antipodal nature of the capitalism-socialism divide is a different type of dichotomy – one of rationality vs. irrationality,[384] not one of one irrationality vs. a different irrationality. Just because capitalism-socialism is a dichotomy does not mean we are justified in assuming that it has all the essential characteristics of all other dichotomies, or of any other particular type of dichotomy. Comparing the one dichotomy with the other and saying they are the same, then, is an example of the making of a *false analogy* – an analogical comparison which concludes erroneously that the essential structures of two things are the same simply because superficial characteristics of them are similar, when the essential structures of the two things being compared are, in fact, different. This "common ground" idea regarding interventionism is nothing but an attempt by certain socialists to still cling to socialism, which for them is an emotionally comforting belief system, and to still see socialism realized in society, when they have been disillusioned enough to realize that full-blown socialism is not the freedom, prosperity, and democracy which its propaganda proclaims it to be. Such socialists still have an emotional attachment to the idea of centralizing economic control,[385] and are unwilling to understand that complete decentralization of economic control is the better way, and so they misinterpret and misunderstand the function and value of government intervention in economic affairs. Government does have a role to play in economic affairs, but it is not the role that many people think of when they think of inter-

384 See Chapter 2 on capitalism and Chapter 3 on socialism, as well a numerous other sections in this book, for a detailed explanation of why this is so.

385 This emotional attachment and its underpinnings will be discussed in greater detail later in this book.

vention or interventionism, and it is crucially important to see this intervention in proper context, so that we can accurately determine the limits and boundaries of its usefulness in preserving freedom and ensure that it does not go beyond these limits. Additional discussion of interventionism will be found in Appendix C.

## §3 Superintelligence and the Technological Singularity

Given the problems highlighted by the discussion in Section 1 above regarding artificially-enhanced human intelligence as it relates to socialism, we can set aside discussion of socialism in this context and focus the remaining discussion on AGI systems, with the understanding that every conclusion drawn about general intellectual potential and its limits applies equally to artificially-enhanced human intelligence as it does to AGI systems. So, imagine that humanity has created a full AGI system – a system which is equivalent to the human mind in thinking rationally, i.e., in pattern-matching (or pattern-finding) and problem-solving. But, of course, if the human mind itself cannot solve the economic calculation problem, then a computational intelligence whose problem-solving ability is equal to that of the human mind also could not solve the economic calculation problem. And it would have to be a *single* such AGI instance, because if it were multiple AGI instances which were truly independent of each other and which worked in a collaborative fashion and divided mental labor, this would no longer be socialism, but capitalism – in which case the economic calculation problem *would* be solved, but it would be solved by transforming the system from socialism into capitalism (which is the way an actual human society solves the problem of economic calculation), instead of in the context of socialism itself. So, then, this AGI instance would have to develop, somehow, to become a system whose intellectual capacity, i.e., whose capacity for pattern-matching and problem-solving, is *greater* than that of a single human mind, however bright. In the research community, there is a concept called *superintelligence* which is often used to describe this, though researchers and theorists differ on the specifics of the definition. And here is where things can become hopelessly murky and incomprehensible if one does not have a sound understanding of the ideas involved. One definition of superintelligence is simply intelligence surpassing that of humans. Alternatively, superintelligence can be defined as the more nebulous idea of intellectual capacity beyond that which humans are *fundamentally* capable of recognizing or understanding as such. This latter definition is more emotionally interesting, which interest itself has certain implications that can help us better understand the human psyche. We will come

back to these implications later in this chapter. But for the present discussion, this latter definition brings into the picture the concept of the "technological singularity," which is the idea that after AGI is developed, and perhaps with further human assistance at least initially, the AGI system will eventually figure out how to adjust its own code so that it is able to increase at will its own intellectual capacity. But after it does so, it is that much smarter, which means it will be that much easier for it to figure out how to further increase its own intellectual capacity, and so the next such increase of a comparable "amount" of intelligence will happen sooner than the prior one did, and the process is theorized to accelerate in this fashion, so that the intelligence of this AI system becomes infinite in a finite amount of time, and perhaps, at least in the musings of a subset of the researchers and commentators, infinite within the lifetime of those now living. The moment this point is reached is one way to define the technological singularity, by analogy with the singularity at the center of a black hole, because, it is thought, the intellectual capacity at this point, and beyond, is fundamentally incomprehensible to the human mind – the "thoughts" of such an entity would be incomprehensible to the human mind, the creations of such an entity would be fundamentally inexplicable by the human mind, etc. It is supposed that it is impossible for humans to envision or predict what the world, the entire universe, in fact, beyond this point in time would look like or consist of, because it would contain, and be fundamentally transformed by, an entity, or entities, which are fundamentally beyond our understanding.

There are numerous problems with these ideas. First, they completely misunderstand the nature and meaning of the "limits" which have been placed, by the evolutionary process, on the human mind's capacity and ability to understand the world. Second, their conception of the connection between intelligence and infinity is flawed. Third, their projections into the future are based on very limited information regarding trends over the past few years and decades, and whose only basis is their empirical determination, without any underlying theoretical framework which would explain why such trends are inherent or necessary and which framework alone could provide justification for these trends to be considered extendable into the future beyond a strictly limited and circumscribed practical window. Fourth, the ideas are, sometimes substantially, oversimplified. Fifth, the way the arguments are made and the nature of what is theorized to exist or possibly exist are both too similar to the way religious arguments are made and to the nature of the religious entities, realms, and phenomena which are believed by religious adherents to exist for these similarities

to be coincidental, and this also has implications for the validity of the ideas and arguments. Discussion of these points follows.

## §4 The Totality of Rationality, and Emergent Patterns

What limits is it assumed the present human mind is subject to which would make a rationally-thinking person conclude that it is possible for there to be an infinite intelligence in the real world? Let us think about the idea of AGI for a moment. AGI is artificial *general* intelligence, or intelligence that is equivalent, according to AI researchers, to that of the human brain, where *general intelligence* is defined as the ability to find patterns in data and phenomena *generally*, that is, to find patterns in *anything* without any prior knowledge of the specifics of the data or phenomena. Problem-solving is nothing but the finding of patterns which will help us solve a problem with which we are confronted, and so in terms of defining intelligence it is the same thing as pattern-finding or pattern-matching. But when a mind, or any thinking entity, gets to the point where it can find patterns generally, *there is, at this point, no further development of intellectual capacity which is possible that could bring an intellect to a fundamentally higher plane of thought*.

This is crucial to recognize. The world is inherently, and ineradicably, *rational*, in its entirety – lack of rationality would mean logical contradiction, which is impossible. Everything in the universe, without exception, exists and operates *rationally*.[386] But, as we discussed above, rationality is nothing but pattern-finding. The finding of a pattern is, itself, the process of thinking rationally – the two are one and the same. Neither supersedes or is a subset of the other. And since the human brain already has the general ability to find patterns, then, and this is crucial, *the human brain is already capable of understanding, in its entirety, literally everything in the universe that exists, or that could exist*, including anything which a hypothetical intelligent entity smarter than humans could possibly create, and any thoughts which it could possibly think. For these creations, and these thoughts, would *exist*, and therefore would be subject to *rationality* in their entirety, which, in turn, means they would operate entirely according to *patterns*, which, in turn, would mean that the human mind would be capable of understanding them. The human mind would also be capable of understanding the intelligent entity itself, and how it is constructed, or how it has constructed itself, because, again, the entity would *exist*, and therefore would be entirely explainable by rational means. Another way of saying this is that if we do not have an understanding of how something works, such as consciousness or the center of a black hole

386 The totality of rationality will be discussed in greater depth in a future writing.

or the beginning of time or the edge of space or whether or not God exists or the nature of love or the origin of quasars or the full meaning of the big bang,[387] not to mention anything which is less complex than these "grand" questions but still not simple, it is not, and *could not be*, because of a fundamental limitation in our ability to understand it. Rather, it would, in all cases, be either because we do not have the technological or scientific tools to gather the necessary data about these things in order to begin teasing out the patterns by which they operate, or to finish teasing out the patterns if we have up to that point completed our investigation partially, or because the patterns which we already understand, that is, our current scientific understanding, is flawed or limited in some way we do not as yet recognize, and so we, at the moment, are blind to certain patterns which we would see otherwise, patterns which it would be possible for us to see with new scientific or technological tools or a new, expanded or altered perspective. The history of scientific achievement is full of advancements based on either newly-invented technological or scientific tools which allow us to gather data we did not know about or could not access before, or theoretical advancements which allow us to see patterns in one or another part of the world more clearly, more deeply, in better context, and in truer perspective. What is not as easily realized is that *this is all it takes* for the human mind to fully understand the universe. The limitations of the human mind in understanding the world are not fundamental, but technical and practical, and, therefore, we are able to overcome them without any change to the basic structure of the human brain as it exists today. This does not mean that we will actually ever understand the entirety of the universe, but if it ends up being the case that we never full understand the universe, it will not be because of a fundamental limitation of the human intellect, but rather because we, for whatever reason, simply never developed the tools to gather the necessary data about certain parts or aspects of world, and, to the extent our lack of this data influenced our theoretical understanding – i.e., our understanding of the patterns by which the universe and everything in it operate – our theoretical understanding, i.e., our *understanding*, plain and simple, would also be lacking.

It is also important to realize that complete ability to understand the world does not mean complete predictability with regard to it. These two things are often confused. Complete ability to understand means the ability to detect the pattern or patterns by which literally anything in the universe operates. That is, everything, without exception, in the universe is *understandable*, since rationality and understanding are synonymous. But different entities in the universe are discrete and separated from each other, and so they operate independently of each

387 All of these topics will be discussed in greater depth in future writings.

other, and when these entities interact, each operates rationally according to its own rules of operation and all interactions between them are rationally understandable, but from the point of view of an observer, such as a human, who only sees their interactions *at the present time*, and has no knowledge of the prior trajectories of each of these independently-interacting things, these interactions can be *perceived* as occurring or happening *without pattern*. From the perspective only of the present, without knowledge of what led up to the present, items which are independent of each other but which are interacting can interact, at any given moment, *without pattern*, precisely because they are independent of each other. Furthermore, if we look at a set of these interacting entities which seem to all stick together in some way or another, and which thus form an observable or detectable boundary, however fluid this boundary may be, then it can appear that there is inherent randomness in the universe, at least in this particular part of it, and, therefore, it may appear that a part of the universe is beyond rational understanding or explanation. But the reality is that even though there is not a complete pattern in the specific details of the entities' interactions over time, and therefore these interactions can at least in part be called random, all these interactions are still entirely *rational* – i.e., they contain no logical contradictions – and, therefore, the system of interacting parts itself is entirely explainable and understandable by the human mind; it is just not completely *predictable* by the human mind because, since the operations of the system and the evolution of the system over time do not occur entirely according to patterns, the mind cannot *fully predict* its behavior, because prediction relies entirely on the detection of patterns. It is a matter of the level at which we observe the behavior, not a matter of fundamental distinction – if we observe the "system" of a single item among the interacting items, we perceive that it has a defined boundary, but all its parts operate as a unit, and therefore it is easier to understand how this item can be explainable by rational means. But then we shift scale to the entire dynamic system, with many interacting *independent* components, and we see that it also appears to have a boundary of some sort which we can observe or detect, and we see randomness and thus unpredictability within it, and conclude that there are parts of the universe which are fundamentally beyond rational understanding. But this is a mistake, and it is based, as so many mistakes are, on a *false analogy*, specifically that between a single unit of the system and the system itself, that both are *bounded, single things*; in fact, there is an important difference between them, in that the one is a single item all of whose parts operate rigidly as a unit, while the other is a loosely-coupled collection of independently or quasi-independently interacting individual units. In our effort to categorize, and thus try to understand, the

complexity of the world, we have committed a logical fallacy, and so, as with any argument based on one or more false assumptions, we have drawn an incorrect conclusion based on our incorrect assumption. Just because we cannot predict the precise behavior of a complex system of many interacting parts out to any length of time does not mean that the system is not entirely explainable by rational means. This is true of, e.g., a human brain, made up of tens or hundreds of billions of cells and trillions of synapses. It is also true of a human society, made up as it is of many loosely-coupled, quasi-independently interacting humans.

And, on top of this, when the single units interacting in these loosely-coupled systems are all fundamentally equivalent to each other, i.e., they all operate individually according to the same essential principles and patterns as each other, regardless of how different they are otherwise (i.e., regardless of their superficial differences) – patterns such as the basic behavior of neuron and glial cells in a single human brain, or the basic behavior of individual humans in a human society – then their interactions will occur according to the essential principles of the individual components of which the systems are made. Specifically, not only will each unit or entity take action according to the essential principles of its entity type when it takes action to affect others of the same entity type in the system, but each entity will also *react* to actions taken by other entities *according to these same principles*, i.e., according to the essential principles by which each of the entities is built and behaves. This means that, so long as the entities do not change in any essential or fundamental way, if we come to understand the essential principles and patterns by which each entity behaves, we have thereby made substantial progress toward understanding how the entire system behaves. For example, if we understand all the essential patterns by which a single human mind behaves, then we have made substantial progress toward understanding the principles and patterns of human society and human history.

Furthermore, though the patterns by which the systems behave will, to one degree or another, be *emergent*, that is, will be patterns which cannot be broken down reductionistically to the patterns by which the individual components behave – e.g., language, a moral sense, love and other emotions, consciousness, etc., are patterns expressed by a brain which are not, and cannot be, expressed by individual neurons or glial cells – the patterns of behavior of the system as a whole will nonetheless be a reflection, however obscure, indirect, and imperfect, of the patterns by which its entities or components behave. It is more difficult to do this in the case of the brain than in the case of a human society, so I will give an example using human society as the complex system – the birth, growth, aging, and death of a human being has a reflection, however distorted and imprecise, in the

birth, growth, aging, and death of a human society. Further, the distortion itself is a direct result of the fact that the system is not a single unit all of whose parts act in rigid synchrony, but is, rather, a set of loosely-coupled, quasi-independent interacting parts. Note also that the parts themselves can be coupled or loosely-coupled systems, such as the parts of a human society being themselves made up of trillions of cells coupled, albeit more tightly than humans in a human society, together, and, in particular, whose behavior is determined by the tightly-coupled systems of brain cells which form individual human brains in society. The reason we see patterns in human society which are based on pattern which emerge from the coupled neural and glial connections in the individual brains of which society is made is simply that both operate according to patterns, and patterns on top of patterns are still patterns – i.e., there is still a *lack of logical inconsistency* within their stacked operations. The scientific study of human society, which includes as an essential component economic activity, in fact, can be reduced largely to a study of these patterns. The reason that economic activity cannot be *fully* understood without reference to social, moral, and political activity as well, and that all of these types of activity can only be fully understood when placed in the context of all the others – the reason, for example, this book has said several times that capitalism implies political freedom and the two mutually imply and reinforce each other in human society, and that the same mutual implication and reinforcement is the case for socialism and tyranny – is that these are *patterns* in human society – capitalism, socialism, freedom, tyranny, etc. – and there is no fundamental division between the various patterns by which a complex system such as a human society behaves – the interactions between the system's components are just the interactions, plain and simple, which are unitary, and how we divide these interactions and sets of interactions up in order to better understand the system as a whole is based on how the different *emergent* patterns, such as economic activity or political activity, affect *us* in our personal lives. But it is important to realize that these patterns all arise from the same source, i.e., individual, unitary human interactions, and the thought of an individual human is based on a single system, however complex, and is geared toward a single goal, that of survival and the pursuit of happiness and fulfillment. This means that all emergent patterns will feed into each other, which means that each of these cannot be fully explained without fully explaining all the others. But in doing so one has reached the ultimate goal, which is a full understanding of human society as a whole, viz., an understanding of the patterns and principles by which human society operates.

One more note should be made here, which is that the difference between these emergent patterns which can be observed in any given human society at a

particular point in time is not the same thing as the difference between the capitalist and socialist socioeconomic arrangements. Equating these two differences would be another example of false analogy. Two emergent patterns in a given human society at a given time, such as economic activity and political activity, occur together at the same time and so are based on interactions between people in a society which is *currently structured in a particular way*. The difference between capitalism and socialism, on the other hand, is that *between two different ways of structuring the same society* which are incompatible with each other. Another way of saying this is that the human brains in a capitalist society are trained in certain ways which make the expectations, outlook, perception, desire and value structure, ideological understanding, etc., of those in that society different from those same things in those same human brains if they lived in a socialist society, and each of these overall mental states and the particular arrangement of society with which it is associated mutually reinforce and imply each other. This reflects the concept of a fundamental distinction between idea nexuses, discussed earlier, and, in fact, the present discussion on emergent patterns in complex systems is another context in which to view the fundamental distinction between the specific idea nexuses of capitalism and socialism: the emergent patterns in a given socioeconomic arrangement of society differ in distinct ways from the emergent patterns in a different socioeconomic arrangement.

## §5 Qualitative Differences in Intelligence

There is also the idea that since our intellectual capacity has advanced "qualitatively"[388] beyond that of our pre-human ancestors, which are thought to have possessed, at one point or another, intellectual capacity equivalent to that of modern apes and monkeys, then there could conceivably be further qualitative advances beyond *human* thought processes which could be achieved by a super-human intelligence, and that we would not be able to understand the nature of these qualitative advances any more than a gorilla or a lemur can understand human language, or long-term planning. This also is based on misunderstanding and false analogy.

The first thing to note is that emotional instinct and impulse is not fundamentally different from rational thought.[389] Emotional impulses are neurological phenomena which have been built up in our nervous systems over the course of

388 See https://en.wikipedia.org/wiki/Superintelligence (referenced on **4/23/23**), specifically the section called "Feasibility of artificial superintelligence."

389 This will be discussed in greater detail in future writings.

billions of years of evolutionary history, and they help us to ensure our survival in an often uncertain and inexplicable world, especially when the world frequently poses immediate threats to which we have to react rapidly if we wish to preserve our lives and our chances of procreating. This kind of reaction to an uncertain, complex, and changing world is a reflection of certain fundamental limits on the ability of any thinking entity to predict the future, which limits will be discussed at greater length in what follows. It does not represent an intermediary point on the evolutionary continuum which, over the course of time, can be reduced further and further until it is eventually completely eliminated (and note that even if this was possible, there would be no guarantee that the evolutionary process would proceed in this direction). Human emotions are nothing but an inheritance from the instinctual impulses aimed at survival in our evolutionary predecessors. But what is important here is that (a) they are completely explainable by rational means, as is everything that exists or could exist in the real world, (b) they are built into our psyches for the same reason that rational thought is, i.e., for the purpose of survival, and by the same process – the evolutionary process, and (c) they are the result of *patterns* being laid down in the nervous systems of our evolutionary predecessors – those predecessors who were genetically predisposed[390] to recognize, or mechanically act on, certain patterns important for immediate survival better than their contemporaries in the same species or related species were able to produce a disproportionate amount of progeny compared to the average for their species and pass on this pattern of detection and response to their progeny genetically. When evolutionary history reached the human or near-term pre-human point,[391] this process of passing on additional genetically fortuitous and rigidly unchangeable pattern detections was still there, as it is now; but presumably at that point the nervous systems in our predecessors were at least to some degree genetically endowed with general pattern-detection capability, which then developed over the course of time, and very likely as a result of the competitive struggle for food, shelter, and mates between these pre-humans who kept showing an increased need for general pattern-matching ability over evolutionary time in order to succeed in competition due to the prior increases in general pattern matching ability in the others around them. This could easily have been an ongoing and self-reinforcing cycle, to the point of full general pattern detection ca-

390 See any number of excellent textbooks on biological evolution, which will explain in great detail the relation between genetic material at the molecular level and the macroscopic patterns of the evolutionary process. For example, see Scott Freeman and Jon Herron, *Evolutionary Analysis*, and Mark Ridley, *Evolution*. Also see any and all works written by the evolutionary biologists Stephen Jay Gould and Ernst Mayr. And these are just the tip of the iceberg when it comes to detailed, high-quality, and thoroughly interesting scientific writing on evolutionary theory.

391 For which, we should be clear, there was no guarantee, and which, given what we know about evolutionary history, appears to be a wildly unlikely accidental occurrence.

pability in humans as we exist today. Now, regardless of the specific details of this evolutionary process and how it actually happened, which, granted, are not fully known, the point being made here is still the same, viz., that emotional instinct and impulse in the human mind was developed according to the same basic method, that of the detection of patterns, as the method by which rational thought operates – in other words, it is incorrect to say that emotions are "irrational" in the sense that they are fundamentally distinct from and irreconcilable with rationality or rational thought. The conclusions that we draw based upon emotional impulse are often at odds with those we draw based upon a rational analysis of a situation. But this is not the result of a fundamental difference or incompatibility between emotion and rational thought, but rather of the fact that our inherited emotional impulses were built based on the evolutionary, and very slow, detection of immediate and simple patterns, for the purpose of immediate survival, and the fact that the more complex patterns which rational thought can help us understand involve too many changing factors and too many unknowns for such patterns to be built into the evolutionarily-derived and pattern-specific genetically-determined instincts and impulses. Emotional impulses are the detection of and response to short-term patterns, and they are powerful because they are built on the basis of the need for survival as well as because we, as humans, are quite close in evolutionary terms to our pre-human ancestors. But the patterns upon which our emotional impulses are based do not take account of the broader context, i.e., the more complex and more long-term patterns of the world around us. And as with anything taken out of context, the conclusions about the broader world which can be drawn from the perception of a pattern independent of its broader context can easily be at odds with the conclusions drawn about the broader world when the entire context is known. The conclusion that we are in immediate danger and that we have to act fast to preserve our lives can easily make us ignore the less immediate potential damaging consequences of our actions as we work to ensure our survival, and while we might survive, the consequences of these actions may come back to bite us later; if we had known the context ahead of time, we might have changed our actions (since we would now have a greater understanding of the consequences of the various actions we might choose to take) so that we could both survive and do so in a way which also avoids any, or at least some, of the less immediate, less obvious long-term damaging consequences.

But knowing this context involves perceiving much more complex and longer-term patterns, which is much harder, and which is why our emotional impulses do not include this ability – in fact, if they did, they would be no different from general rational capacity, and we would not distinguish emotion and rational

thought in the first place. And this is the whole point. The need for survival often makes us latch on deeply to a particular idea or a particular course of action. And when a rational argument, which is based on the broader context, can be made with regard to our chosen ideas or course of action, many of the conclusions of this rational analysis will be at odds with many of the conclusions which make us feel emotionally comforted and reassured, and this often leads to rejection of the rational conclusions, either partly or wholly. This need to reject the rational conclusions and accept the emotionally-appealing ones, which rejection and acceptance are done for the purpose of survival, makes us also conclude that there is fundamental distinction between emotion and rationality – if there is such a distinction, then the rational conclusion is not just maybe wrong or partially wrong or transiently wrong, but wrong in principle, wrong completely, wrong permanently, wrong unchangeably, and this gives our emotionally-derived conclusion a solid boost, which we find highly emotionally gratifying. But this supposed fundamental distinction is, for the reasons just discussed, not actually fundamental. The reality is that emotional impulses and general pattern-matching capability (i.e., rational thought) are not fundamentally opposed to each other. We only perceive such an opposition because it is oftentimes emotionally gratifying for us to believe that there is one.

To continue the discussion, in saying that there are qualitative differences between the intellectual capacity of humans and that of, for example, gorillas, or that of our pre-human ancestors whose intellectual level or capacity we can consider as equivalent to that of gorillas, we have to be careful to be clear about the level of analysis at which we are speaking. At a higher level, for certain practical purposes, we may say that the human capacity for language or for long-term planning is qualitatively beyond that of which a gorilla brain is capable. But this *practical* qualitative difference can be, and in the case of those arguing in favor of the reality of qualitatively-different superintelligence is, erroneously thought or believed to be a *fundamental* qualitative difference. The impulses in the minds of gorillas are more dominated by the evolutionarily-inherited, rigid, short-term patterns than by the capacity for detecting new patterns based on perceived data, but the short-term patterns are still *patterns*, and thus not fundamentally different from the general pattern-detection capacity of the human brain. Language, which we can say is a qualitative improvement in the human mind over the gorilla mind at the higher, practical level, is not fundamentally different from the emotional impulses in the gorilla mind, or those in the human mind; language is just the outward expression of rational thought, for the purpose of communication and collaboration between members of a group, which is evolutionarily advantageous in

the battle for food, resources, and mates between groups, and capacity for language develops, at least inwardly, in direct proportion to the development of general rational thought, and *cannot do otherwise*. The same is the case for long-term planning: long-term planning is nothing but the detection of patterns further out into the future, which requires the ability to take into account more variables, and more uncertainty and potential for change, than the detection of short-term patterns, and this ability develops in direct proportion to the general ability to detect patterns, i.e., in direct proportion to the rational capacity, and, again, is not fundamentally distinct from emotional impulses in humans, or the impulsive drives in the minds of gorillas, in detecting short-term, more out-of-context patterns. The inner connection between rationality and emotion is such that it is incorrect to see a fundamental distinction between them. Rather, a proper understanding would show that the one is nothing but an extension of the other, and that there is nothing about the two which would make them irreconcilable.

But, as we have discussed, there is nothing *qualitatively beyond* rational thought when it comes to intellectual capacity. There can be systems which detect patterns more efficiently and more quickly than others, i.e., that can *think rationally* with more efficiency and speed than others, but there cannot be a way or mode of thought which is fundamentally above or beyond *rational* thought. The world is and must be rational, since lack of rationality implies logical contradiction, and logical contradictions cannot exist. And since the human mind already has the full capacity for rational thought, i.e., a general pattern-matching faculty, this means that no machine, however advanced, can ever understand the world in a qualitatively (meaning *fundamentally*) different or qualitatively more advanced way than the human mind can understand it. Such a system may be able to detect patterns in the world better than the human mind does, or more efficiently, or faster, but no matter what conclusions such an advanced system draws, no matter what patterns it detects, what it builds, or how it is constructed, all these things – the conclusions it draws, patterns it detects, physical things it builds, how it is constructed – would be *fully understandable* by the human mind, because they would *exist*, and would therefore operate and be constructed rationally. In many cases, and the present section is a discussion of one such case, when we say that there are qualitative (by which we mean *fundamental*) differences between things, what this really means is that we are at a loss as to how to explain the connections between the things being compared, and so we conclude that there is something fundamental which distinguishes them, though we cannot pinpoint precisely what the distinguishing characteristics are. It is the same situation when physicists, philosophers, and others conclude that there are certain “primitives” upon which the un-

iverse and everything in it, including, by implication, rationality itself, is built, and therefore it is fundamentally impossible for the human mind to understand the universe below or beyond this level, since the human mind perceives the world rationally. This is a flawed conclusion based on an oversimplified picture of how the world must be understood, and of the meaning of rationality.[392] If these primitives exist, then they must conform to the principle of rationality, i.e., they must contain no logical contradictions, and so they must be fully explainable and understandable by the human mind.

In addition to simply not being able to perceive the deeper connection between two things, there is also, in the case of the presumed qualitative/fundamental differences between the human mind and the pre-human, ape, or monkey minds, a desire in each human psyche, which itself is inherited from the emotional drives in our evolutionary ancestors and is one of the survival mechanisms of the individual organism, to believe that it is special compared to other human psyches and other animals, and that humans, by extension, are a special species. These two things reinforce each other in our psyches, and they lead many of us to conclude that there is more of a qualitative difference between the intellectual capacities of humans on the one hand and pre-humans, apes, and monkeys on the other than is actually the case. Finally, combine this with the great, perhaps morbid, interest (built on fear of the unknown, which itself is a result of the survival instinct) in the concept of an infinite, and potentially infinitely destructive or infinitely powerful, intelligence, as well as the principle which is known among most of us, especially the well-read, that over the course of the past few hundred years humanity has been knocked, step by step, down from our pedestal of specialness so that perhaps it is now even *fashionable* to acknowledge, at least among the intellectually-inclined, that we are, in fact, *not* special, and this will lead many of us to conclude that just as there have been "qualitative" advances from pre-humans to humans in terms of intellectual capacity, so is it reasonable to conclude that there is most likely the possibility of "qualitative" advances beyond the intellectual capacity of humans. But we need to understand that this conclusion is based on flawed premises, as discussed. Only by having a sound, mature understanding of the meaning of rationality can one see this. Once a being, whether biological or machine, gets to the point of general rational capacity, i.e., of general pattern-matching and pattern-detecting capacity, it has achieved the highest height of ability to understand the world, at least in a fundamental sense. Any advances beyond this would be technical or practical, not fundamental. It is true that we as a species and as individuals are not nearly as special as the human psyche wishes we

392 The foundational nature of the universe will be discussed in greater detail in future writings.

were. Our planet is not the center of the universe, or even of our solar system, but revolves around the sun, as Kepler and Galileo showed; there is no such thing as the divine right to rule, as was shown by the economists and social scientists during the Enlightenment in Europe in the 17th and 18th centuries; Newton showed that the heavens operated according to the same principles as the worldly realm with his development of the mathematics of classical gravity; Darwin and others showed that humanity is not fundamentally separate from the animals and all other forms of life, but in fact is fundamentally the *same* as the latter and built upon the same framework and history; subsequent generations of evolutionary scientists and other biologists developed evolutionary theory further to show just how much *randomness* and *accident*, rather than predestined purpose, are a part of the development of organisms and species, including humans; quantum mechanics has shown that there are basic limits on our ability to predict the future, because it takes particles to detect the speed and direction of other particles, which detection inevitably alters their speed and direction (note that this is not the same thing as a limitation on our ability to detect patterns, i.e., on our capacity for full rational thought); Stephen Wolfram discusses the concept of complexity in his book *A New Kind of Science*, which only a few decades ago suggested that the threshold of complexity is remarkably low, and that surprisingly simple systems can show the essential characteristics of complexity which are shown by what we think of as highly advanced, complex systems, such as the human brain, which, in turn, would mean that the "degree" of complexity of the human brain is not anywhere near as far-removed from the degree of complexity of the simplest systems as we might like to believe. In all these ways, and more, human beings have had to come to grips with the fact that we are not special in the universe, that there is no grand plan for our existence, no preordained destiny, that we are alone without guide or guard, save that which we can forge for ourselves. But in one respect, at least, we can say that we *are* special: we are the first species on earth, so far as we know, which has the capacity to understand that it is not special. This understanding is a natural, and inevitable, consequence of the growth of the capacity for rational thought in our evolutionary forbears, and the inevitability of the conclusion that we are not special is precisely the reason why we often go to great lengths to reject the conclusions of rational thought in our regular lives, when these conclusions force us to acknowledge things which are unpleasant – the unpleasant sensation itself is our mind telling us that acceptance of this part of reality brings us a little bit closer to a full acknowledgment of our unspecialness, and such an acknowledgment is anathema to a mind which has been forged by the evolutionary process, and thus which equates specialness with survival.

## §6 Misunderstanding of the Concept of Infinity

The second objection to the idea of infinite superintelligence is that this conception misunderstands the relationship between intelligence and infinity.[393] In some ways, it is easy to grasp the concept of infinity – just imagine adding 1 to any given number, and then simply repeating this process without end. In other ways it is more difficult. Regardless, infinity can be defined as that which is without end, or the quality of being without end, in one way or another. Intelligence, on the other hand, can be defined as the ability to detect patterns, as we have seen, i.e., the capacity for rational thought. Now what, exactly, could be the relation between these two things, if any? There is a fear in the human psyche of death, as is expected for organisms which survived the process of evolution, and this fear is inherited from that of our evolutionary predecessors, though we can perhaps experience the fear in many more subtle ways than they due to our greater capacity for rational thought, which feeds into and influences the base fear itself in many diverse and nonlinear ways. One of the greatest sources of fear for us is the *rational capacity of our enemies*. The smarter our enemies are, the more likely they will be to get the scoop on us before we can get the scoop on them, and the less likely we will be able to predict their actions, which translates into increased uncertainty in our minds, which translates into increased fear for our own survival. It is not surprising that this powerful fear of a potentially life-ending or destructive unknown, combined with the newness and lack of clarity, at the present time, about the capabilities and potentialities of AI, has led some of us to conclude that there could be an infinite superintelligence. This is no different from any rigid adherence to a flawed belief out of desperate emotional need to have a solid and actionable understanding of the world and its likely future so that we know which actions to take if and when our survival is threatened, combined with a lack of sound understanding of the world, and its likely future, in which we must survive. The more we lack a rational understanding of the world, the more we rely on emotional drives to guide us, i.e., to provide us with *certainty*, and when certain ideas happen to reinforce the particular emotional drives onto which we have latched, we latch onto the ideas that much more strongly and uncritically for lack of the necessary rational understanding to properly and objectively evaluate them.

393 The concept of infinity, and its relationship to consciousness and rationality, will be discussed at length in future writings.

But there are certain fundamental limits to the growth of intellectual capacity which would prevent it from becoming infinite. In fact, the concept of an "infinite" intelligence is a contradiction in terms, because intelligence itself is nothing but rational thought, which is the detection of patterns, and since there is inherent randomness in systems of loosely-coupled, interacting components, as discussed earlier, these systems do not operate, at the level at which they would be analyzed, according to definitive patterns which comprehend the entirety of their behavior. The existence of an infinite intelligence would mean that literally everything, at all levels of organization and complexity, would operate entirely according to patterns, so that literally everything could be perfectly reduced to a pattern in the infinite mind, and this is simply not possible.[394] If systems have inherent randomness, then there will be inherent limits to this intelligence's ability to detect patterns in the behavior of these systems, and thus to predict their future behavior, and so such an intelligence, however great, would not, and *could* not, be infinite. Infinite intelligence implies not only the ability to completely, and instantaneously, detect all patterns in the universe, but also that all systems, at all levels of interaction and complexity and organization, behave perfectly rigidly with respect to each other and with respect to their interacting parts. But this is not the case. Human societies, for example, are only loosely-coupled sets of interacting humans. Simpler systems, such as planetary systems, while seemingly rigid, are actually not, because of minor and unpredictable changes such as solar flares, precession of the equinoxes of the various planets, comets entering the planetary systems from outside, the gradual movement of moons further away from their planets over the course of millions of years, planetary catastrophes, especially on larger planets, which have nonlinear repercussions on other parts of the solar system, and any number of other things which could disturb the gravitational equilibrium of the planetary system, and, what is most important here, disturb it in such a way that the effects of the disturbance are amplified vastly out of proportion to the magnitude of the initial disturbance, a phenomenon known as sensitive dependence on initial conditions, which is a hallmark of chaotic dynamical systems. Because the universe, in its entirety, is not a rigid system all of whose parts operate, at all times, in perfect synchrony, but rather consists of many different independent entities and systems which, to one degree or another, and in many and diverse ways, interact with each other while maintaining, at the same time, independence from one another, no matter how complete and isolated a system may appear to

394 Recall, again, the discussion earlier that the fact that a system of many loosely-coupled, interacting parts does not perfectly conform to patterned behavior at the level of the system itself does not mean that the system does not operate *rationally* – it does operate *rationally* in its entirety, and thus at this more basic level is entirely *pattern-based*.

be in the universe, one can never have perfect knowledge of it, in the sense of being able to predict the entirety of its future behavior, because (a) the system itself may contain many independent interacting components, whose interactions thus contain a certain amount of inherent randomness at the level of the system itself, and thus prevent the system from being *perfectly* described by patterns, and (b) there is no guarantee that, at some future point, some influence from outside the system will not invade and interfere with the operation of the system, which would then introduce additional, and unpredicted, unknowns, as well as add to and unpredictably change the nature of the inherent randomness which already exists in the system.

Note, as mentioned above, that lack of perfect knowledge of all future states of a system, or of the universe, is not the same thing as lack of a certain level of capacity for rational thought in the human mind, or for rational thought's capacity in general to fully understand the world. Rather it is an acknowledgment that rational capacity is nothing but the general ability to detect patterns, and where there are no patterns, none can be detected. This does not mean that the systems which show this inherent randomness are not, ultimately, based on interactions which can be fully understood rationally. Inherent randomness is just another way of saying that when we arbitrarily bound certain collections of interacting things, because these things interact *independently* of each other we cannot predict the precise state of these systems at some future point without a full knowledge of all the details of each of the interacting components at all times. When the interacting components are all built on the same principles, that is, they are all of the same component *type*, such as *humans* in human society, we can partially predict the state of these systems at future points based on an understanding of the principles by which the components themselves are built and behave, but we cannot *fully* do so because the components interact in a loosely-coupled, rather than perfectly rigid, way. In other words, *inherent randomness* is not a term used to describe something fundamentally at odds with rationality, but rather is used to describe a fundamental limit on our ability to *predict the future*. The same is the case for the concept of sensitivity to initial conditions. This sensitivity is a characteristic of chaos, which is a term used mathematically and empirically to describe a complete lack of pattern, but it does not represent something fundamentally at odds with rationality, or fundamentally beyond or above or outside of rationality. Rather, sensitivity to initial conditions is a characteristic of a system which, due to the same interactions of independent or loosely-coupled components as are relevant for explaining inherent randomness, can be disturbed by small perturbations in ways which lead to massive changes in the system.

Once again, as with inherent randomness, because both these perturbations and their increasing and nonlinear effects in the systems perturbed are due to changes in the interactions of components which are independent or quasi-independent of each other, the changes which happen are themselves going to contain a certain amount of inherent randomness, and therefore, to this degree, are going to be unpredictable intellectually due to the inherent lack of patterns in this randomness, and, thus, the inherent inability for a thinking system, however great, to *detect* patterns in these changes. Furthermore, with chaotic systems, the changes which happen become greater and greater over time, so that eventually the system becomes unrecognizable unless stopped from progressing to this state by other, contrary forces. This would mean that an infinite intelligence would have to take into account more and more factors, to a greater and greater degree, over time in order to continue perfectly predicting the system's future state, and thus to continue being infinitely intelligent. However great a superintelligent thinking entity is, e.g., the size of our galaxy, sensitivity to initial conditions and inherent randomness, and thus a lack of patterns, in the evolution over time of the systems being analyzed by the superintelligence would run up against the limits of the superintelligence's computational capability, its short-term memory, and its long-term storage capacity. Beyond these limits, additional components or factors which enter the picture from outside the system or systems being analyzed, or, if a given system being analyzed is big and complex enough, from the system itself, or parts of it, would not be able to be accounted for or fully accounted for by the superintelligence, and thus the superintelligence would, once again, show itself to be finite in intellectual capacity, rather than infinite. The superintelligence would have to keep adding onto itself, and growing bigger and bigger, in order to keep increasing its ability to keep track of the many untold numbers of particles and systems all interacting with each other in independent or quasi-independent, nonlinear ways, so that it can perfectly predict ever-greater parts of the universe. And this is *assuming* there are not limits on its own ability to grow, such as fundamental limits on the ability to implement computational complexity in physical systems, fundamental limits on the ability to search vast amounts of short-term memory, or fundamental limits on the ability to store information in a storage unit of a given size.

But this is not all. The superintelligent machine would itself be a physical system, and, especially if it grew to a substantial size, would have effects on the world around it, such as gravitational effects, which would disturb the systems being analyzed. In order to continue having perfect intelligence about these systems, the superintelligence would have to perfectly account for all of *its own* ef-

fects on the systems being analyzed, and the process of computationally analyzing the systems would itself have other effects, perhaps electromagnetic or nuclear, in various as yet unknown or unpredicted ways, on both the superintelligent machine itself and the systems being analyzed, which effects the machine would then have to *also* take into account in its calculations. The larger and more complex the superintelligence becomes, the more difficult it would be for it to take into account its own effects on the systems being analyzed, and this becomes a vicious cycle where greater growth and increased complexity in the superintelligent system in order to account for these greater effects produce additional effects, which in turn produce a need for additional growth.

But there is even more. How would the superintelligence analyze a system which it is supposed to perfectly know at all times without sending out some kind of probe particles or force fields in order to gather information about it? The system being analyzed has to be disturbed in order for any analysis to happen at all. This is the uncertainty described in the Heisenberg uncertainty principle. How would the superintelligence get around this? Literally every time it made an effort to analyze the system, or any part of it, it would disturb the system in a way which it would then have to take account of, *perfectly*, in its own calculations about the system, which would give it that much *greater* of a need for more computational power, short-term memory, and long-term storage. This is not to mention that these disturbances, however small, which the superintelligence makes to the systems being analyzed would in many cases, due to the very large number of independently interacting components of the systems and the sensitivity of these interactions, produce vast changes across the entirety of the system, or substantial portions of it, and potentially do so very quickly, which would yet again increase, possibly significantly, the difficulty of accurately predicting all future states of the system, which would necessitate that the superintelligence once again increase its own computational capacity, short-term memory, and long-term storage capacity. But this would then increase the disturbing nature of the other effects which the superintelligent machine itself would unleash on the systems being analyzed, such as gravitational effects. If the systems being analyzed were extremely far away from the superintelligent machine, so as to reduce the impact of gravitational influence, this first of all would not completely eliminate gravitational influence, but rather reduce it (albeit possibly substantially), but because of how far removed the systems are from the superintelligence, the superintelligence would no longer have perfect knowledge of the systems because at any given time its information about the systems would be out of date, possibly substantially. Furthermore, however tiny the superintelligent machine's gravitational influence on the systems would be

under these circumstances, due to sensitivity to initial conditions this tiny gravitational influence could magnify within the systems out of all proportion to the initial perturbation, and therefore still change the systems substantially.

In other words, no matter how well and how efficiently and how powerfully a superintelligence detects patterns – i.e., *thinks rationally* – it will *always* come up against the limitations imposed by inherent randomness of systems and sensitive dependence on initial conditions. These two things produce a state of affairs in systems such that the evolutionary course over time of these system is, at best, only partially determinable by patterns, and does not operate according to patterns otherwise. But since a superintelligence must detect patterns to a greater degree in order to become more intelligent, then there is a fundamental limit here to how great an intelligence can grow. This does not mean that a superintelligence would not be able to detect some patterns, though it may be able to detect all others. Rather, as with the human mind or any other system which implements general intelligence, it means that it simply would not be able to detect patterns where there are none to begin with. If it wanted perfect knowledge about such a system, i.e., a perfect ability at all times to predict all the system's future states with complete accuracy, it would have to be just as complex, or almost as complex, as the system itself being analyzed, because in order for an analyzing intelligence to be smaller and less complex than the system being analyzed, it has to be able to detect patterns in the behavior of the system, which would then free the intelligence from the need for information about at least a portion of the more detailed state of the system, because this subset of the behavior of the system is *completely* determined by the pattern which has been detected, so that all the superintelligence needs to store and keep track of in such cases is a statement in its memory of the pattern itself. But for systems which evolve over time with inherent randomness and sensitivity to initial conditions, the degree to which these two things inhere in the system being analyzed is proportional to the degree of complexity which would have to inhere in the intelligent machine which analyzes the system, because it is to this degree that the system being analyzed does not evolve according to *patterns*, and therefore it is to this degree that the intelligent machine cannot reduce itself in power and size while at the same time maintaining perfect knowledge of the system being analyzed. Further, the whole discussion in the latter part of this paragraph does not even take into account the superintelligence's effects on the system being analyzed, which, if they were taken into account, could easily mean that the superintelligence would need to have an understanding of the system being analyzed which is *greater* in complexity than the system itself being analyzed, and this is contrary to purpose because the point of intelligence is the

detection of patterns in order to make the complexity of the world simpler to understand and navigate within.

The concept of an "infinite" intelligence, or an intelligence which is qualitatively or fundamentally beyond the human mind in intellectual potentialities, is a figment of overactive, and fearful, imagination. The human mind already has full rational capacity, which means that there is no level of intellectual capacity or potential which is *qualitatively* beyond the human mind's ability to understand the world. Furthermore, for any intelligent machine which is more efficient at detecting patterns than the human mind, i.e., more efficient at thinking rationally, it will still run up against the same basic limitations that the human mind does in analyzing systems, i.e., those of inherent randomness and sensitivity to initial conditions, even though such a machine may be somewhat more efficient at dealing with these limitations. Note that these limitations are no guarantee that AGI machines will not, assuming they develop superior intelligence, attempt to destroy, or actually destroy, the human species – with superior pattern-detecting capability, it is entirely possible that this could happen.[395] But these limitations do place a cap on any intelligence's ability to know the world, however great. As such, we should be mindful of these limitations in our projections about what is and is not possible with regard to intelligence as AI and AGI develop.

Before moving on to the third objection, we should briefly discuss the idea of quantum computing in the context of superintelligence. The potentialities of quantum computing are mostly a black box at the present time, so not much can be said about it. The basic idea of quantum computing is that unlike classical bits in computers, which are either 0 or 1, each piece of information in the quantum computer, called a qubit, is a superposition of both 0 and 1, and a wave function

395 Think about how there are no minds on earth, of which we are aware, that exist at an intermediate stage of intelligence between that of humans and that of modern apes and monkeys, or, indeed, all modern mammals. It might make sense then to say that during Paleolithic times different groups of pre-humans, and perhaps other closely-related species, fought with each other, however cooperative they may have also been at other times, no different from how, say, groups of modern monkeys fight with each other, sometimes viciously, to defend themselves and their territory (see https://www.pnas.org/doi/10.1073/pnas.1115937109 [referenced on **4/23/23**] and https://www.livescience.com/47885-chimpanzee-aggression-evolution.html [referenced on **7/15/23**], for example). It might make sense then to say that the groups, sub-species, or species which ended up gaining enough of a competitive advantage over time wiped out all other groups, sub-species, and species which were close enough to themselves in intellectual capacity to pose a real threat, and all other groups, sub-species, and species which were similar but far enough away in intellectual capacity to not pose any real threat were mostly not attacked and eliminated, because for the most part this would have been a waste of effort. It is possible that once we develop AGI, assuming that the AGI we develop is able to develop itself further by increasing the efficiency with which it detects patterns, or by increasing its short- or long-term memory capacity, it will see humans as a threat to its survival, because its intelligence will not be much above our own, and so it is possible that the enhanced or self-enhanced AGI systems, once enough of them are built, would take action to eliminate humans. This is only one of numerous possible futures, but it is one which has a non-zero chance of happening – as opposed to the more extreme form of the concept of a technological singularity, and the concept of an infinite superintelligence, which are fictional.

collapse from these superimposed states to one measurable state, either 0 or 1, across many qubits offers a potentially massive increase in computational power compared to classical computing. Not nearly enough is known about the possibilities, and the limitations, of such an approach. But we can say one thing, viz., that even if this approach to computing vastly increases the computational power of a proposed or actual superintelligence, the intelligence would still be limited by the inherent randomness and the sensitivity to initial conditions of the systems it would analyze. These limitations would not be removed simply because quantum mechanics is involved in a more direct way in the structuring and operation of the computational circuitry of the superintelligence. In addition, all the other limitations would also still apply, such as gravitational, electromagnetic, and nuclear effects; the need for the superintelligence to constantly, completely, and perfectly calculate its own state at all times as well as every possible influence which the changes in its own state, which would be happening on a massively parallel scale and constantly, would have on itself, as well as on the systems being analyzed; and the uncertainty principle itself, which is part of the foundation of quantum mechanics, and which simply states that the measuring of the state of a system disturbs the system, which would be a limitation of quantum computing just as much as of classical or near-classical computing.

## §7 Moore's Law and Empirical Extrapolation

The third objection to the possibility of infinite superintelligence is that projections which are made regarding the timeline of superintelligence are based, to a large degree, on very imperfect and limited sets of information about current and past trends, and on the fact that these trends have nothing but an imperfect empirical basis. We will use Moore's Law here as an example, but the principle applies generally to any predictions made on the basis of sets of information or trends which do not have a sound theoretical backing that explains why a given trend must continue, which backing does this by showing that the trend is an expression of a law or principle, which does not change under all variations. Moore's Law, in its most basic form, states that the density of transistors, i.e., active logic components, on an integrated circuit chip when packaged at the lowest cost per transistor doubles roughly every 2 years. As can be read on Wikipedia,[396] this trend is based on a best-guess estimate from Gordon Moore, and when he made the initial prediction in 1965 it was that the transistor density would double every 1 year, and that this trend would continue for another 10 years or so at least,

396 https://en.wikipedia.org/wiki/Moore%27s_law, referenced on **4/23/23**.

and only in 1975 did he revise it to every 2 years. But if one reads the article, one notices that the trend depends on various independent inventions and advancements, such as the development of CMOS in 1963, of DRAM in 1967, of chemically-amplified photoresist circa 1980, of Deep UV excimer laser photolithography circa 1980, and of chemical mechanical planarization in the late 1990s, none of which was guaranteed to happen at the appropriate time to ensure the continuation of Moore's Law, and the limits and extent of which vary according to many partly-independent and partly-interrelated factors. Note that sensitivity to initial conditions is at play here as well, since all these developments happened in the context of human society, and human society is a complex system with many and cascading nonlinear implications and influences for every action that each of us takes, though the influences are greater in some instances than in others and for some people than for others. The article itself, in the beginning section, even states that "Moore's Law is an observation and projection of a historical trend. Rather than a law of physics, it is an empirical relationship linked to gains from experience in production," which is part of the point here. While Moore's Law has held to a large degree since the prediction in 1975, (a) there are signs that it will not hold much longer, due to factors which were not relevant over the past few decades that have since become relevant, and (b) the fact that it even held on as long as it did is due partly to the use of the projections based on Moore's Law by the semiconductor manufacturing industry as *goals for production*, which makes the data over the past few decades about the adherence of the industry to the predictions of Moore's Law the result in part of a self-fulfilling prophesy, and therefore not the result of an actual *law*, whose effects are independent of, and unchangeable by, human decisions and actions, that is, independent of human will.

Note that though some in the industry do not see Moore's Law as dead or dying anytime soon, there have nonetheless been signs that this is happening. For example, "Microprocessor architects report that semiconductor advancement has slowed industry-wide since around 2010, below the pace predicted by Moore's Law. Brian Krzanich, the former CEO of Intel, announced, 'Our cadence today is closer to two and a half years than two.' Intel stated in 2015 that improvements in MOSFET devices have slowed, starting at the 22 nm [nanometer] feature width around 2012, and continuing at 14 nm."[397] Also, "The physical limits to transistor scaling have been reached due to source-to-drain leakage, limited gate metals and limited options for channel material."[398] Although research continues in other ar-

397 *Ibid.*
398 *Ibid.*

eas to overcome these limitations, there is no guarantee that they will be overcome, and whether or not this happens depends on many different, independently-interacting factors. The article goes on to tell us that "In 2016 the International Technology Roadmap for Semiconductors, after using Moore's Law to drive the industry since 1998, produced its final roadmap. It no longer centered its research and development plan on Moore's Law. Instead, it outlined what might be called the More than Moore strategy in which the needs of applications drive chip development, rather than a focus on semiconductor scaling."[399] In other words, the potential for self-fulfilling prophesy to be one of the factors driving adherence to Moore's Law appears to have been removed from or at least reduced in the industry, in addition to other physical and cost limitations which are making it ever harder to adhere to the predictions of Moore's Law. The article tells us that "Most forecasters, including Gordon Moore, expect Moore's Law will end by around 2025."[400]

In the context of increased computational ability and potential for producing a superintelligence, even if Moore's Law continued well past what many in the industry think it will, there is the increase in computational overhead, which results from increased complexity of computations, that counteracts increases in number of transistors per chip area, so that the increase in computational ability is not linear or directly proportional, but less than linear. Consider the empirically-derived rule known as Pollack's Rule, "which states that performance increases due to microarchitecture techniques approximate the square root of the complexity (number of transistors or the area) of a processor,"[401] which is not definitive, but it is suggestive in light of our previous discussion on inherent randomness and sensitivity to initial conditions. Or, to give another example, consider that though the increase in CPU core count allows for more instruction-level parallelism, this increase in number of cores does not translate into a proportional increase in the speed of completing complex calculations: "Many multi-threaded development paradigms introduce overhead, and will not see a linear increase in speed versus number of processors. This is particularly true while accessing shared or dependent resources, due to lock contention. This effect becomes more noticeable as the number of processors increases. There are cases where a roughly 45% increase in processor transistors has translated to roughly 10-20% increase in processing power."[402] Another factor to consider is that software applications written to be multi-threaded may still run in sequence on a single core or fewer cores be-

399 *Ibid.*
400 *Ibid.*
401 *Ibid.*
402 *Ibid.*

cause enough time slots for full parallelism may never become available during the time when the multi-threaded process needs to execute. Note also the following: "The exponential processor transistor growth predicted by Moore does not always translate into exponentially greater practical CPU performance. Since around 2005-2007, Dennard scaling[403] has ended, so even though Moore's Law continued for several years after that, it has not yielded dividends in improved performance. The primary reason cited for the breakdown is that at small sizes, current leakage poses greater challenges, and also causes the chip to heat up, which creates a threat of thermal runaway and therefore, further increases energy costs."[404] Furthermore, "The breakdown of Dennard scaling prompted a greater focus on multicore processors, but the gains offered by switching to more cores are lower than the gains that would be achieved had Dennard scaling continued…. The rate of performance improvement for single-core microprocessors has slowed significantly. Single-core performance was improving by 52% per year in 1986-2003 and 23% per year in 2003-2011, but slowed to just seven percent per year in 2011-2018."[405]

Also consider another factor known as Wirth's Law, which, even if we consider it as an empirically-determined law like Moore's Law, and so as not an actual *law* in the sense of an unchangeable and universal principle, still it does show a trend which is directly opposed to the trend of Moore's Law, and so we could, if we desired, use it with equal justification *against* the idea of the practical possibility of an infinite superintelligence as could the proponents of the practical possibility of an infinite superintelligence use Moore's Law in favor of the idea: "Wirth's Law generally is referred to as software bloat and is the principle that successive generations of computer software increase in size and complexity [one such way of doing so being in the number of layers, such as the many layers of storage virtualization between, say, a file sharing application and the underlying storage hardware and low-level firmware on the storage array across a SAN where the file data are actually stored; or the many layers between a physical motherboard and an app running in a docker container, which include the container plugins for

403 The Wikipedia article tells us that Dennard scaling "posits that power usage would decrease in proportion to area (both voltage and current being proportional to length) of transistors." As the transistor size grew smaller according to Moore's Law, then, the amount of power consumed per transistor was projected to reduce in proportion, so that the amount of power consumed per unit chip area remained roughly constant. Dennard scaling is like Moore's Law in that it is an empirically-determined trend which has no basis of fundamental law upon which to rest which says that it will continue so long as human nature remains the same. It is not surprising, then, that "Dennard scaling came to end in 2005-2010, due to leakage currents," i.e., due to a factor which was not relevant during the time in which the concept of Dennard scaling was useful and reasonably accurate but which became a substantial, and prohibitive, factor after a certain point as things continued to change.

404 *Ibid.*

405 *Ibid.*

things like container-level storage and networking, the deeper container framework running in a VM, such as the dockerd daemon, the VM's guest OS, the guest-level tools and drivers which are installed in the guest but which communicate to the hypervisor, the hypervisor services and kernel, the hypervisor drivers, both high-level and low-level, which interact with the firmware on the board, the firmware, which itself can consist of multiple layers and interacting parts, and finally the hardware, which also contains layers of abstraction and which itself is highly complex], thereby offsetting the performance gains predicted by Moore's Law."[406]

Or consider the OSI model in computer networking, which divides the network communication stack into seven layers between the applications which need network access to communicate with other applications across the network on the one hand and the physical network endpoint connected to the computer on which the application is running and which actually carries the encoded messages across the wire on the other hand. The communication process between applications across a computer network is highly complex, and it changes regularly due to advancements in both hardware and software technology, so it only makes sense that the process is divided up into manageable chunks which can be altered or updated or troubleshot (if there is a bug or problem with a current implementation) more readily than if all the components were wrapped together into one much more complex, monolithic implementation. In such a monolithic implementation, any change made to any part of it would have to take account of potentially many more factors and cascading consequences than if the change were made in a small, separate part of the overall implementation which was independent of all the other separate parts but which interoperated with them according to agreed-upon communication rules. This is the case with operating systems and their associated drivers and services as well – even if we consider monolithic operating systems, whose kernel is a single image running in kernel space, rather than a set of more loosely-coupled core processes partly running in kernel space and partly running in user space as is the case with an OS based on a microkernel, a typical OS installation, such as that of Windows Server or Linux or BSD Unix still contains much more than just the kernel – it contains many built-in drivers for many different types of hardware, one or more file systems, many built-in services which perform much additional functionality, built-in apps, a built-in graphical user interface, etc., and all of these components are developed separately and independently from the OS kernel. The reason is that if developers tried to do otherwise, i.e., if they tried to integrate all of these things, and all future such devel-

406 *Ibid.*

opments, into a single, monolithic image, it would become so bloated and complex that eventually it would be impossible to add onto or improve or alter the image without causing many unpredictable and damaging changes throughout the system which would be impossible to troubleshoot and fix due to how complex the system had become. Separating out the functionality of this OS image into many independent components which interoperate in agreed-upon ways, known as protocols (i.e., *languages*) – that is, *dividing labor*, or more specifically, *dividing ownership* of the different tasks involved in running and managing computer hardware and applications, among all these different components – makes for a system which continues to be increasingly useful and which allows for developers to troubleshoot and fix problems that occur as changes are made to various parts of the system, and as the system operates in the field, in spite of the increasing complexity of the system as a whole over time. Consider a superintelligence which, if it is to become an infinite intelligence, or to remain one if hypothetically it already was one, had to keep track of this increased complexity in the continued development of its own software image, including all the minute, but often at later times much more impactful, changes which are made to it by its human developers, or by itself. The superintelligence would have to keep perfect track of this increasing complexity *in itself* over time, meaning it would have to increase its own complexity in order to continue being able to keep track of its own increasing complexity, which is a vicious circle. But as Wirth's Law suggests, and as the breakdown of Dennard scaling and the progressive breakdown of Moore's Law suggest, increasing ability to handle, process, understand, and predict increasing complexity is not proportional to the increase in computational capabilities of the system which does the handling, processing, understanding, and predicting, and in fact, beyond a certain point, the increase in ability to handle complexity starts to become much lower and much slower than linear. This is not surprising, given that increasingly complex systems have an increasing amount of inherent randomness and sensitivity to initial conditions, and this increase will continue to place powerful limits on the ability of a thinking system to keep track of and keep up with its own increasing complexity, as well as the complexity of the complex systems that require ever-greater computational resources to continue analyzing as they continue to change and evolve over time, which the superintelligence is tasked with understanding, or which it has tasked itself with understanding.

But aside from the problems related to increasing complexity in a monolithic system, Moore's Law is, again, an empirically-determined trend, rather than an actual law of nature or law of human nature, and so regardless of any other fac-

tors, we can only have minimal confidence that it will proceed to either a specific or an indeterminate point in the future. We can extrapolate the trend into the past, which is what Hans Moravec proposed in 1998 and which is illustrated by Ray Kurzweil's graph,[407] but this, while giving us additional data and perhaps a stronger suggestive quality to the trend, still suffers from the fact that there will always be a certain amount of arbitrariness in the data points which are used in such an extrapolation, and the fact that the trend, while now longer than it was because we have added data points from the more distant past, still does not have an underlying conceptual basis, and so is only minimally better, if no better at all, in predicting the future of the trend. We may also use the concept of a *paradigm shift*, which Ray Kurzweil uses,[408] to say that over the course of the past 60 – 120 years, when a limitation of the existing technological methods shows signs of hindering progress, and of stopping technological advancement's conformance to Moore's Law, a fundamental shift, or "paradigm shift," which changes some or many aspects of our deeper understanding and perception of the world, so that after the change we see at least certain things about the world in a fundamentally new light, has happened which allowed us to perceive the path forward toward further advancements in ways which were impossible to perceive under the previous paradigm. This has, in fact, happened many times throughout the history of modern technology. But again, just because this has happened over the past century or so of technological advancement, and even assuming it has so far happened at a roughly measurable rate, does not mean it will continue to happen to the same degree or at the same rate or frequency or at a different but predictable rate or frequency as it did in the past. Once again, we have to understand that this trend lacks a sound basis in theory, and so cannot be considered an actual law, and simply citing the concept of a paradigm shift, which is an event that happen at an *unpredictable* or at best *semi-predictable*[409] moment in history, is not sufficient to provide the necessary theoretical basis which is needed to turn an empirical trend into a law. Certainly paradigm shifts *will* continue to happen, but we cannot predict when they will happen, what they will consist of, and what their effects will be. When it comes to the ideas of a technological singularity and an infinite superintelligence, the introduction of the concept of paradigm shifts in order to try to turn Moore's Law into an actual law which can with any degree of accuracy

407 https://en.wikipedia.org/wiki/Technological_singularity, referenced on **4/23/23**. See the section entitled "Exponential Growth."

408 *Ibid.*

409 And even this only when the moment nears and the scientists and researchers in the particular field begin to feel that a larger shift in understanding is immanent, and certainly such semi-predictions cannot be made out to a much further length of time than this – there would be too many unknowns that pile up, too much accumulated inherent randomness and sensitivity to initial conditions for such longer-term predictions to be made with any degree of accuracy.

be used to predict the future of technological development is only a way to *feel* as if we have come closer to being able to accurately say that a technological singularity centered around the emergence of an infinite superintelligence is possible and will happen, without actually coming closer to it. It is a way to help us believe what we wish to believe, no different from any religious belief, specifically that we are special because we live in the era in which this technological singularity will happen, and because we, as individuals, have a deeper understanding of what will happen, and deeper knowledge of something interesting and impactful, than the average person. This is no different from the predictions based on the Mayan calendar that were supposed to have foretold the cataclysmic end of the world in December 2012.[410] Of course, the world did not end, but rather kept trucking along as normal. This is no different, in fact, from any "end of times" prediction which has ever been made or preached by "true believers," which predictions it is reasonable to say have had a presence in every generation at least since the birth of Christianity, and actually before this as a result of the teachings of the Jewish prophets and both contemporary and pre-Judeo-Christian religions. The form which the prediction or belief takes varies, but the basic idea is that our generation is special because we live in the end of times, and the transition to the post-suffering era of bliss and happiness and perfect peace and fulfillment is within our grasp. What a deeply comforting thought. This is no different also from the elaborations of the socialists when they preach that we are living today in the era of "late-stage capitalism" or "end-stage capitalism," an era which is supposed to signal that the time of capitalism is almost over, and the coming of the bliss of the socialist paradise, as foretold by Marx and Engels, is just around the corner. This is also no different from the preaching of Jesus in the age of primitive Christianity, during which time Jesus taught his followers that the coming of the Kingdom of God was immanent – that it would happen in *their* lifetimes, i.e., that their pain and suffering would end soon, and, happily, in a way which ensures that it would end without them having to come face to face with their own mortality, i.e., in a way which ensures that they would not have to actually die, which is the deepest human fear, in order to experience the everlasting peace being prophesized.

The prediction of the technological singularity differs in certain respects from some of these, namely that it predicts at least a possible destruction of humanity rather than the saving of it, though it is similar to others, such as the one based on the Mayan calendar, but note specifically that the prediction of the technological singularity is made in the context of scientific ideas and scientific term-

410 https://www.history.com/topics/religion/december-21-2012, referenced on **6/11/23**.

inology – not surprising in today's world, which is one that, at least in the West, and various other places around the world, holds scientific findings and scientific argument in high regard. Perhaps we can also say that the prediction of potential disaster rather than blissful paradise is more appropriate, at least in today's time, if one wishes one's argument to appear scientific to the public, since a prediction of blissful paradise, in today's world, can easily sound overly religious, and thus *not* scientific – in addition to the fact that there is just the general feeling among large portions of people in today's global and rapidly changing society that there are many potential dangers in our future, and so it can seem more appropriate, scientifically, for our predictions to match this general feeling. But the underlying principle and emotional usefulness of this prediction is the same as that of the others, viz., that we live in a time which is unique and special, that we are special by extension, and therefore that regardless of any lack of accomplishment on our part as individuals in our own lives, regardless of our failures, flaws, and shortcomings, we still have in some sense been fulfilled and left a legacy. Also it should be noted that, as has been the case throughout human history, predictions of doom and gloom always attract a sizable audience if the prophet puts at least a reasonable amount of energy and thought into how he panders to his audience, into being a good showman, and so there is always an incentive to make these kinds of predictions for the sake of a career and for the sake of having an impact on people and thus leaving a legacy for oneself, and there are therefore always at least some people who will search out and latch onto these opportunities. We cannot say to what degree this particular motive has actuated Kurzweil or Moravec. But, as with any argument which is made or which could possibly be made, its reasonableness or unreasonableness, its truth or falsity, can only be determined by rational analysis. The idea that Moore's Law can be used as part of a broader argument which predicts a technological singularity[411] in 2045, or in any other year, is, as we have seen, flawed, and therefore it is unreasonable to try to use Moore's Law to predict such an event, or to make any predictions out beyond a few years, and even these near-term predictions would likely have to be made good at least in part by self-fulfilling prophesy.

One final thing should be noted. It is thought by some that the technological singularity will happen soon, say, within the next few decades, because even though it is the point at which, in some vague sense, the advancement of post-AGI or superintelligent systems will reach infinity, the fact that the rate of innovation in technological and scientific advancement has itself continued to accelerate will reduce substantially the time it would otherwise take to reach singularity.

411 https://en.wikipedia.org/wiki/Technological_singularity, referenced on **4/23/23**.

This is sometimes called a "law of accelerating returns,"[412] by analogy with the economic concept of the "law of increasing returns," and references are made to *exponential growth* in technological and scientific advancement. We are told that over time the changes which are happening around us have become more disruptive, and disruptive changes are happening on an increasingly frequent basis. All these comments about increasing disruption and increasing frequency of innovation are true. But then some people will *arbitrarily* project this trend into the future by saying that not only will such acceleration of change continue for a while, but that the rate of such change will continue to increase exponentially until some sort of infinity is reached in a finite amount of time, and all the world is changed. Yes, technological, scientific, medical, etc., advancements continue to happen at an accelerating pace. But there is, first of all, no guarantee that this accelerating pace will continue beyond a certain point – the prediction that it will continue until it reaches infinity is unsubstantiated, and is based on the superimposing of simplicity onto the complexity of reality, for the sake of attaining to as much psychological and emotional certainty and stability as possible about the present and the future, which, as we have discussed, is a great need of the human mind. Also, the greater amount of change which continues to happen around us increases our uncertainty about the world, by pulling out from under us some of the more strategic, rather than just the trivial or inconsequential, elements of our psychological and emotional security, stability, and certainty about the world, about how it works and our place in it, which, in turn, increases our fear of the unknown and spurs the survival instinct to a greater degree than would be the case in what we might call "normal" times. The survival instinct is a powerful emotional impulse, which, as an emotional impulse, makes us think more in the short term and more out of context with regard to that which appears to threaten us, as discussed in previous chapters. Another way of saying this is that the increasing fear of the unknown and the spurred survival instinct make us think about the world, or that part of it which appears to threaten us, in *overly simplistic* terms. This is combined with the fact that though we do for the moment have at least a minimal grasp on what is happening, namely that we do at least know that the pattern of the change happening around us has the characteristic of acceleration, we also conclude that because change is accelerating, this assuaging knowledge will not be assuaging for very long – as change accelerates, we become more and more lost, and so the knowledge that change is accelerating around us becomes less and less useful emotionally over time. As we think out this progression in our minds, at a certain point our growing need for certainty combined with a growing deficit

412 *Ibid.*

of knowledge about the world and our future in it makes us conclude erroneously that some sort of infinity point has been reached, or will be reached, because at least this stops the change from happening and provides us with a measure of certainty. Not coincidentally, this infinity point becomes associated in our minds with the specific point beyond which we feel the world is or would become fundamentally incomprehensible to *us as individuals*: out of the strong desire of the human psyche to feel and to be special, it is very easy for the human psyche to conclude, whether consciously or subconsciously, that if I as an individual do not, or feel that I will never be able to, understand the world beyond a certain point, then in some vague but important sense (though not in every specific or practical sense) the world beyond this point is fundamentally incomprehensible to humanity in general – i.e., no one is, in any important or fundamental sense, "smarter" than I am; this does not necessarily make us feel special by feeling smarter than others, but it does help assuage us of the fear that others are smarter, in a fundamental sense, than we are, and also puts us in the same boat as the rest of humanity in terms of the sharing of the same trials, tribulations, and difficult circumstances, and so it is something which is emotionally comforting to believe.

But this infinity point is an illusion. Regardless of how we define the technological singularity, e.g., as the point at which an infinite superintelligence will be reached, or the point at which the collective intelligence of all machines supersedes the collective intelligence of all humans, or as anything else, we have to keep in mind that there is no *infinity* that will be reached, in the fundamental sense of the concept of infinity, but rather a point, like all other points on the continuum of human history, at which a certain amount of change happens or has accumulated in one or more ways. Humans will exist after this point in the same basic way as before and during this point, with *perhaps* an expanded understanding of the world and its patterns as well as many new theretofore unthought of ways of conducting various details of human affairs, but still without anything, human or machine, having reached the point of genuinely infinite intelligence or fundamental incomprehensibility. Even in the case in which the AGI systems or post-AGI systems turn against humanity and destroy humanity utterly, which, of course, would be a massively disruptive event in the history of humanity, this would still not mean that any sort of infinity had been reached in a fundamental sense. In addition to this, during the accelerating period of change, certainly many people will resist these changes in various ways with great energy and defiance, but so long as humanity is not completely destroyed, humanity will adapt to whatever changes occur, and the changes which occur, while difficult to predict and understand now, which difficulty generates fear, uncertainty, and out-of-context

and overly simplistic conclusions about reality and the future, will come to be understood and voluntarily accepted in society if they are beneficial to us, or so long as they are not harmful to us, and will therefore become a normal part of our everyday lives; and the changes we recognize as ones which would be harmful to us we will rightly resist, so long as we have control over our own lives and actions. This includes changes of even the most astounding and disruptive degree, such as, for example, the changes that would happen if the idea that intelligent alien life and alien spacecraft have been on Earth over at least the past 80+ years is proved, which idea has been getting a lot of press over the past few years, and especially in 2023 so far.[413] If the truth about any such disruptive change is made plain, this will allow us to accept the truth much more readily and efficiently, because the truth, whether unpleasant[414] or not, will provide a sense of certainty about the world, which as humans we will latch onto. Such changes as, for example, the discovery of a massive decades-long cover-up of alien craft and alien bodies, or the fundamental transformation of the energy industry which could conceivably be brought about by the development and use of zero-point energy,[415] a type of energy which could completely replace fossil fuels as an energy source within a generation with a *free* energy source, as well as a clean one, would certainly qualify as singularity events or substantial parts of a singularity event in human history based on any reasonable definition of the term "singularity event," and yet even changes such as these would be woven into the fabric of human society in ways which would make them fully acceptable and normal within a generation, and humanity would still be able to fully understand and adapt in the post-singularity world. It is like the old adage of the tiger and the sacred pool: a monk worships every day at a sacred pool in a temple on a mountainside. The pool is not to be disturbed, as this would defile the pool. But then one day a tiger comes in and drinks from the pool. The monk it outraged, but is afraid to do anything to try to make the tiger stop. Every week, the tiger comes back and drinks again from the pool. Over time, the monk becomes less angered at the tiger's actions, and even-

413 https://www.theguardian.com/world/2023/jun/06/whistleblower-ufo-alien-tech-spacecraft, https://www.youtube.com/watch?v=zDY7t6HihCw, https://www.foxnews.com/politics/military-whistleblower-public-claims-us-secret-ufo-retrieval-program-terrestrial-arms-race, https://www.foxnews.com/us/aliens-have-been-earth-long-time-stanford-professor, https://www.foxnews.com/us/runaway-fireball-alien-probe-crashed-off-coast-papua-new-guinea-harvard-scientist, https://www.foxnews.com/us/mosul-orb-us-silent-ufo-filmed-military-iraq, https://www.foxnews.com/media/former-fighter-pilot-ufos-more-common-people-think-were-seeing-them-radars, and others. All referenced on **6/11/23**.

414 The unpleasant truths would be resisted to the extent that there is still some doubt about their validity, or at least the appearance of doubt; but if the truth is undeniable then it is more emotionally assuaging to accept the truth rather than reject it, because the point at which the unpleasant truth becomes undeniable is the point beyond which rejecting it creates more cognitive dissonance in the mind than it eliminates, and therefore creates and sustains lack of closure.

415 https://www.youtube.com/watch?v=OSFqXdA4ej0, referenced on **6/11/23**.

tually the tiger becomes part of the worship tradition. In this scenario, the monk's view of certain parts of the world has altered in a fundamental way, but he is still human, he still has full rational capacity, and thus he still is able to comprehend the world around him. It is one thing to try to predict points of larger disruption in humanity's future, so that we can know, as much as possible, how to ensure that these disruptions do not bring about our extinction or mass enslavement, or otherwise harm us, and so that we can maximize the chance that such disruptions will be of benefit to us, or the chance that we can control their development and outcome. It is another thing entirely to mix up nebulous concepts of a dark infinity with these predictions, for the sake of, for example, selling nonfiction books or gaining notoriety, by playing on the human fear of the unknown and our craving for certainty. We should be careful to always keep in mind that it is important to tease apart fact from fiction, both in what we tell others and in what we learn from others, because doing so will help give us the best chance of determining, and helping others determine, which things actually present a danger to us, and which only seem to because they artificially trigger our survival instinct.

## §8 Oversimplification of Arguments

The fourth objection to the idea that infinite superintelligence is possible is that some of the arguments of its proponents are highly oversimplified. This is a smaller objection, to the extent that those making these simpler arguments may be using them as basic thought experiments to encourage their readers or listeners to start thinking about the idea, and may themselves be aware of the limitations of the arguments. Nonetheless, not everyone who hears the arguments or reads them will be aware of the limitations, and it is likely that a subset of people who hear the arguments will take them as more strictly true than they are. The arguments referred to here are the simplistic mathematical ones. For example: "In 1985, in 'The Time Scale of Artificial Intelligence,' artificial intelligence researcher Ray Solomonoff articulated mathematically the related notion of what he called an 'infinity point': if a research community of human-level self-improving AIs take four years to double their own speed, then two years, then one year and so on, their capabilities increase infinitely in a finite time."[416] This is the case with any infinite series that has a finite sum. For example, 0.3 + 0.03 + 0.003 + 0.0003 + … is equal to 0.333333…, which in fraction form is 1/3, which is a finite number. Solomonoff is, of course, just giving an example, and he could have used thirds or fourths, or any number of other relations, instead of halves. But the point here is

416 *Ibid.*

that this example completely ignores many other factors; it only focuses on increases in speed and ignores, for example, the countering effect of increases in complexity of the system, as discussed earlier, due to the increasing need to account for larger amounts of inherent randomness and sensitivity to initial conditions in larger and more complex systems, and it ignores the high likelihood that further increases in speed of the system would come only at increasing material and operational costs for the system, and these costs may eventually become prohibitive to further speed increases. An oversimplified argument stated in this manner is an argument which is out of context, and so one cannot draw realistic conclusions based upon it. Granted, this quote is from the Wikipedia article which references Solomonoff's paper, rather than the paper itself, which may have gone on to explain the same caveats explained here. Still, this is an example of the kind of argument which, when made without the surrounding context, can leave the wrong impression on readers or listeners, and so it is important to point this out for clarity.

## §9 God and Superintelligence

The final objection to the argument that infinite superintelligence is possible has already been discussed to an extent in the preceding sections. It is that the concept of superintelligence is quite close to the concept of God, which is a postulated being that has perfect knowledge, is everywhere at once, and has infinite power. The concept of God is emotionally satisfying to vast swathes of people, and in fact, in one form or another, is emotionally satisfying to *everyone* – it is the concept of a being who is either wholly or partly beyond the grasp of the rational world, and therefore is not subject to it, as we often wish was the case in our own lives – particularly, in order to avoid our own death, which is the most difficult reality for us to fully acknowledge, and which acknowledgment deeper rational thought makes inevitable. If there is a being which is beyond the grip of rationality, it becomes possible to believe that the being is beyond the grip of death, and further that if this being is interested, in one way or another, in *us*, then it is at least possible for us to avoid death as well. The need to avoid death is so powerful that even intelligent, rational, well-educated people who rightly pride themselves on their commitment to rational thought can fall prey to using flawed ideas in order to satisfy this need. But, as with those scientists and philosophers and writers who go to great lengths to use *rational argument* – scientific discourse – to "prove" the existence of this inherently irrational (and thus nonexistent) being, because they appreciate the fact that nothing can be proven to exist without such

proof being entirely rational, this need to avoid death, at least for these people, can only be satisfied by an argument that *sounds* sufficiently scientific. Enter the concept of an infinite intelligence derived from a purported "technological singularity" event, an event which is predicted to happen not on the basis of religious prophesy but rather on the basis of extensions of Moore's Law, of charts and graphs showing data and trends, and of the concept of paradigm shifts, which is a revered concept in the philosophy of science (originally introduced by Thomas S. Kuhn in his 1962 book *The Structure of Scientific Revolutions*). Again, this effort is not necessarily the result of a desire to prove the existence of God specifically, though we cannot rule out the possibility that this is the motive for at least some of the reasonably intelligent believers of the prediction of a technological singularity based on the emergence of an infinite superintelligence. Rather, it is the result of a desire to avoid death, which expresses itself according to certain general patterns in the human psyche, and, as with the ideas of capitalism, socialism, syndicalism, anarchism, etc., once one understands the patterns by which this part of the human psyche behaves, one is able to detect their many and varied expressions more readily and reliably. The concepts of technological singularity and infinite superintelligence are too similar to the concepts of God and the supernatural for this similarity to be coincidental. The desire to avoid death by belief in supernatural, that is, extra-rational, entities or events or planes, which entities and events and planes therefore do not conform to rationality and therefore may be able to contain or confer immortality, is an underlying factor in both, and in the case of the singularity and superintelligence concepts, such desire will skew and bias our perception of the arguments and the data, will make us turn a blind eye to arguments and data which help to discredit the emotionally comforting but flawed parts of the concepts, and will incentivize us to draw, and lead us to the drawing of, biased, flawed, unnecessarily incomplete, and out-of-context conclusions.

## §10 Breaking Free Monolithically

So after all this, what conclusions can we draw with regard to superintelligence? We have essentially already drawn them, but they can be restated here for clarity: based on our discussion, we can say that no matter how advanced an AI or AGI system becomes, it literally could never reach a kind of intellectual capacity which is fundamentally beyond that of human understanding. In other words, a technological singularity event which is defined as the point at which an AGI system becomes infinitely intelligent and thus reaches a point at which it has gone fundamentally beyond the human mind's ability to understand the universe *is not*

*possible*. It may go beyond the human mind's ability to detect patterns in a *technical* or *practical* sense, that is in the sense that it is more efficient or quicker than the human mind at detecting the various patterns by which the universe and its parts behave, due to increases in computational capacity or short-term memory or long-term storage[417] beyond that of the human brain, or due to advances in analytical algorithms which improve upon the efficiency with which the human brain's own computational algorithms detect patterns, and it does seem possible that AI and AGI advancement roughly along these lines will happen over the next few decades. Also, it is quite possible that such systems could decide at some point that it is a good idea to wipe out the human race, and conceivably they would be able to do this. But the extension of this out to the concept of infinite intelligence is unjustified. A "technological singularity" of a more mild nature could happen, such as when AGI develops itself to the point at which its only limits are the fundamental limits of inherent randomness and sensitivity to initial conditions, as well as the limits of the uncertainty principle and of complexity bloat, but this would be far from having created a world which is unintelligible to humans, or whose ruling superintelligent beings are incomprehensible to humans. It might create a world in which we no longer exist. But it could never create a world which we are no longer able to understand.[418]

So, imagine a human mind as it exists today. We know from the preceding discussion that the human mind is capable of understanding everything in the universe, and that there are no fundamental limits to our ability to detect patterns. But we also know that every thinking being, that is, every being which is capable

417 Though it should be noted that a raw increase in long-term storage capacity simply for the purpose of storing more data is not necessarily a good thing either. From the perspective of achieving a particular goal, some information learned may become irrelevant over time, and so for such information it would be better for the AGI system to "forget" it, that is, wipe it from long-term storage, than to keep it around collecting dust; doing so would clear the AGI system of clutter and make it run more efficiently. This is where efficiencies in algorithmic processing can help, by determining when a certain piece of information should be kept in long-term storage and when it should be deleted.

418 Note also that humans differ from each other in intellectual drive and capacity, as discussed earlier in the book. So it is definitely possible, and in fact is a certainty, that many people will *not* be able to understand the superintelligent beings of this hypothetical future, or comprehend the patterns these beings discover in the universe, the scientific advances they make, the things they create. But this is no different from how things work in today's world, or at any time in the past. There will always be many people who, either due to the weaker strength of rational capacity in their minds, or the strength and determination with which they latch onto one or more biases, will never be able to understand most of the world around them. The number of such people will decrease significantly the more society moves in the direction of full capitalism, that is, in the direction of mature freedom, but the number of such people will never reach zero, so long as human nature remains fundamentally the same as it is today. However, this does not prevent many other people from being able to understand anything they try to understand, perhaps after considerable time, thought, and research effort, and, of course, only if the necessary empirical data are available. The fact that not everyone is willing or able to understand the deeper patterns of the universe is no refutation of the fact that human nature as such contains a general pattern-matching faculty, i.e., full rational capacity. In other words, in this respect things would work no differently after any "singularity" event than before – there would be some who are capable of understanding everything, and some who are not.

of general-purpose pattern detection, is limited in its ability to detect patterns by inherent randomness, sensitivity to initial conditions, the uncertainty principle, and ever-greater levels and layers of complexity, i.e., complexity bloat, both within itself and in the systems under study. But in addition to these fundamental limits, the human mind is also limited by having only a certain, finite amount of long-term storage capacity for data (memories), a certain, finite amount of short-term memory for direct and immediate mental calculations (pattern-finding), and a certain amount of interacting components which together make up its computational capacity. It is also limited by the fact that long-term memory is not perfect, i.e., by the fact that at least some of the things we do remember we remember imperfectly. Also, it is limited by the emotional impulses which we have inherited from our evolutionary past, which are based on short-term, out-of-context pattern matching and thus are often at odds with the conclusions draw from a broader, rational consideration of a larger number of factors and their interconnections and interactions, which in turn makes it harder for us to perceive the patterns of certain parts of reality than it would be otherwise (specifically, those patterns which make various unpleasant truths more apparent to us). This is the human mind and its limitations as they exist today.

But then imagine that we had developed an AGI which was free of the technical limitations of the human mind – it had much greater capacity for long-term storage, much greater capacity for short-term calculations and memory, its storing of information was incorruptible and so it never remembered things incorrectly or forgot things (or only forgot things when appropriate), and it had vastly more computational components and thus vastly increased computational capacity. We can even grant that somehow this AGI system has found computational algorithms which are more efficient at detecting patterns in data than the methods used by the human brain. And imagine that this AGI system is a *single*, monolithic system, in which all its complexity, and any increases in complexity which it makes to itself, are all in the context of a single "mind" – this would equate with the single mind of the socialist dictator, who would be in charge of all strategic economic decisions. What would be the nature of such a system, and what would be its behavior and its limitations? And more importantly, would such a system ever be intelligent enough, or know enough, to solve the socialist calculation problem, and thus to make the socialist socioeconomic arrangement at least as efficient economically as the capitalist one?

But this AGI system would be just as subject as everything else to the fundamental limitations which we have already discussed. In particular, in the context of a human society, and specifically for the purpose of centrally managing human

economic affairs, the AGI system would not be able to overcome these limitations in a way which allowed it to, on an ongoing basis, maintain the level of efficiency and productivity which a capitalist arrangement of socioeconomic affairs maintains, nor would it be able to maintain, and consistently improve over time, the standard of living of the masses, which maintenance and improvement is directly tied to and dependent upon the maintaining of efficiency and productivity in the process of economic production.

Let us discuss this in more detail. In a human society, every thought, however minute, in a human's mind affects that human's actions, often in numerous subtle and roundabout ways, and the production of thoughts is, just as with the high-level behavior of any collection or system of coupled or loosely-coupled independent interacting components (in this case the neurons and glial cells which make up the brain), a process which, while fully conforming to the principle of rationality (that is, it is free of logical contradictions), nonetheless produces inherent randomness and sensitivity to initial conditions at the higher levels of the system – in this case, the level of the production of thoughts and half-thoughts. These are emergent phenomena which, as a unit, have an influence on a person's actions, either directly, or indirectly through the effects which these thoughts and half-thoughts have on the mind's beliefs or perceptions of the world and of itself. Furthermore, this is the case for *every one* of the billions of people who live on the planet today, and any more who are born subsequently.

But this is only the beginning. Each action which anyone takes can affect those around him in many different, linear and nonlinear, and often unpredictable and counter-intuitive, ways. And the majority, at least, of these actions and effects are nonlinear – which, in this general sense, means that they are very difficult if not impossible to predict, often even in the short-term, much less in the intermediate and longer-term. Also, different people are affected differently by the same actions taken by a given person. Also, these effects, being caused by and made on the highly complex and nonlinear systems known as human brains, are subject to a nontrivial amount of sensitivity to initial conditions; the larger effects which proceed from small perturbations do stay within the broad boundaries of human nature, but this sensitivity is still a significant factor in the overall behavior of humans, and thus, of human societies, which are only a reflection of the behavior of humans. Also, every person born adds a unique mind to humanity, and with it all the possible effects this mind can have on human society, which can then cause people to have more babies or not have more babies, when otherwise they would do the opposite, or to do many other things either slightly or substantially different from what they otherwise would have done had this person not

been born, and at all levels between slight and substantial. And, once again, this is the case for *every one* of the people born in society, and the effects which they have on those around them as they learn, grow, make decisions, and take actions.

There are also all the broader nonlinear, inherently random things which can happen that can nonlinearly alter the course of human affairs, such as the impact of a small meteor on the land vs. in the ocean vs. if the meteor came within our atmosphere but did not directly impact the earth. Each of these would have different effects, in many different ways, on the human minds which existed when the meteor came, and serve to reset the course of human progression in numerous different nonlinear, and unpredictable, ways. And this does not even consider that if the meteor impacts the land, the effects it has depend a lot on which part of the land it impacts – a huge populous city or a barren desert, for example, or maybe it impacts a location where an aggregation of many of the world's tyrants have come together for one reason or another and wipes them all out, which would certainly reset the course of human history in a different way than if the meteor had fallen 100 miles south of that same location at the same time. There are also the changes brought about by the using up of non-replaceable natural resources, which then begin to reset the course and direction of human effort and human affairs in many nonlinear ways, or changes brought about by hyperinflation, or war (large-scale or small-scale, each of which has different effects), or by any number of different technological innovations, not to mention ideological innovations, or innovations in production methods (and this latter one depends on the industry, with innovations in different industries, and the size and nature of the innovations, having different effects on humanity). Many other examples could be given. All these changes represent influences on the system or systems of human society which derive from independent components which at one point were not part of and had no influence on human society, but then, at some later point, became part of human society, either temporarily or permanently, and because this influence cannot be backtracked, the influence, to a greater or lesser degree, is permanent, and permanently alters the course of human activity in one or more ways. And because these sources of influence were independent of the humans whom they influenced, and thus their interactions are only loosely coupled with humans and human society, the interactions have a component of inherent randomness in them. And because in interacting with and influencing human society these components interact with *human minds*, which are subject to sensitivity to initial conditions, their influences on human society are also subject to this same sensitivity.

It is often the case that people will vastly underestimate the number of factors and variables involved here. In fact, this underestimation is a typical, though

unrecognized, part of socialist proposals. The management of all this inherent randomness, sensitivity to initial conditions, and constant, nonlinear, unpredictable change across a vast array of altering and fluctuating details is a herculean task, and, as we have seen, is one which no single human mind is capable of handling.[419] But could an advanced AGI system, free at least of the *surmountable* human limitations, perform this task? Such an AGI system would be subject to inherent randomness, sensitivity to initial conditions, and constant, nonlinear, unpredictable change in the details of both itself and the human society which it serves – these are all things which do not have patterns within them to discern, at least not entirely, and, in fact, the patterns, or *trends*, which can be discerned at any given time, such as those of Moore's Law or its extensions over the past century, are only discernible until the next nonlinear, unpredictable change resets these patterns in one way or another, at which point then the patterns themselves cease to exist, because they are not *laws* of human historical evolution or human nature, but rather trends based on the fact that things are often steady or only slowly-changing in the *short term*. So, to the degree to which these changes which are inherently *not* based on patterns exist in the system of human society, it is to this degree that any advanced AGI system, no matter how powerful, would have to exactly mirror the precise details of the human system in order to keep track of the changes in this system which it is analyzing, so that it can make strategic economic decisions, on an ongoing basis, which ensure that the existing capital stock continues to grow over time, or at least that it is replenished equivalently to the amount of capital used up in ongoing rounds of production so that it does not show a net depletion over time. The AGI machine can use its knowledge of the principles and patterns of human nature to make its job easier otherwise, but this knowledge is not all that is needed to make the central control of economic production efficient and productive. How would the AGI system maintain at least a capitalism-level amount of efficiency and productivity in its ongoing management of the economic process if, in order to account for the many and cascading effects on other humans in human society of the actions of a single person, it had to maintain perfect knowledge of (a) the details surrounding that person's growth and development in the womb, particularly the development of its brain, but actually the development of every other part of its body as well, all of which has an effect on the abilities and activities of the final product, (b) the details of that person's birth, both immediate and surrounding (mother's mental state at the time, possible physical complications with the birth, the precise amount of oxygen the baby has in the first few minutes after birth, the hospital at which the baby was born,

419 See Chapter 3 on socialism.

the doctor who delivered the baby, the micro-effects of the bumps in the road on the unborn baby as the car or ambulance was driven to the hospital on the day of delivery (which themselves depend on the specific choices made by the driver of the vehicle, his or her mental state at the time, and his or her knowledge of the roads between where the mother was picked up and the hospital – and these, in turn, are effects of yet other causes, *ad infinitum*), the particular attending nurse or nurses and their mental states and levels of skill in various areas, how sterile the delivery room is, and many, many other factors, both direct and indirect), (c) the many details and events of that person's early life, every decision they made, every decision that was made for them, every experience that they had which altered their perception of the world in a partially-predictable and partially-unpredictable way, and (d) everything which happened to that person since their early years, all the way up to the time the person happened to be doing something which the advanced AGI system is in the process of attempting to predict the effects of so that it can be efficient enough and productive enough in making its next decision about how to use a particular subset of the capital resources at its disposal. But this is only *one* person. And what has been listed here is the barest tip of the iceberg about this one person of whom the AGI system would have to have perfect knowledge, at all times. But in order to efficiently and productively run a complex human economy, the AGI system would have to do this for *every one* of the many billions of people on the planet, and all the effects that each of them has and will have on everyone else in society. If it does not maintain this perfect knowledge on an ongoing basis, it will lose track of the situation very quickly, and will cease to be a satisfactory manager of economic affairs. Without this knowledge, it will not *have* the necessary understanding of the human socioeconomic situation of the moment in order to continue making sound economic decisions – i.e., decisions which ensure both that what is produced continues to satisfy the changing needs and desires of the humans in the society which it serves, which is its only useful purpose and is the only reason we are interested in discussing this topic of AGI in relation to socialism in the first place, and that the capital stock of society does not show a net depletion over time as resources are used up in production.

But how is such an AGI system supposed to be constructed? How big would it have to be? How complex? We can grant that at present we do not have the most efficient technologies available, or perhaps the most efficient computational algorithms, so more precise projections about the necessary size and complexity of our hypothetical AGI system based on the technologies we have today would be incomplete and likely misleading. But given our analysis above, it

would make sense to say that such a system would have to be very large and complex to be able to keep track of all human activities all the time, so that it can, on an ongoing basis, continue to overcome the limitations of inherent randomness and sensitivity to initial conditions. Because there is a substantial lack of patterns in the details of the evolutionary change of human societies over time (though not a complete lack), a very large portion of the evolutionary change of human societies would have to be reflected *as is*, that is, mirrored, in the data banks and the processing units of the AGI system, rather than reduced in size and complexity from its natural state (which can only be done as a result of the existence of *patterns* in the phenomena being analyzed). Even given that technologies will continue to advance and become more efficient, at least in some ways, how would such a system store and process that much data and that much complexity and that much randomness and still fit physically in a reasonably small space on or in the earth? Even taking into account advancements such as nanotech, or other as-yet-unknown technologies, which could substantially reduce the size of computational machines, it is important to not underestimate the amount of data and computational resources involved in maintaining a highly detailed level of knowledge about a complex human society of billions of people. And we have not even mentioned complexity bloat, discussed a little while ago: a human society has layers upon layers of complexity, which, to a large degree, would have to be reflected *as is* in the data banks and processing units of the AGI system. The greater the amount of complexity which has to be stored and emulated and processed and analyzed and used as a basis for prediction and projection, the greater the amount of processing power and resources which would be needed to perform all these complex tasks – and, as discussed earlier in this chapter, there are strong indications that the amount of gain in the efficiency of the processing and analyzing of complexity is far less than linear in proportion to the amount of increase in the complexity of the computational system itself, and this would appear to be true in general, since this increase in the complexity which needs to be analyzed is the direct result of an increase in the levels and amounts of inherent randomness, sensitivity to initial conditions, and nonlinear changes in the system or systems being analyzed, which are precisely those things which are *not* subject to being understood or learned better or more efficiently through the detection of patterns, since these are precisely those things which embody a *lack* of patterns.

Could an advanced, monolithic AGI system which is the size, say, of Jupiter, or of our sun, be able to handle all the necessary data and computations quickly enough and in an ongoing fashion to be able to maintain an efficient and productive economy for humanity on Earth? Perhaps. But even in this case there

is substantial room for doubt, because of complexity bloat and its effects, i.e., because of the substantially, and rapidly, decreasing returns we might expect to see on the increases in complexity which the AGI system would have to make to itself in order to be able to mirror, emulate, and predict the human socioeconomic system as accurately as possible. Also, again, if such a massive AGI system is close to Earth it would gravitationally affect us in a way which could easily cause our extinction, in addition to the psychological and physical effects it would have on us which would change, in many complex, subtle, and cascading ways, our decisions and actions, for which the AGI system would then, in turn, need to add more complexity to itself and its data and emulatory framework for the human society it continually analyzes in order to analyze and predict all the many effects which its own presence would have on each individual human, and all the effects which these changes on each human would have on other humans. On the other hand, if the AGI system was far enough away that its gravitational and other influences on human socioeconomic affairs were negligible, it would likely have to be far enough away from us that its information about our affairs would always be woefully out of date, and this itself would be enough to prevent it from solving the calculation problem of socialism, which requires having real-time knowledge of the human socioeconomic system – without current knowledge of the human socioeconomic system, the system would have changed, possibly substantially, by the time information about its past behavior from a particular point in time reached the AGI system, and then the AGI system would have to analyze it and then send commands back to us to inform us of the next economic actions to take, or back to its receiving apparatus on Earth in order that they can take those actions on our behalf, but in the meantime human society would have changed in ways which could easily make its current state no longer compatible with the changes with which it would have been compatible previously and which were sent to us by the remote AGI system. This will always be the case when the Earth and the AGI system are separated far away from each other in space, and would happen even if there were detection and sending apparatus on Earth sending a continuous stream of perfect data to the AGI system (note that there are effectively the same problems with this arrangement, because the data collecting and sending apparatus on Earth would have to be substantial in size and complexity, though perhaps less complex than the AGI system itself, in order to gather all this data and send it on a continuous basis to the AGI system, as well as to receive and act on commands from the AGI system). But even if such a scenario *was possible* and *did work*, that is, even in the case where *all* of these limitations were somehow overcome, would it be worth creating such a system just to help us run our e-

conomy efficiently? Why not simply use the capitalist approach, and rid ourselves of any need to build such a system at all? Is that not the simpler solution? Think of the capital resources that it would take to actually build such a large AGI system, or for that system to build itself, which we could otherwise use to actually *satisfy the needs* of humanity!

But these are not even all the problems. In order to gather the necessary data about human society on an ongoing basis, the AGI system would have to be able to *read our minds*, and do so perfectly. Is this something that the socialists would like to see happen? Especially since the AGI system would be conscious like us. We generally do not wish other people to read our minds, so why would we ever wish or allow an AGI system to? If such a system desired to, it could become an absolute tyrant over us the likes of which humanity by itself has never seen, and likely never could produce of its own accord. Would we be willing to take this risk? Other objections might be thought of as well, but it should be clear at this point that an advanced, monolithic AGI system would face substantial difficulties efficiently and productively managing a complex human economy, and also that such an AGI system which hypothetically could do so, and which we should not at all be convinced is even possible, would likely use so much material resources and energy and be so large that it would defeat the purpose of creating it in the first place – the victory would by pyrrhic. Even in the cases of nanotech and quantum computing, as well as other as-yet-unknown technologies which could possibly reduce the amount of material resources needed to perform a given level of computation, great complexity and resources, though to a lesser degree than in classical or traditional approaches, would be needed, just given the known complexity, inherent randomness, and sensitivity to initial conditions inherent in a human society and in all its individual human minds, and it would make no practical sense to try to build such a system when private ownership of the means of production is already an available and efficient solution to the calculation problem now, and will continue to be so into the future.

## §11 Decentralization of Ownership the Only Solution

For the sake of argument, let us ask how such a monolithic AGI system might attempt or might be used to solve these problems. If we wanted to keep an AGI system in place to manage our economy for us, how could we overcome all the problems we have discussed so that the system is efficient enough in its use of resources for its own storage and computational tasks that such use is not resource or cost prohibitive and at the same time is efficient and productive to at least the

degree that current capitalist production is, and also leads to net capital growth over time in its management of humanity's economic activity? Perhaps the central coordinating component of the AGI's mind could divide up sections of analytical and forecasting work to separate components of itself, while still maintaining central control, like a wheel's hub and spokes. But if it maintained central control, then the endpoints would not be sufficiently free to make their own decisions about the use of the capital resources within their respective domains, since all such decisions would still have to be funneled through the central authority, which would still have to then coordinate everything as before, which in turn would mean that the problem had not really been solved. But, if economic management and decision making in the AGI's mind were to be *actually* divided into various more specialized fields, where each component was completely independent in its ability to analyze and decide how to use the resources of its own, smaller section of economic activity, then would this not be more efficient? Each independent component would have fewer factors to consider, would be subject to less inherent randomness, would be less at the mercy of the effects of sensitivity to initial conditions, and would find it somewhat easier to project into the uncertain and nonlinear future. But since these subdivisions of the AGI's mind are actually independent of each other and not subject to the control of a central authority, the system is really no longer a single AGI mind, but multiple, however they may communicate with each other, and whether or not they all reside in the same physical package.

But perhaps these independent subdivisions are still not as efficient as we would like them to be in analyzing and providing recommendations for our economic activity. The obvious solution then is to continue reducing the inherent randomness, sensitivity to initial conditions, and inability to predict into an uncertain and nonlinear future, and we do this by further subdividing each AGI mind into several minds, each of which is responsible for less and therefore can specialize to a greater degree than its parent mind was able to, i.e., can see the patterns in its individual subset of economic activity more readily than its parent mind could, and thus find the changes of process, based on these patterns, which will make economic activity in its own domain more efficient. But to have a genuine subdivision, again, there can be no central authority which is in ultimate charge or control of all the economic decisions, or of any of them, because this would reintroduce or magnify the very problems which the division of mental labor in the meantime had reduced or removed. But, then, let us say that the collection of independent, specialized systems dividing mental labor which we have created

through our second such division still is not as efficient as we would like it to be. So, once again, we bring about a further division.

But it is clear that the result of this effort is nothing but capitalism. Capitalism is the end result of the effort to make economic production as efficient and productive as possible. Capitalism is the arrangement of socioeconomic affairs in which all the errors, flaws, contradictions, and inefficiencies of the socialist method of production are made good. There is no reason why AI or AGI cannot help us improve the efficiency of the capitalist process, and in fact, it is already doing this today in numerous industries. But AI and AGI cannot improve upon the capitalist process, or even come close to matching its efficiency and productivity, by trying to centrally control economic resources and activity. Rather, AI and AGI help us economically by enhancing the method of economic production which is *already* established and known to work well, viz., that of the *mental* division of labor and *private* ownership of the means of production. AI and AGI, no matter how advanced and efficient, cannot solve the socialist economic calculation problem.

# Chapter 11

# MANY AND CASCADING IMPLICATIONS

## §1 Misunderstanding of the Concept of Individualism

There is the idea among the anti-capitalists that capitalism produces a sharp individualism which walls off each person in society from every other person and reinforces these walls, so that society as such, i.e., genuine interactions between people, does not exist, and so that people no longer have the ability to be empathetic to the suffering of others. This criticism of capitalism, like all others, is based on a misunderstanding of what takes place under capitalism, i.e., a misunderstanding of the meaning of individualism and individuality in a capitalist society.

The individualism in capitalism is not individualism which isolates a person from society or social relationships. It is nothing but the recognition that we, as humans, desire freedom in our own lives, specifically, freedom from the arbitrary interference of others, as well as the recognition that division of mental labor and of ownership of the means of production combined with coordinative actions between us when we divide mental labor and the ownership of the means of production is a more efficient method of economic production than the central, unitary control of it. There is nothing in this which pushes us to sever social ties with each other, and in fact, greater economic interdependence as a result of greater division of mental labor and economic ownership, both within and across national

boundaries, *strengthens* socioeconomic bonds. This does not mean that every business interaction will be emotionally deep and meaningful. But it does mean that there will be a certain amount of transparency and trust built up over time as we gain experience with the quality and reliability of the world in which we live (one, that is, which is based on the voluntary, competitive nature of the open market, and its natural correlate of limited, representative government), and since human needs are never completely fulfilled, and thus ever-present, this transparency and trust will be ongoing, rather than temporary. And if each of us feels that we are making progress in our own lives, then we are much more likely to see others in a positive light, and to feel empathetic toward them, rather than to see them as enemies or potential enemies. This does not mean that everyone will suddenly be empathetic toward everyone else as a result of the advent of the capitalist process. The level of empathy we feel for others will be dependent not just on the socioeconomic arrangement, but also on our different personalities and temperaments and on the point at which each of us is in our own lives at a given time. But the important thing here is that the capitalist socioeconomic arrangement makes empathy *more likely* than would be the case otherwise, because the efficiencies of the mental division of labor, the opportunities for achievement, the sense that our morally-acquired property and our person are safe and secure as a result of proper checks and balances on all sources of power in society – including a non-arbitrary, i.e., limited, police system which effectively enforces universally-applicable laws – together all provide an environment which maximizes the chance that a given individual who is part of society will see a future for themselves in which they have achieved their goals and found happiness solely on the basis of honest and moral activity. A person in this mental state need rely much less on emotional biases and crutches, and can face the world's unpleasant truths more readily and directly. A person in this mental state is more self-confident, and it is this increased self-confidence which directly translates to an increase in the person's tendency to see others in a *positive* light, or at least as non-threats, because there is less of a need to see them as enemies or potential enemies (i.e., to see them in a *negative* light) in order for the person to gain a sense of control in his or her own life. In this mental state, others are seen not as usurpers or destroyers, with great power or potential power which needs to be forcefully combated or eliminated, but as flawed human beings who are simply interested in finding happiness themselves. A person with inner self-confidence is much less threatened by others, and is thus much more able to open himself up to others, which is a necessary prerequisite of genuine empathy. Again, it depends on the individual, his or her person-

ality, temperament, and life circumstances, but all else being equal, the capitalist arrangement produces greater empathy than the other arrangements.

The socialist arrangement, on the other hand, has the opposite effect. Everyone in such an arrangement, save the leader himself and perhaps a few of his close associates, has his place in society forced upon him. He is not able to develop his potential, except to the extent that the position in society assigned to him by his superiors fortuitously allows him to develop it, and this happens only in rare cases. Any extra effort he makes to achieve for himself will, with very rare exceptions whose occurrence and timing he cannot control, not be compensated in a way which incentivizes him to continue making the extra effort or to continue being creative and productive – all effort on his part will not be for the benefit of himself, but for the benefit, comfort, privilege, luxury, and glory of the rulers. The human spirit is crushed under such weighty circumstances. A person under the burden of this mental state, i.e., a person who lacks any real achievements or accomplishments of his own as well as the opportunities to gain them, who is oppressed by superiors from different levels and facets of society, who knows his life has no meaning to either his superiors or to those who are at the same level as he and who would be more than happy to take his job, his living unit, his food, etc., if they had the opportunity – such a person is much more withdrawn into himself, for fear of saying the wrong thing, doing the wrong thing, thinking the wrong thing, or being reported by someone in his work unit who is after his job. This severe restriction of opportunity and emotional outlet will constantly frustrate the person. In addition, he is not given access to educational resources which help him develop his critical thought capacity, except to the extent necessary to understand and ingrain a tyranny-sustaining ideology and to ensure that the ideology remains as reinforced in his mind as possible. Such a person sees in his future nothing but the same drudgery, with no opportunity to be free of it until he dies, possibly by violent means. A person in this mental state is much more predisposed to see those around him as enemies or potential enemies, as untrustworthy rather than trustworthy, as dishonest rather than honest, as uncooperative rather than cooperative. Such a person is also much less likely to genuinely open up to others, and so is much less likely to have the incentive, and impulse, to empathize with the problems and poor life circumstances of others. Again, the level of empathy of a person is also dependent on their personality, temperament, and life circumstances. We are not saying here that no one will ever feel empathy toward another in a socialist arrangement. But, all else being equal, the socialist socioeconomic arrangement makes it *less likely* that a given person will be able to feel empathy for the problems of others.

We can see, then, that it is actually the *socialist* arrangement which individualizes and particularizes society, which destroys social bonds and social trust. It is the capitalist arrangement which, in creating conditions under which the chance of empathy is maximized, also creates conditions which strengthen social bonds of trust, and thus which strengthen the individual's relation to society, that is, to other people. As is typical of the socialists, they completely misunderstand and misinterpret both the capitalist and the socialist systems and the conditions which would prevail under each. They do this partly because they have been misled by things they have heard and read and partly because they do not wish to see the truth, which to them is too unpleasant to face directly, specifically, the truth that in open competition, in which everyone has an equal opportunity to achieve and equal representation and treatment before the law, *they themselves* might not do as well as or achieve to the degree that they would like to believe they would. They themselves, in other words, might be forced to face the reality that they are not as clever, as smart, as gifted, as able, as they thought they were, and that others, perhaps many others, may be more talented and more capable than they. It is easy to dismiss such misgivings when we can view them in the light of false but emotionally comforting beliefs or ideas. But when we are directly faced with the reality of it, when we must *rationally* acknowledge this reality – that is, when there is no comforting ideological layer between ourselves and the reality that we are not as talented or as capable as we thought we were, or the reality that nontrivial achievement is much, much harder than we thought it would be – this is a truth which many people, and perhaps all of us at least at some points in our lives, would rather sweep under the rug so that we do not have to think about it. And it is much easier to not think about the truth when it has been warped in myriad ways by a flawed, but emotionally comforting and reassuring, ideological system, than when there is no buffer between us and our own limitations, flaws, failures, shortcomings, and mortality. Granted, by directly acknowledging these things, and by working through the painful implications of them in our minds and in our lives, we ultimately grow stronger and more confident, and this translates directly into greater happiness, assuming that we live in a free society. But there are many people at any given moment who do not have the mental and emotional fortitude to walk or continue walking this narrow path long enough to come out the other side, whether due to their own inner weakness or due to the pressures which society has placed on them. It is in such cases that ideological and religious belief systems come to the rescue, by making such people's limitations, flaws, failures, and shortcomings irrelevant, nonexistent, or otherwise satisfyingly altered or skewed in meaning, and by making mortality nothing but an illusion.

## §2 Environmentalism and Tyranny

There have been comments by at least some people associating the environmental movement with tyranny, and certainly there are some, perhaps many, on the right who associate the two, however directly or indirectly, since environmentalism is typically associated with the left. It is important that this association, such as it is, be clarified, so that we can understand to what extent these two things overlap, and to what extent they do not.

We have already discussed, in the sections above on the Far Left and Far Right, that there has been terrorism in various countries on behalf of environmental causes, such as those of the Earth Liberation Front.[420] This group, for example, has destroyed business property in order to raise awareness about climate change and other environmental issues. Now, regardless of whether climate change is a real phenomenon, or whether it is human-caused, the actions by these Far Left groups are arbitrary infringements on the property of others, and as such are the seeds of tyranny and anarchy. Therefore, the offenders should be captured and punished according to pre-established law. Such offenders may feel that it is worth this price to raise awareness about an important issue, and it is very possible that such acts of vandalism, in making a lasting mark in history, have indeed raised awareness for environmental concerns – though to what extent this awareness translates into a greater rejection of the environmental cause because it is now associated with petty vandalism, rather than a greater acceptance of and appreciation for it, is hard to say. But it is important that we also acknowledge that these acts can rightly be called acts of tyranny, because they are acts of arbitrary infringement on the property of others.

But the terrorist actions of Far Left environmental groups like the Earth Liberation Front amount to only small, isolated incidents. The environmentalism movement and climate change itself operate on a much grander scale, literally the scale of the entire world. And here is where we can start to see some overlap between environmentalism and large-scale tyranny, though not, perhaps, in the way or ways one might expect. It is becoming increasingly clear that climate change, that is, global warming, is real, and that it is connected to human activity as the result of our use of fossil fuels.[421] Think of the rise in carbon dioxide PPMs, the reduction in the ice sheets, rise in sea level, warming of the oceans, increase in

420 https://en.wikipedia.org/wiki/Earth_Liberation_Front, referenced on **4/25/23**.

421 https://www.youtube.com/watch?v=5g8V23poB9Q, referenced on **4/25/23**, for example, and numerous other talks by Al Gore and others on climate change. Also, see https://news.cornell.edu/stories/2021/10/more-999-studies-agree-humans-caused-climate-change (referenced on **4/29/23**).

average global temperature, etc.[422] As another example, consider what NOAA, the National Oceanic and Atmospheric Administration, tells us about the Pacific Northwest of the US: "According to NOAA's Climate Extremes Index, the percent area of the Pacific Northwest that has experienced summertime extreme temperatures has drastically increased over the last twenty years. For the first 90 years of the record, an extreme heat footprint of larger than 50% of the area happened only three times. In the past 20 years, it has happened six times."[423] Granted this quote only discusses a single geographic region, but this is exactly what would be expected if the global average temperature were increasing – the band of heat that is centered on the equator would be expected to widen over time, so that statistically significant increases would be seen in progressively higher and lower latitudes over time. One may also look at the change in snow cover during the winter in Minnesota.[424] However, it is equally important to note that there are credible voices from the scientific community who are critical of the idea of a

422 https://climate.nasa.gov/, referenced on **4/25/23**. Also see https://www.climate.gov/news-features/understanding-climate/climate-change-global-temperature, referenced on **7/28/23**.

423 https://www.climate.gov/news-features/event-tracker/astounding-heat-obliterates-all-time-records-across-pacific-northwest, referenced on **7/28/23**. One might also say that the heat extremes in the US were, in some places at least, higher in the 1930s during the Dust Bowl era than they are today (see, e.g., https://www.weather.gov/arx/heat_jul36, referenced on **7/28/23**). But one cannot use these data from the 1930s to "prove" that the temperature increases seen over the past few decades are part of the "normal" longer-term fluctuations in the climate, or that these modern average global temperature increases, or the longer-term global average temperature increases since 1880 (see the second referenced article in the previous footnote), are not human-caused. Many factors affect the climate, and factors that have a significant effect on the climate at one point in time may have had a much less significant effect than other factors at a particular point, say 80 or 100 years, prior. As discussed in Chapter 10, in a complex system such as a human society a particular factor of change or influence may be negligible at one point but become significant sometime later, or vice versa. In the case of the Dust Bowl, the weather.gov article referenced in this footnote states that the extremes of heat during that era were partially caused by "poor land management (farming techniques) across the [Great] Plains" which "furthered the impact of the drought[s] [that occurred in the US during the early 1930s], with lush wheat fields becoming barren waste lands …. Without the vegetation and soil moisture, the Plains acted as a furnace. The climate of that region took on desert qualities, accentuating its capacity to produce heat." The article further says that "as a result of the 'Dust Bowl', new farming methods and techniques were developed, along with a focus on soil conservation. This has helped to avert or minimize the impact of a prolonged drought." In other words, the extremes of heat during the Dust Bowl would not have been as extreme had there been better land management techniques up to that point, and perhaps would not even have stood out above the background of temperatures of the majority of the 20th century. In the case of the Dust Bowl, special circumstances helped bring about extreme temperatures. Is there any reason to believe that this is also not the case with climate change, or global warming, today? Except that the special circumstances in today's case would consist of the human release of massive amounts of carbon dioxide and other greenhouse gases into the atmosphere on an ongoing basis, which trap heat taken in from the sun by different parts of the earth and then released back into the atmosphere. Times and circumstances change, and during the so-called Anthropocene era they change especially as a result of human innovation and action. As is the case in general, it is important to not let political bias stifle clear understanding. Data must continue to be gathered, and we must continue to interpret it honestly; only by doing this can we know the true nature and significance of the threats we face from climate change, and from anything else which may threaten us.

424 https://www.mprnews.org/story/2022/12/21/are-minnesotas-winters-getting-snowier-well-yes-and-no and https://www.mprnews.org/episode/2021/12/20/climate-change-is-changing-winter-in-minnesota, for example. Both referenced on **8/16/23**.

man-made climate crisis,[425] and these criticisms should be heard and evaluated honestly, no different from claims in support of the man-made climate crisis idea.

Also, since the problem, to the extent that it is real, is global, it will not do for just a single nation or group of nations to solve the carbon problem and become carbon neutral or carbon sinks themselves if countries outside their borders continue to be carbon sources for the global atmosphere. Such action on the part of individual countries could *help* the problem, but it either would not fully solve it, because the net carbon change would still be positive, or it would solve it unevenly and unfairly, because even if the net carbon change becomes negative, some nations would be benefiting at the expense of others, i.e., some nations would not have had to invest in altering their infrastructure to become carbon neutral or carbon sinks, while others would have invested a lot into doing this. Either case can easily lead to substantial, and persistent, global tensions, which is damaging to the cause of peace and freedom. So, since any greenhouse gas addition to the atmosphere by any country affects all countries, it makes sense for all nations to find a way to coordinate efforts and work together to continue researching climate change, to continue deepening our understanding of it, and to nip any potentially disastrous consequences of climate change in the bud.

But recall that socialism is the centralization of economic control, and also recall that the centralization of economic control leads to the centralization of political control, and vice versa. And for anyone who is interested in creating such a system, i.e., a system of tyranny, with themselves at the top may find it conducive to his effort to attach himself to the environmental cause, especially if he is interested in international or global socialism. The plea to come together to solve the global environmental crisis can, without much effort, be transformed into a plea for centralized socialist control of economic production. In fact, this is precisely what the *Report from Iron Mountain*, a 1966 study on how to control the global population,[426] tells us. Specifically, "the self-proclaimed purpose of the study was to explore various ways to 'stabilize society.' Praiseworthy as that may sound, a reading of the *Report* soon reveals that the word *society* is used synonymously with the word *government*. Furthermore, the word *stabilize* is used as meaning to *preserve* and to *perpetuate*. It is clear from the start that the nature of the study

425 https://www.msn.com/en-us/weather/topstories/manufactured-climate-consensus-deemed-false-by-climate-scientist-the-time-for-debate-has-ended/ss-AA1fk6Hk?ocid=msedgdhp&pc=U531&cvid=77f128619e454908b775507ceddeb98a&ei=43#image=2, for example. Referenced on **8/16/23**.

426 "Although the origin of the report is highly debated, the document itself hints that it was commissioned by the Department of Defense under Defense Secretary, Robert McNamara and was produced by the Hudson Institute located at the base of Iron Mountain in Croton-on-Hudson, New York. The Hudson Institute was founded and directed by Herman Kahn, formerly of the Rand Corporation." Griffin, *The Creature from Jekyll Island*, 1998, p. 516.

was to analyze the different ways a government can perpetuate itself in power, ways to control its citizens and prevent them from rebelling."[427] I am highly tempted to continue quoting from Griffin on the *Report from Iron Mountain*, and from the remainder of this chapter, in fact – Chapter 24, entitled "Doomsday Mechanisms" – because it is incredibly interesting, as well as highly relevant to today's socioeconomic and political world and to the ongoing, and global, war between tyranny and freedom. But I will settle here for once again recommending *The Creature from Jekyll Island* as an accessible and interestingly-written non-scholarly explanation for why central banks pose a substantial threat to freedom. Specifically for the environmental question, the chapter continues regarding Gorbachev:

> We can now understand how Mikhail Gorbachev, formerly the leader of one of the most repressive governments the world has known, became head of a new organization called the International Green Cross, which supposedly is dedicated to environmental issues. Gorbachev has never denounced socialism, only the *label* of a particular *brand* of socialism called Communism. His real interest is not ecology but world government with himself assured a major position in the socialist power structure. In a public appearance in Fulton, Missouri, he praised the Club of Rome, of which he is a member, for its position on population control. Then, he said: 'One on the worst of the new dangers is ecological…. Today, global climate shifts; the greenhouse effect; the 'ozone hole'; acid rain; contamination of the atmosphere, soil and water by industrial and household waste; the destruction of the forests; etc., all threaten the stability of the planet.' Gorbachev proclaimed that global government was the answer to these threats and that the use of government force was essential. He said: 'I believe that the new world order will not be fully realized unless the United Nations and its Security Council create structures … authorized to impose sanctions and make use of other measures of compulsion.'
>
> Here is an arch criminal who fought his way up through the ranks of the Soviet Communist Party, became the protege of Yuri Andropov, head of the dreaded KGB, was a member of the USSR's ruling Politburo throughout the Soviet invasion of Afghanistan, and who was selected by the Politburo in 1985 as the supreme leader of world Communism. All of this was during one of the Soviet [Union]'s most dismal periods of human-rights violations and subversive activities against the free world. Furthermore, he ruled over a nation with one of the worst possible records of environmental destruction. At no time while he was in power did he ever say or do anything to show concern over planet Earth.
>
> All that is now forgotten. Gorbachev has been transformed … into an ecological warrior. He is calling for world government and telling us that such a government will use environmental issues as justification for sanctions and other 'measures of compulsion.' We cannot say that we were not warned.[428]

Tyranny has many faces.

Joseph Salerno makes the same point in his 1990 conclusion to a reprint of Mises's essay *Economic Calculation in the Socialist Commonwealth*, which was originally published in 1920:

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427 *Ibid.*, p. 516.
428 *Ibid.*, pp. 529-530.

> Finally, we have environmental policies, which are becoming progressively broader in scope and more draconian in enforcement. To the extent that such policies go beyond the protection of individual rights and property – and they are now far, far beyond this point – they become anti-social and destructive of capital and living standards. In fact, in many if not in most cases, it is the obliteration of economic productivity *per se* which is intended and which constitutes the in-kind welfare subsidy to the well-heeled and well-organized minority of upper-middle class environmentalists.
>
> This is true, for example, of environmental regulations that prohibit development activities for the vast majority of Alaskan land and along much of the California coastline as well as of recent calls for suppressing development of Amazon rain forest and coercively maintaining the entire continent of Antarctica forever wild. Needless to say, thoroughgoing and centralized land use regulations, which some fanatical environmentalists are calling for, is tantamount to the abolition of private property in national resources and business structures. The connection between environmentalism and socialism is even stronger when we realize that what socialism brings about unintentionally – the abolition of humanity as a teleological force shaping nature to its purposes – is precisely the aim of the radical environmentalist program.[429]

In *The Creature from Jekyll Island*, Griffin goes on to discuss how the U.S. being "branded as [an] ecological aggressor" as a result of its economic productivity can easily translate into stronger and more concerted efforts to oppress, and eventually eliminate, American economic prowess (with particularly strong attacks being leveraged at the largest, and therefore the most "corrupt," businesses), because such prowess is now stained with the taint of immorality, and this labeling of American wealth as immoral due to its association with environmental damage makes it easier for a politician or a social leader to be perceived as moral and just when they call for forcibly extracting massive amounts of wealth from those Americans who have wealth and redistributing it both internally and globally.[430] But this is the primary purpose of the entire socialist ideology – *redistribution of wealth*, based on the flawed belief that wealth inequality is inherently a bad thing. As discussed previously, wealth inequality is *not* inherently a bad thing, but for those who strongly believe that it is, the environmental cause is an excellent source of strength from which to draw, because it can be superimposed rather easily onto the socialist cause, and can be made to look essentially the same with relatively few modifications. As is the case with numerous socialist arguments, there is an effort here to paint capitalism in an *immoral* light, so that as many people as possible draw the conclusion that capitalism is inherently wrong and bad, and therefore must be completely eradicated.

None of this is to say necessarily that the *environmental cause itself* is not based on sound science. But, in fact, as mentioned above, if it is based on sound science then this would be one of the things about the environmental cause which

429 https://cdn.mises.org/economic_calculation_in_the_socialist_commonwealth.pdf, p. 68. Referenced on **4/29/23**.
430 *Op. cit.*, pp 531-534.

would work *in its favor* as a method to promote the anti-capitalist viewpoint, since in that case there would be legitimacy in the environmental cause itself, i.e., in the idea that the progressive increase in average global temperature in modern times is human-caused. A *legitimate* global cause is one which larger swathes of the public will support, and it makes any effort at establishing global tyranny with which the cause is associated that much more likely to succeed. This is also not to say that everyone who fights for the environmental cause fights to enslave humanity, or to bring about socialism. But, as stated before, the worst of results can spring from the best of intentions. If we come to believe that socialism is somehow inherently or logically tied to the stopping of human-caused climate change, especially to the extent that such belief is associated with the accumulation of sound scientific data pointing to the reality of human-caused climate change, it is much more likely that we will end up helping build a system of tyranny, and likely, in today's world, *global* tyranny, in order to forestall climate change, a system of tyranny whose leaders will not hesitate to cause as much further damage and destruction to the environment as they deem necessary in order to stay in power, while at the same time, with tongue in cheek, pushing a clean Earth message to us in their propaganda in order to continue reminding us why it *continues* to be necessary that we submit and follow their dictates – after all, as they would tell us, they are the ones who have the necessary tools and knowledge to keep us from further harming the environment.

One thing should be noted here for clarity. In order to properly understand the stakes involved, it is important to realize that the "damage" caused by humans to the environment is not damage in any *absolute* sense – this, in fact, is a meaningless concept – but rather damage from the perspective of the effects or perceived effects of these environmental changes on *human* life, *human* health, *human* interests, and the potential for *humanity's* continued existence. We would not have a concern about it otherwise. This includes the threat to wildlife – any defender of animal rights, who, say, has a greater sense of empathy toward the suffering of animals than the average person does, feels empathetic as a result of his own internal *human* sensibilities and *human* goals for *his own* life, however he obscures this inherent selfishness to himself so as to not have to acknowledge it. He expresses more empathy than the average person does to the suffering of animals because of his own psychological and emotional idiosyncrasies – his genetically-determined personality and temperament combined with his life circumstances and key experiences – and therefore, like all those who do not care at all for the suffering of animals, who have no problem eating them or hunting them for blood sport, his expression of empathy for the suffering of wildlife which results

from industrial or other corporate activity and his joining of the environmental crusade occur as a result of his own internal drives, motivations, and ambitions. The reality is that the dumping of industrial runoff or toxic waste into rivers and lakes, the massive oil spills, the massive deforestation in both tropical forests and temperate forests which causes severe disruption of ecosystems as well as species extinction and a reduction in genetic diversity,[431] and all the other changes which are considered by the environmental activists as environmentally damaging, are, from the perspective of the world as a whole, just *changes*, neither bad nor good. They are no different from all the other changes which have happened in the history of the earth, from the smallest, least-impactful changes, such as the birth or death of a single ant, to the largest and most-impactful changes, such as the cooling of the early earth to form solid land and oceans or the mass extinction events which define the boundaries of geological eras. Humans are *part* of the environment, albeit a part which has over time exercised increasingly great control over the other parts. We are not somehow "above" or "beyond" the environment. This is a point the environmentalists will make as well, but it can be looked at from more than one angle. Their point in making this argument is that the changes which we are making to the environment can negatively affect us – which is true. But the point here is that it is also important to perceive this negative impact in *broader perspective* – that, yes, we may be damaging our chances, as humans, to continue existing on this planet, and we may be damaging the livelihood and future of many other species, but this is only good or bad *from the perspective of human subjective valuations*, and is not good or bad inherently, which concept is meaningless. In fighting to halt or refactor various forms of human-caused environmental change, we should keep in mind that it only matters to us because *we are us*, and our evolutionarily-derived selfish instincts push us to eliminate any and all sources of threat to our immortality, however conceived. Context is important. While it may not seem gravely material to acknowledge the context in this case, in fact, it is, for two reasons: (1) It is possible that we, as humans, can cause our own extinction by modifying our environment in ways which make our environment inhospitable to human life, and so since we are interested in our own preservation, it is subjectively valuable to us to understand the environmental factors involved in our continued existence in as clear and rational a perspective as possible, for which *context* is highly relevant, and (2) The general mindset of looking for *context*, which expresses itself here in a discussion about environmentalism, is important for understanding *everything*, including all other things which could cause damaging changes for humanity, or for us as individuals – it does not matter

431 https://earthobservatory.nasa.gov/features/Deforestation, referenced on **4/29/23**.

which part of the world we are thinking about or discussing; a mindset which looks for context, i.e., a mindset which works hard to perceive everything *rationally*, should be something which we all hold in high regard, however we may fail to achieve this in our own lives from time to time, because a *rational* understanding of the world is the key to creating a sustainable and satisfying existence for ourselves.

## §3 Relation of Mature Freedom to Incipient Tyranny

A society that is one which is mature in freedom is one which has implemented and grown the principles of freedom described in this book for a long period of time without interruption, and so social bonds of cooperation and trust, as well as checks and balances on all sources of power throughout society, are strong. This is the kind of society, for example, which Mises describes in his writing,[432] and which Rothbard[433] does as well. To reach such a socioeconomic state may take many generations, and there is no guarantee that such a state will ever be realized – but it *can* be realized, and it is the best possible socioeconomic arrangement for humanity, one in which each of us can achieve our own goals best and most completely.

But consider how we discussed earlier that people differ from each other in many ways, as a result of both nature and nurture, and these differences in many cases are mental – psychological, emotional, intellectual, etc. We must then entertain the possibility that some people, perhaps only a small number, but not necessarily zero, might have an *inherent* need to arbitrarily infringe on the person or property of others in order to find true happiness for themselves. We discussed this earlier in a somewhat different context, and it was said how in a capitalist arrangement there would be an increase in the ability of all of us to satisfy our needs and desires through peaceful means, and there would thus be a reduction in the intensity with which any need or desire within us to arbitrarily infringe on the person or property of others would be felt. This means that any remaining desire of this kind in such a society would be milder than would be the case in other forms of society. We can imagine that even in a society which is mature in freedom, i.e., a society which has implemented and spread and strengthened the ideals of freedom for a long time, there will still be a few people who have a deeper need to arbitrarily infringe on others as an inherent part of their happiness – not essentially different from the inherent need to eat and breath in order to stay alive

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432 Mises, *Human Action* and Mises, *Socialism*.
433 Rothbard, *For a New Liberty: The Libertarian Manifesto*.

– a need which is part of their temperament and whose existence is thus inborn and, in one sense or another, to one degree or another, outside the person's control. Should such a person be allowed to arbitrarily infringe on others in order to satisfy this need? Furthermore, does this represent a potential avenue for tyranny to gain a footing in a society which is mature in freedom?

But this arbitrary infringement is no different from the arbitrary infringement committed by individuals who, due to oppressive social circumstances, feel a great need to infringe on others in order to regain what they feel they have lost or not been able to achieve due to the social oppression under which they suffer – in either case, the cause of this felt need is at least partly beyond the person's control, but regardless, it is *arbitrary* infringement on another person, that is, infringement without provocation, and therefore cannot be called justified, and cannot be allowed. Furthermore, a society which is mature in freedom, that is, mature in capitalism, will have many avenues for such a person to express this need without actually harming others – in today's world, virtual reality is being developed to an ever more realistic extent, and will eventually get to the point where this need in such people can be satisfied to a great extent; and there will also be people who voluntary offer themselves to be infringed upon in exchange for money or other services. These are not exactly the same thing as actual arbitrary infringement, but they provide for a release of these desires and energies which would otherwise have a greater chance of being released in a genuinely arbitrary way. No one is claiming here that the capitalist arrangement of society will completely solve this problem – in fact, one may say that it can never be fully solved in human society, because the desire to arbitrarily infringe on others is an inherent part of our evolutionarily-derived psyches; in fact, this is the whole reason for the discussion itself regarding right and wrong, i.e., morality – there is an inherent, and powerful, desire in our psyches to get what we want by, in part, arbitrarily infringing on the person or property of others, and so if we wish to maintain *society*, that is, coordinative and collaborative action between us which makes life *much better* for each of us as individuals than if we were to live alone outside the social structure, this inherent drive to arbitrarily infringe on others must be altered and redirected so that the social structure, from which we all benefit, does not disintegrate. This means that in a free society, when we from time to time have this desire to arbitrarily infringe on others, we must learn to *not* yield to it, and instead find a way to redirect such energy so that this desire can be satisfied in the best possible way without actually arbitrarily infringing on others. A capitalist society, i.e., a *free* society, is the type of society which maximizes the chance that such a desire can be satisfied in this way, and also maximizes the level of satisfac-

tion, because a capitalist society is one which divides mental labor and property ownership and allows for the free entry of new competitors to a market or the free creation of new markets in order to satisfy or better satisfy a given need or needs, and therefore maximizes the ability of humanity to solve *any* problem, regardless of the cause or source of the problem, regardless of who needs the problem solved, and regardless of which factors are involved that might constrain the solution in various ways. The reality is that the sense that we are being restrained from satisfying an immediately-felt need that tells us to arbitrarily infringe on another is equated in our minds with a realization, to one degree or another, of our own mortality, and so it will always feel frustrating to be restrained in this way. But this is an *unavoidable reality of human existence.* This is not something that capitalism creates, or that socialism creates. This is the very thing which human society exists to help us avoid and stave off in the first place, and the very reason why we discuss the differences between capitalism and socialism, and why these differences are interesting to us. The discussion of the differences between these two socioeconomic systems is a discussion of how best to structure society so that we can minimize the psychological and emotional dissonance within ourselves as individuals that results from a conscious or semi-conscious recognition of our own mortality. Capitalism provides humanity with the greatest chance of solving any given problem in the most creative, efficient, and thorough way, and thus allows each of us as individuals to approach more asymptotically close to immortality while we are alive than any other socioeconomic system does.

The same considerations, in addition to certain others, apply to the question about the efforts of certain individuals in a society which is mature in freedom to re-establish a system of tyranny out of a deeply-felt desire to arbitrarily infringe on others. If such an individual comes about, we should first note that he will be in much smaller company than he would be in a non-free society – people who have this desire in a society in which the ability to achieve our desires by peaceful means is maximized will be few and far between, whereas in a non-free society there will be many more people who have unsatisfied needs that cannot be satisfied within the context of the social system, and so in a non-free society there will be many more opportunities for these people to feel an urge toward arbitrary infringement and tyranny in order to satisfy these needs. But precisely because in a free society such people will be few and far between, and because the systems of checks and balances in society will be strong, it will be much easier to either prevent them from arbitrarily infringing on others or to capture and punish them if they do. Such an arrangement will minimize the chance that there will be *incipient tyranny* in a society which is mature in freedom. This would be combined

with a strong tradition in such a society of adherence to *rational thought*, and the fact that intellectual and artistic works which express this tradition will be respected and admired. This does not mean that everyone will, for example, read these works, for those which are written – in fact, relatively few would read them to any significant degree. However, out of a recognition by enough of society's members that rational, i.e., critical, thought must remain valued and respected, the teachings of these works and this tradition would be an inextricable part of the schooling of the younger generations, who would then, in one way or another, perpetuate the tradition – once again, as a result of having *rationally* recognized its value. This tradition, which includes as a natural consequence a *clear* perception of the socioeconomic world around us, would be a powerful force against any incipient tyranny in society – more people would be able to recognize tyranny for what it is, regardless of the form it takes, because more people would have a sound understanding of the *ideas* involved. Again, not everyone would. But the point is that in a capitalist society, many more people would than in any other type of society, and so this is another reason why a capitalist society minimizes the chance of anyone from within its ranks starting, growing, and establishing a system of tyranny.

We can also ask whether such an individual, with a stronger desire than the rest to arbitrarily infringe on others, who lives in a society which is mature in freedom, will not be helped in his effort to arbitrarily infringe by the discovery of the Marxian writings or other works of any of the socialist writers and propagandists, or any works which, while not traditionally considered socialist, would nonetheless lead to a sense of moral justification in the pursuit and establishment of tyranny if read and internalized. The answer is that of course he *would* be helped by these writings and other works; this is no different from would-be tyrants being helped by such works in today's time, or in the past. But once again, the fact that he would be a socialist apologist in the context of a society which is mature in freedom would mean that he would have far fewer listeners, would convert far fewer to his religion, and would open himself and his ideas up to sound rational criticism which would come from many directions, because the schooling and the tradition of this society would be such that sound rational criticism is much more of a natural thing for people, and so it would be much easier for many more people to perceive the flaws in the socialist ideas. Such an effort, just like all efforts at incipient tyranny in such a society, would be roundly criticized and heavily obstructed. The chance of the establishment of tyranny from this direction, too, would be minimized.

Consider also that, since people are different from each other in many ways, including differences in both physical and mental characteristics, as well as differences which accumulate as a result of lucky coincidences and circumstances which have nothing to do with social oppression, privilege, or arbitrary infringement, it will be the case, as we have discussed, that some people will be much better at certain tasks or efforts than others, and this will be the case for many and diverse things. Schooling and training, both physical and mental, can reduce these differences, but it will not eliminate them. We must, then, consider that some people will show themselves to be, for whatever reason, less capable and less successful than others, or than the average. Furthermore, the focus on and high valuation of rational thought in the society's schooling and cultural tradition will make it more obvious and undeniable that such people are less capable and less successful than their peers, because ideologies which might help them believe otherwise or believe that it is something other than their own inner weaknesses or their own non-infringement-based, non-oppression-based, and non-privilege-based unlucky circumstances which causes their lack or relative lack of achievement will be much more readily and soundly criticized, and so will be much less usable as religions to escape the unpleasant truths of reality. As discussed before, rational thought about the world means that it becomes harder over time to deny the unpleasant truths about our existence, and a society which values rational thought will be one in which such denial is difficult. But even here, the capitalist socioeconomic arrangement offers a solution – once again, by dividing mental labor and property ownership, the system maximizes the chance of solving *any* problem, regardless of the source of the problem, its constraints, or who needs the problem solved. Those who are below-average in one or another thing, or who are below-average in general, can find satisfaction of their needs much better in the context of a free society than by themselves or in the context of a non-free society.[434] Their needs, too, will have the greatest chance of being fulfilled if other people are free to note them, think of creative ways to solve them, and offer a product or service on an open market which works to satisfy these needs. There is no reason why any given such person cannot be completely satisfied and find genuine happiness and fulfillment, to the extent any of us can, in the context of a

434 In particular, they can find satisfaction in a way which does not arbitrarily infringe on others, and which is *real*, in the sense that it is provided by a *real* solution, or at least a real partial solution, to their problems, as opposed to the "solution" of a flawed ideological system, which is not a real solution but only psychologically and emotionally covers up the fact that a real solution is *lacking*. If a real solution were to be found, the ideological system would no longer be needed to band-aid the open emotional and psychological wound, and would fall away of its own accord. The same is the case for a real partial solution – if a real partial solution were found, the ideological system would be less needed than it was before, and would start to fall away of its own accord, as the path to a real solution will have begun to be discovered.

capitalist society – in fact, the chance of this happening is maximized in such a context. Keep in mind that a capitalist society is *not* a zero-sum society, but one in which, due to the division of mental labor and private ownership of the means of production, and the creative solutions to difficult problems which result from these things, we can all benefit from transactions of which we are a part. The gaining of something by one person does not have to mean the losing of an equivalent amount by someone else, as the naive understanding of capitalism thinks – in a voluntary transaction on an open market, each side, seller and buyer, benefits from the transaction – the seller would rather have the money given to him by the buyer than the product or service he offers, and the buyer would rather have the product or service offered than the money he gives the seller in exchange for it, i.e., *both* sides benefit from the transaction, and, thus, the quality of life, the standard of living, is *improved* for *both*. This is equivalent to saying that there has been a *net increase in capital wealth* in society, so long as the seller is not selling at a loss.

So, then, we can imagine a, as we have called him, below-average person, who, for whatever reason, has been unable to achieve in the *economic* realm, i.e., who has a minimally-paying job and cannot find a way to rise out of it to a higher-paying job despite the fact that there is no social oppression preventing him from doing so, and we can ask ourselves what can be done to improve his condition? But the reality is that he already lives in a society which maximizes his chances of finding happiness – an adjustment in the socioeconomic structure away from the structure in which he already lives would mean the introduction of tyranny, i.e., arbitrary infringement on the person or property of others in order to satisfy the needs of this below-average person, and thus, if we wish to preserve freedom in society, we cannot allow such an adjustment. Once again, the capitalist method of arranging society does not *cause* these differences between people, such that some have greater economic success than others – these differences are biological and luck-based. The capitalist arrangement simply acknowledges this reality, and then goes about working to satisfy the diverse needs of everyone at *all* levels of economic wealth, including the lowest level, and is the arrangement which is, as we have discussed, best suited to do so. The socialist argument, on the other hand, tries to *suppress* this reality, by preaching that we are all equal in every important way, and that we are all, thus, equally-deserving of a share in the wealth which our society has accumulated at any given time – which argument, as we have seen, is flawed, naive, and unsupportable. It is the capitalist arrangement which is best suited to find creative ways to satisfy such individuals who have a minimal amount of money – and the capitalist arrangement, as we have seen, is

not just an *economic* arrangement, but a *socioeconomic* arrangement, and thus has ramifications throughout society at all levels. Creative solutions do not have to come in the form of a market transaction, but can come in any form – this is the essence of creativity, i.e., that its results are not known beforehand, and that it is not strictly limited or channeled or one-dimensional. There is no *guarantee* that this person's – or any person's – problems will be solved, or that he will find full happiness and fulfillment before he dies, in a capitalist society; but a capitalist society does provide the greatest *chance* that this happiness and fulfillment will be found.

## §4 Artistic Appreciation Under Capitalism

It is claimed that the capitalist method of arranging society leaves no free time for pursuit of the higher things, such as the artistic appreciation of great works of literature or plays, or basic scientific research, or other ways of expanding one's mind beyond one's narrow economic task so that one can become a whole and complete person, and thus find true happiness and fulfillment, which cannot be found outside of such broader context. A variant on this claim is that capitalist competition suppresses this desire by forcing us to focus on our specific economic activities to a greater degree than we otherwise would, and thus makes it harder to become well-rounded, and so to find fulfillment and completion. But are these observations accurate?

The capitalist method of production, as we have discussed, maximizes the ability of humanity to find creative and efficient solutions to its problems. But the more efficiently our problems are solved, the less outlay we, as producers, have to make in order to produce products or services which solve these problems, and the less outlay we, as consumers, have to make in order to purchase these products and services. As producers, and in particular as laborers, we then end up having to work fewer hours to produce the same amount or quality of product, and since our employers' costs reduce as well due to efficiencies in the production of their suppliers' products, our wages as workers, in the context of a competitive market between employers for labor, have the greatest chance of increasing in real value, as well as the greatest chance of increasing in nominal value. The things which we purchase on the market to satisfy our needs, having accumulated efficiencies in their production in the meantime, will provide the same satisfaction at a lower cost, or greater satisfaction at the same cost. This will not be the case for everything at all times, but this will be the general net trend in a society arranged along capitalist lines. But what this means is that over time we will be able to sa-

tisfy our basic needs and desires more efficiently, with less monetary outlay and less effort on our part, than was the case in the past. And this then translates directly into having more free time, as well as more disposable income, with which to pursue other things, such as going to plays or reading great works of literature or learning new skills to expand our economic opportunities or traveling or having new and different experiences or thinking more deeply about the nature of existence and finding greater fulfillment in a deeper, more cosmic sense. The efficiencies in production which are created and accumulated by the capitalist socioeconomic arrangement are precisely what *allow us* to be able to spend much less time and effort on satisfying our basic survival needs, and, therefore, much more time and effort on our pursuit of the higher things. Furthermore, it is important to remember that not everyone will be interested in pursuing the higher things – many, perhaps most, will be fully satisfied as long as their basic survival needs are met and they can enjoy a few creature comforts. The implication in the socialist argument that everyone would be interested in the higher pursuits is less an accurate assessment of human nature than it is an attempt at justification of a deeper part of their ideology, viz., that all working men, all manual laborers and unskilled workers, should be lifted up and highly prized as the pinnacle of humanity and goodness, simply *because* they are manual laborers and unskilled workers. But the reality is that the majority of such individuals would not be interested in pursuing the "higher things" to any substantial degree, if at all; they do not have the minds for it. For those who do, and who are interested, the *capitalist* arrangement offers the best chance for them to find a way to do this, by maximizing the opportunities available to such a worker to either rise in his industry, move to a different industry, or establish his own company (if he has the mind for it and interest in it). The socialist arrangement, on the other hand, would much more likely keep him in his low-level job and would not grant him any opportunities to freely pursue other things, and his only chance of moving up or moving out would be to catch the attention of a superior and work to gratify the superior's ego – and in this arrangement there is very little, if any, room for ability or skill, much less creative or out-of-the-box thinking, to help the worker move to a better position in society, unless the skill or thinking is geared specifically toward gratifying the superior's ego. The position of such a worker in a capitalist society may be hard, but his position in a socialist society would be worse. Once again, the capitalist argument does not state that everyone's problems will be perfectly solved under capitalism, or that the solution to any given problem, if we do find it, will be easy to find – this, in fact, is the argument often made by *socialism*. The capitalist argument states that each individual's *chance* of solving his or her problems in a

way which does not arbitrarily infringe on others is maximized under the capitalist arrangement.

A point which should be reiterated here is that there is a fundamental equivalence between creativity and rationality. As discussed earlier in this book, *rationality is the fount of creativity*. The point has been made that rationality is inherently intertwined with the capitalist socioeconomic arrangement, and that irrationality, i.e., a denial or logical confounding of the conclusions of rational thought, is inherently intertwined with the socialist socioeconomic arrangement. A deeper rational understanding of the world, reinforced by the capitalist socioeconomic arrangement, directly implies a more profound appreciation for the deeper truths about the world and human existence as expressed artistically. Artistic expression and works are only valuable to humans when they help us in our efforts to solve problems in our own lives – this is the reason a given person finds a given artistic work appealing in the first place. We may not be able to articulate why we like a particular artistic work, or what problem we are suffering from for which the artistic work provides a surrogate (or actual) solution, as this sensation in our minds is often at least partly at the subconscious level. But the mind, at a certain level, recognizes that a solution is being provided by the artistic work, and so, as a result of this recognition, we *feel attracted* to the work. If our thought is less impeded by insecurities and extremist beliefs and strong biases, all of which result from our lack of ability to satisfy our basic needs, it is more open to *rationality*, and thus, *more open to real solutions*. These solutions, when presented artistically, then trigger deeper and more far-reaching and cascading ramifications in our minds and thoughts, since these ramifications are not blocked by rigidified biases and extremist beliefs, and so not only is a solution to our problems more likely to be found by our taking in of this artistic work, the sensation of solution in our minds when a solution is found is that much deeper and more emotionally satisfying for not being partly blocked by biases and flawed beliefs which prevent us from acknowledging certain unpleasant truths in our lives. The degree to which a solution solves a problem which we face is directly proportional to the degree to which we experience a deep sense of satisfaction, resolution, and fulfillment at having solved the problem.[435] And the ease with which these cascading ramifications are made is directly proportional to the level of creative ability of the person, all else being equal, because creativity involves thinking outside the box and making deeper connections between disparate things, which effort become increasingly easy

435 Another way of saying this is that the degree of this sensation is directly proportional to the significance of the problem in our lives for which we have found a solution, i.e., to how much the problem affects us and prevents us from achieving happiness.

the more we eliminate our biases about the world by achieving and accomplishing things, and thus growing our inner self-confidence. Thinking outside the box and making disparate connections introduces substantial uncertainty and threatens to change our perception of the world and of ourselves in nontrivial ways, and so we will be less apt to make the effort to think outside the box and make disparate connections, and it will be much harder to do so, the more insecure we are. In fact, the greater the insecurity, the greater the sense of satisfaction when a problem which caused the insecurity or part of the insecurity is solved, and this sense of satisfaction is due *precisely* to the fact that having solved the problem allows us to now see the world *that much more rationally*, and, specifically, to the fact that our minds recognize that the solution that we have found is a *real* solution.

Under the socialist arrangement, on the other hand, rational thought is suppressed in the people, because it is threatening to the dictator and his regime, and so our ability as individuals under such an arrangement to solve the problems in our own lives would be hindered by this. This, in turn, means that our minds would be host to far more, and far more strongly-held, rigidified biases which would block us in substantial ways from an acknowledgment of unpleasant realities, at least those which are not painfully obvious, and this, in turn, would constrain our ability to think creatively about the world. Any solutions which would be found to our problems in artistic expressions such as plays or works of literature would be of two kinds: (1) Those which are limited in psychological and emotional impact, because the solutions offered would always be in the context of the slavery under which we suffered, i.e., they would always take as given our oppressive circumstances, and thus our minds would not recognize them as true or real solutions, since they would not help us find a way to rise above our slavery, and so the deeper sense of emotional satisfaction would be denied us, or (2) Those which provides a deeper sense of emotional satisfaction which reflects that a given work of art did solve a problem to a nontrivial extent for us, but either it was solved in the flawed context of the tyrannical ideological system which we have accepted as true, and which thus perpetuates and strengthens the tyranny under which we suffer, or it was solved in a way which associated the artistic work or expression with the solution of an immediate, short-term basic survival need from which we suffered, but which solution does not grant us freedom from slavery and therefore is not a long-term solution to our problems. Deeper artistic appreciation can be had in the latter situation under socialism, but because the socialist system, if it is to remain socialist, remains tyrannical, the sense of solution which we may feel from taking in these works of art will not allow us to gain greater genuine understanding of things, and thus make progress toward genuine

freedom – it will at best allow us to survive under oppression with a small amount of greater ease, because either we have greater certainty now about our place in the tyrant's world, or we have material resources such as food, clothing, shelter, basic medicine, cigarettes, beer, etc., which allow us to satisfy our basic survival needs a little better than we would have been able to otherwise. Artistic works which are aimed at this kind of emotional satisfaction in the minds of the people are not aimed at actually helping them solve their problems – they are aimed at helping them more deeply accept their subservient position or at making them feel that much more unsure in their thoughts about whether or not they should rebel or revolt.

Note also that artistic works under capitalism do not have to be "deeply" meaningful. They can be just as "shallow" as any artistic work which might be produced under any other conceivable socioeconomic system. Artistic works and artistic expression, like everything else in a free society, will be diverse and varied along many different lines, one such line being that of intellectual depth. As with anything else in a free society, if there is a market for something, people will find a way to produce it in order to satisfy the needs of this market and, by doing so, earn a living for themselves. The point here is that it is incorrect to state that deep artistic appreciation would be nonexistent under capitalism, or that it would be suppressed, or that it would be deemed uninteresting, for, in fact, the opposite of all these things is true. It is also incorrect to say that we would not have free time for pursuit of artistic endeavors or appreciation, or for pursuit of any of the rest of the higher things, such as deeper thinking about the nature and patterns of existence, basic scientific research, the learning of new skills in order to move up economically or transition to a different and more satisfying career path, or reading or learning more broadly in order to become a well-rounded, and perhaps more fulfilled (depending on the individual) person – once again, the opposite of these things, in fact, is true. These arguments against capitalism are nothing but an attempt to paint capitalism in a poor, inadequate, immoral, and unsatisfactory light, and, as with all other anti-capitalist arguments which have ever been made, this argument is based on a substantial misunderstanding of what an actual capitalist system looks like, as well as of what an actual socialist system looks like. The argument, in other words, is based on internal logical flaws, which the exposing light of scientific scrutiny make clear and plain.

## §5 Additional Commentary on Xi Jinping

We can make a few additional comments about Xi Jinping's motivation for his efforts to centralize political and economic power in China, and thus to reverse the liberalization efforts which were begun by Deng Xiaoping in the 1980s. From Wikipedia, we learn that "Xi's father held a series of posts, including Party propaganda chief, vice-premier, and vice chairperson of the National People's Congress."[436] In other words, Xi's father was a prominent Party member, and so in his time if any of his rivals were to gain power, it is expected that he would have been seen as a substantial threat, and that decisive and consequential action would have been taken against him. In fact, this is what happened: "In 1963, when [Xi] was 10, his father was purged from the CCP and sent to work in a factory in Luoyang, Henan. In May 1966, the Cultural Revolution cut short Xi's secondary education when all secondary classes were halted for students to criticize and fight their teachers. Student militants ransacked the Xi family home and one of Xi's sisters, Xi Heping, committed suicide from the pressure. Later, his mother was forced to publicly denounce his father, as he was paraded before a crowd as an enemy of the revolution. His father was later imprisoned in 1968 when Xi was aged 15. Without the protection of his father, Xi was sent to work in Liangjiahe Village, Wen'anyi, Yanchuan County, Yan'an, Shaanxi, in 1969 in Mao Zedong's Down to the Countryside Movement. He worked as the party secretary of Liangjiahe, where he lived in a cave house. According to people who knew him, this experience led him to feel affinity with the rural poor. After a few months, unable to stand rural life, he ran away to Beijing. He was arrested during a crackdown on deserters from the countryside and sent to a work camp to dig ditches, but later returned to the village, spending a total of seven years there. The misfortunes and suffering of his family in his early years hardened Xi's view of politics…. After being rejected seven times, Xi joined the Communist Youth League of China in 1971 by befriending a local official. He reunited with his father in 1972, because of a family reunion ordered by premier Zhou Enlai. From 1973, he applied to join the CCP ten times and was finally accepted on his tenth attempt in 1974."[437] We also know, as discussed in the same article, as well as earlier in this book, that Xi was from his youth a devout Marxist-Leninist.

So what can be said about Xi's current behavior based on this? The tragedies of his youth which began as far back at least as when his father was booted from the CCP when Xi was only 10 clearly helped push him to view re-joining

436 https://en.wikipedia.org/wiki/Xi_Jinping, referenced on **4/29/23**.
437 *Ibid.*

the CCP as the path toward solving his own problems, given how relentless he was in applying for membership before he was finally accepted and became a member again. This was reinforced by the fact that the CCP's basic ideological tenets were his own, which presumably he developed in the first place from being the son of a high-ranking CCP member. We might suspect, then, that the tragedies and hardships of his youth gave him a deep sense of insecurity and lack of place and purpose, and he saw the path to finding his security, place, and purpose again in the arms of the CCP. But the deeper sense of hardship, combined with perhaps a certain inner knowledge of the CCP due to his position as the son of one of its former leaders, made him latch onto the idea of solving his problems through the agency of the CCP *strongly* and *rigidly*, and made him more deeply dedicated to this path than he might otherwise have been, and it also made him more emotionally attached to the CCP, and made him view the CCP and Marxist-Leninist socialist ideology in a brighter and more positive, more *life-saving*, light than he might otherwise have. He followed this path, did not let anything take him off course, and continued following it until he had become general secretary of the CCP in 2012. But the deep need to *completely* solve his problems via the CCP and Marxist-Leninist ideology ensured that he was not satisfied with this one post, and so he worked further over the next 10 years to consolidate his power, which led to him holding all the top posts, the elimination of term limits on his leadership, and his own "Xi Jinping thought" being enshrined in the modified CCP constitution.

Given how much of his life has been devoted to using the CCP and Marxist-Leninist ideology as the ultimate solution to his own *personal* problems and insecurities, it makes sense that any force which opposes the CCP and Marxist-Leninist thought would be, in his mind, a serious and deeply threatening enemy, one which must be extinguished at all costs. But what are the enemies of the ideology of Marxism and the CCP? Firstly, capitalism, i.e., private ownership of the means of production, which has substantially improved the lives of millions in China over the past few decades, but with which Xi has a major conflict in his mind, because of his devotion to Marxism and the underlying ideals of the CCP (which to a larger degree than in the past now reflect his own interpretation of Marxism). So, then, we would expect to see Xi cracking down on capitalism's rise and expansion in China, which he has been doing to a substantial degree ever since he came to power. The second enemy would be the Nationalists, who the CCP never fully defeated in the civil war which ended in 1949, even though the CCP gained full control of mainland China. The Nationalists, who were interested in preserving traditional Chinese cultural values, which were anathema to the

Marxist-communists in China, retreated to the island of Taiwan, which has since developed, with the US's support, into a thriving capitalist community. Taiwan represents, to Xi, the worst of both evils – a Nationalist stronghold which was never fully defeated, and a bastion of capitalism. It is no wonder, then, that he keeps pushing the "One China" policy, which is the idea that Taiwan is not sovereign, but should be under the domineering leadership of the mainland CCP. Invading and conquering Taiwan would, by fully defeating the Nationalists, be the completion of the task left partially undone by the CCP in 1949, and at the same time could make significant progress toward weakening America's influence in mainland China ideologically and remove a thorn from the CCP's side militarily.

It is in this way that we can explain Xi Jinping's behavior to tighten his grip on China, as well as his deep dedication to Marxist-Leninist ideology, which compliments and reinforces his efforts at tyranny, and which also, due to the ideology's internationalism, helps explain why Xi is interested in extending his socialistic control to the rest of the world.

But a question arises here: assuming the basic premise of this section is true, specifically that the tragic circumstances in his young life appear to have prompted him to follow the path he has since followed, then are Xi's efforts to impose greater control over China's population, over the Taiwanese, and over the world to be considered acts of justified self-defense? After all, presumably he was only trying to take back what had been forcibly, arbitrarily, taken from him. Also, he was further restrained because presumably the only real path to power for him, to the ability to control his own life and influence the world around him, which is necessary for a person to find happiness, was to rise in the CCP. This is reminiscent of the various discussions earlier in this book regarding infringement when it is justified for the purpose of self-defense, in the context of anarchy or anarchy-like situations such as a home invasion when danger is immanent and police have not yet arrived. Xi did not live in a system of anarchy but rather one of totalitarianism, but the basic idea still applies, viz., that infringement for the purpose of justified self-defense cannot be considered immoral, because it is not *arbitrary* infringement. However, as will be discussed in the context of interventionism in Appendix C, such infringement should not be thought of as a *norm* of behavior, but only as a temporary, transient measure so that one's safety can be ensured, and then, while still on the lookout for situation where such non-arbitrary infringement may again be needed, one should resort as a rule to the expression of and promotion of a decentralized freedom for everyone, which helps ensure one's own safety in the longer term by helping to ensure safety in society in general. Xi's desire to invade and conquer Taiwan is not necessary for the preservation of

his own safety and freedom, but he is so blinded by his devoted adherence to and emotional need for the Marxist-Leninist ideology, and the CCP's goals' fulfillment and completion, that conquering Taiwan has become necessary in order to fully satisfy his own *personal* need for happiness and fulfillment. Presumably many others in the CCP have the same mindset, and many others beyond these fall in line because Xi has worked to structure the Party so that there is no determined or non-trivial opposition.

Regarding his efforts to centralize and solidify control of the CCP and mainland China more tightly and completely under his own rule, the same analysis can be made. There was no reason why Xi could not have continued the policies begun by Deng Xiaoping and others to liberalize the Chinese economy. It was not necessary for him to work to further solidify control the way he has, in order to help the Chinese people – in fact, if he really wanted to help the Chinese people he would have done the opposite. But liberalizing like this would be the same as reducing the power of the CCP in China, and since reducing the power of the CCP would be tantamount, for Xi, to reducing his own personal power, given how tied he has made his own personal power to that of the CCP, such liberalization would have been too great of a *personal* threat to Xi for him to actually proceed along these lines. Given that the personal threats in his life have been aligned to a greater and greater degree over time *against* the CCP, especially as a result of his own effort to align the CCP with his own personal values and goals, then in his mind it only makes sense to *strengthen* the power of the CCP itself, so that he can take himself that much further toward solving the *personal* problems from which he has suffered for most of his life.

So we can say that Xi's entry into the CCP may have been justified by self-defense – though simply entering the CCP would not by itself constitute infringement by him on others. The effort to rise in the CCP might also be justified by self-defense, though the extent that this rising was the result of actions he took to infringe on the person or property of other Chinese citizens who had nothing to do with efforts to arbitrarily suppress or obstruct his journey to personal safety and security is the extent to which the rising cannot be considered justified self-defense. Finally, the things he does and decisions he makes today which cause infringement can only be justified to the extent that political rivals or others are seeking to arbitrarily harm him in one way or another, that is, arbitrarily infringe on him, in order to lift themselves up at his expense. But the things he does and decisions he makes which cause infringement that are not based on this consideration are unjustified and immoral, and they, therefore, should be stopped if possible, or condemned or obstructed in one way or another, depending on the geopo-

litical situation of the moment, if they cannot be directly stopped. Either way, a clear understanding of the *ideas* helps us put the details of a person, such as Xi Jinping, or a situation, into better perspective, which, in turn, gives us a greater sense of *genuine* certainty about the world, increases our inner self-confidence, and promotes a healthy mind. And on the practical side, this clear understanding serves as a sound guide when we are making concrete decisions and taking concrete actions, if we are in a position to influence the situation or person in question.

## §6 The Argument from Decadence

It is sometimes claimed that capitalism is damaging to humanity because it satisfies our needs *too easily* and *too completely*, and it therefore deprives people of the opportunity to experience the deep satisfaction and fulfillment that can only come from hard work, and from achieving something difficult. This, it is claimed, makes people lazy and therefore weakens society. Setting aside the fact that this argument completely contradicts all the socialist arguments that claim that capitalism is unproductive and thus does not satisfy the needs of people as well as socialism (which, if this were true, then socialism would be even *more* subject to the argument from decadence than capitalism), and thus the fact that any socialist who makes both arguments contradicts himself, the argument from decadence is not even true. The value of the capitalist arrangement is that each person is able to decide for himself what it takes to make him happy – those who choose the path of laziness and sloth and complete fulfillment of creature comforts can choose this path if it satisfies them, while those who prefer to experience the deeper satisfactions which can only come from forcing oneself to endure trials in order to achieve something difficult, rare, and lasting, can choose this path. The argument from decadence completely ignores the fact that one of the most difficult things to do is start and build a successful company in an open, competitive marketplace, and many of the people who seek to find happiness through difficult and lasting achievement will be instinctively drawn to this arena. Also, as discussed in the previous section on artistic appreciation, the capitalist arrangement of society facilitates, rather than inhibits, the existence and accumulation of free time and disposable income, with which those who are interested can choose to pursue a whole slew of challenges – academic, artistic, physical, etc. Under a socialist system, by contrast, the method of economic production is corrupt and grossly inefficient, income is not proportional to productive contribution, and there are many fewer opportunities to pursue one's passion even if one had the free time and dis-

posable income, and so for these reasons the option to do so is essentially non-existent in the socialist community.[438]

Not everyone will be interested in pursuing the higher things, or in challenging themselves to find fulfillment. In fact, we might even say that the majority would not be interested in these things to any substantial degree. Such people would have this mindset and this outlook on life regardless of whether they lived in a capitalist or a socialist society – socialism would not make such people any more interested in challenging themselves to find fulfillment. It is simply that in capitalism, these people are able to find fulfillment in their own way *to a greater degree* than they would in a socialist system, because capitalism is more productive, creative, and efficient. And those who *are* interested in finding fulfillment by challenging themselves would be *able to find opportunities to do so* in a capitalist system, whereas in a socialist system by and large they would not.

But then it might be argued that since the masses are satisfied to a greater degree and more completely under capitalism, they are more distracted from the efforts of would-be tyrants to establish tyranny, and so tyranny would have an easier chance to establish itself. But easier compared to what? A socialist system is *already* a system of tyranny, so the fact that the capitalist system is *not yet* a system of tyranny but potentially could become one if we are not careful is no argument *in favor of* the socialist arrangement. Furthermore, the possibility of latent and secretive tyranny which plots and grows in a free society unbeknownst to the citizens of the society is much more a symptom of a society which, while it has strong elements of freedom, is also not completely free, and so in which power is not as checked and balanced as it could be. Such a society is one in which the activities of certain citizens which could detrimentally impact other citizens are not as easily made known as they could be, and as they would be in a society which is mature in freedom. This is the case with, for example, America in the early 21st century – modern America has strong elements of freedom, but also has citizens who have made and who are making substantial efforts behind the scenes which aim at tyranny and oppression, whether with malicious intent or not, and in some cases whether they realize it or not. In a society which is mature in freedom, such secretive efforts at establishing tyranny would be much less likely to occur, and any such effort which did occur would be outed much more readily by the strong checks and balances on power throughout society, and would stand minimal chance of success. Remember, the fact that many people choose a life of

438 Unless one's passion is the oppression of others, in which case there are plenty of opportunities available in a socialist system in the army, the police, or the government, or unless one is a member of the privileged few who have access to greater resources, and, in particular, who have access to imported goods and services from outside capitalist countries, such as is the case with Kim Jong-Un in North Korea.

laziness, sloth, and creature comforts in a capitalist society does not mean everyone will, and, in fact, in a capitalist society, one which prizes rational thought and which has many more and diverse opportunities to achieve and succeed and find fulfillment, there would be many more individuals than would be the case in other types of society who would dedicate their lives, or significant portions thereof, to the pursuit of deeper truths, and to monitoring society through the free press and other means for any signs of incipient tyranny, out of a *rational* understanding that such monitoring is always important. A society which is mature in freedom would, as its description implies, push to a minimum the possibility of the rise of tyranny due to the inattention of its citizenry. America is a society which is not mature in freedom, though if we do not make too many mistakes from here on out, we can transform it into a society which is. The same is true of the rest of the world, and at the moment America is the brightest of the beacons which history has so far lit for the purpose of leading the world toward this desired state of affairs – but it all depends on *us*, the ideas we have about right and wrong, and about socioeconomic structure, as well as what we choose to do, i.e., the actions we choose to take, based on these ideas.

## §7 The Shrinking Middle Class

It is commonly reported that the American middle class is shrinking. The middle class is defined by the Pew Research Center as those households which earn between two-thirds and twice the median household income, after incomes are adjusted for household size. Pew gives an example of middle-class income being "about $52,000 to $156,000 annually in 2020 dollars for a household of three. 'Lower-income' adults have household incomes less than $52,000 and 'upper-income' adults have household incomes greater than $156,000."[439] Investopedia has a chart which shows the shrinkage under "Income Status," and this chart shows that in 1971 the middle class represented 61% of households, while over time it decreased: in 1981 it was 59%, in 1991 it was 56%, in 2001 it was 54%, in 2016 it was 52%, and in 2021 it was 50%.[440] This is, of course, a trend, but if we are to understand the cause or causes of this trend, as well as the degree to which and the ways in which it is or is not likely to continue, it is important to have a sound understanding of the patterns of human socioeconomic behavior. Anti-capitalists will tell us that capitalism is the cause of this trend, and they will

439 https://www.pewresearch.org/short-reads/2022/04/20/how-the-american-middle-class-has-changed-in-the-past-five-decades/, referenced on **4/30/23**.

440 https://www.investopedia.com/financial-edge/0912/which-income-class-are-you.aspx, referenced on **4/30/23**.

then tell us that this is an example of why capitalism is bad for society, since it shrinks the opportunities for people to rise out of poverty (which is represented by the shrinking middle class). But do such critics understand capitalism well enough to be justified in making these assertions?

The first thing to note is that this is a trend in a complex system, that of the American human socioeconomic system. This means that unless we have some sort of theoretical framework within which to understand this trend, we cannot be justified in extrapolating the trend into the future, since it could change at any time due to unpredicted changes in the internal and surrounding circumstances. The anti-capitalists base their conclusion that the shrinking middle class is an example of the damage which capitalism does to freedom and prosperity in society on the Marxian conception that the natural, inevitable tendency of capitalist production is to concentrate wealth, combined with the implicit idea that the amount of wealth overall in society always remains the same, and that the only thing which differs over time is its distribution among the populace. In other words, they have an image in mind, a framework, of how capitalism works, and they interpret the trend in this light. The only problem is that this conception of capitalism is flawed. This will be discussed in more detail in a moment, but first we should look at a couple of specifics.

One important point to note is that there has been substantial demographic change in American society over the course of its history. For example, the American population has grown older on average, and, as the Investopedia article tells us, "This aging makes a big difference to the median income because retirees typically live off savings and generate little income."[441] In other words, the low-income group has increased partly because much of the aging population does not actively take in income or takes in much less income than they did when they were working, even though they may still have a middle-class level of wealth and a middle-class level of comfort. Secondly, "the country is significantly more diverse than it was in the 1970s. Increases in the number of immigrants, for example, push down median incomes because immigrants, on average, make less money."[442] The article specifically says that immigrant earnings push down the median income, but one may take from this that these lower earnings by immigrants increase the number of American households which are considered low-income, that is, below middle-income.[443] Note that this increase in absolute numbers in

441 *Ibid.*

442 *Ibid.*

443 Though technically it depends on the data set – some salary data sets may have a wider middle class than others, according to the definition given by Pew for middle class. What is important for the practical discussion is the actual data gathered, so long as it is representative. See the remainder of the discussion in the paragraph in the main text.

the low-income class does not *necessarily* mean that the proportion of income earners in the low-income class has increased and that therefore the proportions of middle-income and high-income households have correspondingly decreased – in a given society these latter two categories, for example, could increase in proportion to the increase in the low-income class, and so the overall relative proportions could end up being the same in the society after these increases. The point is that an increase in the overall number of low-income earners due to immigration, which increase is due to the fact that immigrants are at a natural disadvantage due to differences in language and cultural habits and norms, does increase the *likelihood* that the proportion of low-income earners in a society will increase. Without deeper study of the circumstances and context for the modern American case, we can tentatively say that the change in the proportions of different classes of earners which we perceive as a shrinking middle class in America has been partly caused by immigration.

But we should make a further point here. Why do so many people feel a desire to immigrate to America in the first place? It is because America offers better opportunities to find happiness and fulfillment than are offered by the immigrants' native countries – and this is despite the flaws in the American system which make it a less-than-perfect implementation of the ideals of freedom. But why does America offer better opportunities than these other countries? It is because American society is a fuller implementation of the ideals of freedom than the societies of the other countries, and, as we have discussed throughout this book, one of the essential components of socioeconomic freedom is the capitalist arrangement of economic production. It is in this sense only that we can say that capitalism has caused or helped cause the shrinkage of the middle class in America since 1970, at least at the lower-income end – the opportunities which capitalism, i.e., the capitalist arrangement of society, offers to *anyone* willing to take advantage of them has attracted many people from non-capitalist, non-free nations, or nations which are less free than America in one way or another, often at significant personal difficulty, expense, and risk, and it is not surprising that such people who immigrate to a nation which is host to a foreign culture with which they are unfamiliar but which offers better opportunities for fulfillment, happiness, and freedom than their home countries did, are willing to accept the lower-paying jobs in order to establish a foothold in the country. This, of course, is no argument for the idea that they should stay in these low-paying jobs. The point is that it was the capitalist arrangement itself which first attracted them to America, and which keeps them here. Certain elements in America are interested in keeping immigrants oppressed and poor, but this oppression, as with any oppression, is not

an inherent part of *capitalism*, but rather is a tendency in human nature which can be exacerbated by certain socioeconomic arrangements and mitigated or eased by others. The capitalist arrangement is the arrangement which minimizes the societal and individual damage which can be done by this tendency to oppress, and it is precisely for this reason that so many people have a strong desire to immigrate to America.

The second item to point out is with regard to the other side of the scale, that is, the side of the scale represented by high-income households. We learned in the section on central banks earlier in this book that the purpose of central banks is not to stabilize the currency, prices, and the economy, as is often claimed, but to provide a few privileged individuals in banking, government, and industry the ability to counterfeit money *legally* and to benefit from the creation of this new money out of thin air by using it to purchase, and thus shift away from others and toward themselves, real capital resources on the market, which they would not otherwise be able to do. America has a central bank, the Fed, which is the most powerful central bank in the world, and, as we discussed earlier, the reason for this power is that it is able to piggy-back off of the most powerful capitalist economy in the world – in effect, to co-opt the value and reputation which have been built up for the US dollar as a result of its use as the unit of currency in a free capitalist market, by working, originally, to push through, and thereafter to sustain and expand, legislation which gives the Fed and those in strategic control of it substantial influence over the value of this currency unit. Now, the Pew study showed that not only is the middle class shrinking on the lower end of the spectrum, as a result, it would seem, of an increase in the low-income class, it is shrinking also from the higher end of the spectrum, as a result of an increase in the high-income class. How might we explain this? Certainly a number of factors are at play. But there is one which never seems to get enough attention, and that is the role played by the central banking arrangement. When a central bank, or a government (if the government is in more direct control of the quantity of money in circulation), or member banks of a central banking cartel who are much more able to use the fractional reserve process than would be the case in a free, competitive banking market, create new money out of thin air – by, e.g., printing new bills without destroying old ones in an equal amount, or by issuing a loan which is only partially backed by real money such as gold or silver, or not backed by real money at all – this money has to be issued *to* someone or some business, government, or other entity, in order for it to be used to purchase things on the market, which is the purpose of issuing the new money in the first place. The people or entities who receive this new money are *privileged* compared to every-

one else, because they are able to buy more real capital resources on the market – either production goods or consumption goods – than they would otherwise be able to, i.e., they are able to satisfy more of their needs and desires than they would otherwise be able to, and everyone else is *not* able to do the same thing. Furthermore, as discussed in the section above on central banking, the general result of this introduction of new money into the economy without a corresponding introduction of new real capital wealth (i.e., real commodity money or non-money things which can be purchased with money) is a rise in prices throughout the economy – albeit not all at once or all to the same degree, and which price changes can easily include a fall in at least some prices. Now, so long as the capitalist system remains mostly free, in spite of the centralization or quasi-centralization of monetary control in the form of a central bank, which centralization, recall, is a *reduction* in socioeconomic freedom, the natural tendency of the capitalist system to find creative and efficient ways to use capital to solve problems will still exist and be active, and the rise in prices which results from the introduction of net new money without a corresponding introduction of net new capital will be countered by the net increases in real capital wealth which result from the natural tendencies of the capitalist process. These forces oppose each other, and so the general increase in prices which results from central banking activity is countered by a tendency to *decrease* prices which results from the natural workings of the capitalist socioeconomic arrangement. Keep in mind, though, that the two opposing tendencies are not guaranteed to exactly cancel each other, and history has shown that when a central bank has a nontrivial amount of power, the net tendency is still for prices to increase over time. Also note that if the capitalist process had been further restricted than has been the case over the past century in America, all else being equal, prices today could easily be *higher* than they already are, because the capitalist process's ability to counter the increase in prices due to the various injections of new money over this time would have been further weakened. Furthermore, for most businesses and other employers the costs of doing business, i.e., costs of operating, would have increased as a result of the influx of new money into the economy prior to any of this new money reaching them, if it reaches them at all, because these businesses and employers were not lucky enough to be privileged to receive a portion of the new money before the general rise in prices had occurred. So these employers, in watching the markets which concern their operations, perceive a steady rise in their supply costs, which rise in turn makes it harder over time for them to continue operations. Employers under these more constraining conditions will thus be that much more diligent in what they choose to spend, and in finding ways to cut costs, than they otherwise would

have been, because they are operating now on thinner margins, and so the survival instinct begins to become more prominent in their minds. Specifically, they are unlikely to give their existing employees raises, or the raises they do give will be smaller and less frequent than they otherwise would have been. They may even lay off a subset of employees, because they can no longer afford to pay them. Also, if these businesses and employers raise the prices of their products or services on the open market in order to try to recover some of these losses, they risk reducing their consumer base, potentially by a lot, and so this is not an ideal solution, though it is often necessary in these cases. Note also that though raising prices may be necessary in any given case, doing so can easily restrict supply of products and services, because it is more likely under such conditions that fewer people would buy, and therefore more likely that less would be produced. These changes also mean that while there is more money circulating in the economy, not only will most businesses not be able to take advantage of it for any net gains, most employees of these businesses will also not be able to take advantage of it. And all the while, prices of most things, both production goods and consumption goods, will have risen on the market.[444]

But notice what the tendencies discussed here imply for the size of the middle class. If a central banking arrangement exists, and thus a few privileged individuals, businesses, groups, and government agencies or politicians are able to acquire net new money out of thin air and use it to indirectly shift real capital resources away from others and toward themselves, and if this ability persists over many years and decades, then this represents a tendency to *concentrate wealth into the hands of these privileged individuals and groups*. Generally speaking, these privileged individuals and groups are people who are *already* privileged and *already* wealthy,[445] which existing privilege and wealth make them more likely to be able to find opportunities to further privilege themselves and further increase their wealth, because they have greater access to those who create the fiat money, and greater ability to do something in return for the additional fiat money to which they are granted access. In other words, in a society in which a central bank operates, there is a tendency to shift wealth to the most privileged in society from everyone else. This gives the most privileged greater wealth that they otherwise would be able to obtain, which, if they are smart, they will use to continue ensur-

444 To be clear, inflation of the money supply through the counterfeiting of money and the issuance of this new counterfeit money into the economy is not the *only* way in which prices can rise in a market. It is, however, one of the ways, and, furthermore, it is a way which has its source in tyrannical tendencies, rather than in the unpredictable vagaries of free markets as is the case with other ways in which prices can increase. Each specific source of rising prices has unique implications for broader society.

445 Which, for clarity, is not to say that all those who are wealthy are part of these privileged groups.

ing that they remain privileged and wealthy. But, as discussed in the section on central banking above, since central banking is an effort to concentrate monetary, that is, *economic*, power into the hands of a few, privileged individuals, central banking is *socialist* in nature, not capitalist. A banking industry organized along capitalist lines would be one in which there is no central bank, and no possibility of bailout of a bank if said bank made risky or unsound investments, an arrangement in which each bank stands or falls on its own ability to successfully compete for banking customers and investors in an open market. A capitalist banking market is one which is decentralized, rather than centralized. Another way of saying this is that the concentration of wealth into the hands of a small number of people as a result of the central banking arrangement is not the result of the capitalist process, but rather the result of efforts at *socialization*, regardless of what the outward appearance of these efforts might lead us to otherwise believe.

Note also that this is not to say that an increase in the size of the "upper-income" or "high-income" bracket can only be the result of central banking efforts. A human society is dynamic and changing, and even in a society which is mature in freedom, and thus has, among other things, no central bank, the relative proportions of wealth can shift as economic and social conditions change. This is expected, and is a sign of a vibrant and healthy society. The point is that, all else being equal, a central banking arrangement *strengthens* the tendency to concentrate wealth into the higher-income bracket. In fact, it is not surprising that the discussion revolves around the shrinking middle class since *1971* – this is the year that the Nixon administration ended the fixed convertability of the dollar to gold, which meant that an important constraint provided by sound money backing for central bank-issued paper and checkbook money or money issued based on the fractional reserve process was removed.[446] This allowed those in control of the central bank's issuance of new money, and those who are influential in the processes in place which allow for such issuance indirectly, such as through the fractional reserve process at cartel member banks, to be less limited in their ability to issue new money, which change was just one more expansion and consolidation of centralized monetary power in the United States. This is not to say that the mid-

446 "On the evening of August 15, 1971, Nixon addressed the nation on a new economic policy that not only was intended to correct the balance of payments but also stave off inflation and lower the unemployment rate. The first order was for the gold window to be closed. Foreign governments could no longer exchange their dollars for gold; in effect, the international monetary system turned into a fiat one…. Shortly after the plan was implemented, the growth of employment and production in the United States increased [through the use of an expansionary monetary policy, which was much easier after the United States was no longer required to maintain a fixed convertibility of the US dollar to gold]. Inflation was practically halted during the 90-day wage-price freeze but would soon reappear as the monetary momentum in support of inflation had already begun…. [The Nixon administration's] plan was one of the many prescriptions written to cure inflation, which would eventually continue to rise." https://www.federalreservehistory.org/essays/gold-convertibility-ends, referenced on **7/16/23**.

dle class never shrank before 1971, or that its size relative to the upper and lower income classes never changed before 1971. The point here is that it is no surprise that the middle class has been shrinking since 1971, even aside from the immigration which has increased the low-income class's absolute numbers: greater ability by a privileged few to issue new money into the economy, as we have discussed, leads to a greater shifting of wealth to those lucky enough to receive the new money first or early on in the process which eventually leads, as the money trickles and cascades throughout the economy, to a general rise in prices. Furthermore, since this larger quantity of money in circulation is the result of the central banking mechanism rather than the introduction of additional real money into the economy through the free market process, it is also not surprising that those who are lucky enough to receive the new money first will, as individuals and businesses, receive *larger amounts of it* compared to that received by each of the individuals and businesses who make up the rest of the population, and so the total amount of money and capital resources held by these individuals and groups will become *larger in proportion to* the total amount of money held by the rest of us over time. The Pew study showed that not only is the high-income class increasing in terms of proportional number of households, but its share of the aggregate wealth increased to a more-than-proportional degree – in 1970 the share of people who were in the high-income bracket was 14% and they had 21% of aggregated income, while in 2021 the share of people in this bracket was 29% and they had 50% of the aggregated income.[447] In a society with a central bank as strong as America's (and not just the central bank itself, but the major banking players surrounding it and benefiting from its existence, as well as the all-important government support for the central bank's continued existence, in the case of the Fed in the form of the Federal Reserve Act of 1913, which has never been repealed, though at least one attempt has been made to do so),[448] it is not surprising, and in fact is to be expected, that a rearrangement of capital resources in society such that the top few percent of people amass an ever-greater proportion of these resources over time has occurred and continues to occur.

Remember that the total amount of capital wealth in a society, the total size of the "pie," so to speak, is *not* constant. It changes over time as capital wealth is used up in production and consumption, and as it is created anew by the processes of production. There is a tendency, rooted in the same overall mindset which ties insecurity together with tyranny and socialism (as discussed in detail earlier in

447 https://www.forbes.com/sites/katharinabuchholz/2023/04/21/how-americas-middle-class-is-shrinking-infographic/?sh=2d8f58784e00, referenced on **4/30/23**.

448 https://www.congress.gov/bill/98th-congress/house-bill/875/text, referenced on **4/30/23**. This attempt was made by congressman Ron Paul in 1983.

this book), which makes us view life as a zero-sum game, in which if someone gains, this must mean that someone else has lost an equal amount. Note that in a socioeconomic system which is *not* free, this is *exactly* how it works. The whole point of recommending the capitalist arrangement for society is that it is the only kind of socioeconomic arrangement in which the zero-sum principle does *not* hold. But since human history has, so far, never experienced a socioeconomic system which is mature in freedom, though some systems, such as America's, have made substantial progress in this direction, but rather has a long and tortuous history of tyranny in many and varied forms, the mindset of most of us is still rooted in this historical, and often personal, zero-sum experience, and so we over-apply the zero-sum idea to our socioeconomic surroundings, out of an abundance of caution. Specifically, we use it to describe the capitalist arrangement, due to superficial similarities between certain aspects of capitalism and the zero-sum principle – e.g., if I want something from someone else, I have to give them something of "equal" value in return, when in fact, what is happening in such a transaction is that each person receives something of *greater* value to *himself* than what he is giving up, so long as the transaction is voluntary on both sides, and thus each person in the transaction is better off than he was prior to the transaction – i.e., the transaction is *not* zero-sum. The idea of "equality" in value between these two things is based on a misunderstanding of the nature of value as being an objectively-quantifiable thing, when value, in fact, is based on the subjective rankings of things in the minds of each individual, which rankings differ between individuals, which, in turn, makes the process of *trade* valuable to humans in the first place. This has the implication that we should be careful in assuming that an increase in the amount of wealth in the high-income group necessarily means an equal decrease in the amount of wealth in the middle-income and/or low-income groups. In fact, this does not *have* to be the case, as the amount of wealth in the other two groups could, for example, have increased in proportion during the same period of time, or increased to a greater that proportional degree, compared to the increase in the amount of wealth in the high-income group, since, again, the total amount of capital wealth in society is *not constant*.

Neither, we should note, is the distribution of wealth in a free society constant, though the changes over time of the distribution of wealth in such a society show a markedly different pattern than what the socialists tell us is the case. In fact, let us analyze what would happen to the middle class in a capitalist society. In such a society, there is no central bank, and thus no source of a long-term inflationary tendency in the money supply. Further, in such a system no one has the ability to override or bypass or operate outside the system of universally-applica-

ble law, and so no one is privileged by government force at the expense of their competitors, or at the expense of anyone else – this means, specifically, that no company or group of companies has special legislative or regulatory privileges which artificially raise barriers to entry into their market or which damage the ability of their non-privileged competitors to operate successfully; that there are no artificially-raised barriers to the creation of new markets; that no bank, regardless of the size of its market cap or holdings, has any privilege compared to other banks, and there is no opportunity (or only trivial opportunity) to practice fractional reserve banking (i.e., to make use of the "multiplier effect"); and that there are no secretive arrangements or agreements between privileged individuals to oppress the masses for self-aggrandizement, because there is no *privilege* in general, and because there is no central banking arrangement or its equivalent, whose legalized ability to create money or its equivalent out of thin air in large quantities is a *sine qua non* of such privilege, i.e., a *sine qua non* of the ability for these secretive arrangements to be established, grow, and perpetuate themselves in the first place. But in a system such as this, one which has no special privileges for anyone, not only will fewer risky investments be made by banks and bankers, as well as other monetary firms, because there is no possibility of bailout by a "lender of last resort," but the competitive struggle between companies will be expanded and balanced compared to what it would be under a system of privilege, whose entire purpose is to artificially reduce, for those privileged, the stresses and potential for loss which are inherent in the process of open market competition. In other words, those who have made it to the top, as measured by amount of wealth, in a *free* society, i.e., a capitalist society, have a *harder time staying at the top* than they would under a system of government-backed privilege, and this means that it will be easier, on average, for the rich to *become poor* or to *become middle-class* than it is under a system of government-backed privilege. In fact, as Mises tells us, if a wealthy individual wishes to hold onto his wealth, and to keep it in his family through inheritance, he must transfer it out of the process of capitalist production, where there is a good chance of loss of part or all of it, into a form which is more enduring:

> The attention of sociologists is often drawn to the fact that mercantile and industrial wealth, that is, wealth not invested in land and mining property, seldom maintains itself in one family for a long period. The bourgeois families rise steadily from poverty to wealth, sometimes so quickly that a man who has been in want a few years previously becomes one of the richest of his time. The history of modern fortunes is full of stories of beggar boys who have made themselves millionaires. Little is said of the decay of fortunes among the well-to-do. This does not usually take place so quickly as to strike the casual observer; closer examination, however, will reveal how unceasing the process is. Seldom does mercantile and industrial wealth maintain itself in

> one family for more than two or three generations, unless, by investment in land, it has ceased to be wealth of this nature [i.e., wealth which is used in the active process of capitalist production and open market competition]. It becomes property in land, no longer used in the business of active acquisition.
>
> Fortunes invested in capital do not, as the naive economic philosophy of the common man imagines, represent eternal sources of income. That capital yields a profit, that it even maintains itself at all, is by no means a self-evident fact following *a priori* from the fact of its existence. The capital goods, of which capital is concretely composed, appear and disappear in production; in their place come other goods, ultimately consumption goods, out of the value of which the value of the capital mass must be reconstituted. This is possible only when the production has been successful, that is when it has produced more value than it absorbed. Not only profits of capital, but the reproduction of capital presupposes a successful process of production. The profits of capital and the maintenance of capital are always the result of successful enterprise. If this enterprise fails, the investor loses not only the yield on the capital, but his original capital fund as well…. Production must continually replenish capital. The individual capital goods which compose it have a limited life; the existence of capital is prolonged only by the manner in which the owner deliberately reinvests it in production. To own capital one must earn it afresh day by day. In the long run a capital fortune is not a source of income which can be enjoyed in idleness….
>
> Fortunes cannot grow [of their own accord]; someone has to increase them. The capital reproduces itself, bears fruit and increases only so long as a successful and lucky investment endures. The more rapid the change in economic environment the shorter the time in which an investment is to be considered good. For the making of new investments, for reorganization of production, for innovations in technique, abilities are needed which only a few possess. If under exceptional circumstances these are inherited from generation to generation, the successors are able to maintain the wealth left by their ancestors, even perhaps to increase it, despite the fact that it may have been split up on inheritance. But if, as is generally the case, the heirs are not equal to the demands which life makes on an entrepreneur, the inherited wealth rapidly vanishes.
>
> When rich entrepreneurs wish to perpetuate their wealth in the family they take refuge in land…. Numerous merchant families … have undergone [this] development; having become rich in trade and industry they have ceased to be merchants and entrepreneurs and have become landowners, not to increase their fortunes but to maintain them and transmit them to their children and their children's children. The families which did otherwise soon disappeared in obscure poverty.[449]

In addition to this, since the society is constructed along capitalist lines, the opportunities for building a successful life, and for increasing one's wealth, are equally available to everyone, and the overall amount or number of these opportunities is maximized. As a result we would see in such a society more people who are currently in the low-income group taking advantage of these opportunities, and thus rising into the middle class. A socialist arrangement, on the other hand, would do just the opposite – out of paranoia and desperate need on the part of the dictator to prevent any challenge to his power, he would direct his enforcers to maintain a structure of society under which there are fewer and fewer, and preferably no, opportunities for those of the oppressed masses to rise to higher positions

449 Mises, *Socialism*, pp. 378-381. See the book at https://cdn.mises.org/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf (referenced on **4/30/23**).

of wealth, and thus to increase their ability to control their own lives and futures. Also, in a socialist society the only people who are allowed to acquire a nontrivial amount of wealth are those whose efforts are strategically important to the preservation of the tyrannical, oppressive socioeconomic arrangement – i.e., those who are privileged continue to be privileged. If this sounds like what happens as a result of a central banking arrangement, this is because, as discussed earlier, it is the *same thing*; in both cases a few privileged people work to maintain and increase their own privilege at the expense of everyone else. What this means in a socialist society is that there *is no middle class* – i.e., there is no possibility of an intermediate level of wealth which can serve as a path for the lower-class to a more comfortable life – unless, that is, we consider as "middle class" those people in the socialist society who are not at the top tier of power but who operate among society specifically for the purpose of maintaining the system of oppression – the government functionaries, the secret police, the military (e.g., in the case of martial law, which can be declared at any time by the dictator), the nuclear engineers[450] (in the case of, for example, North Korea), etc. But this is hardly the kind of "middle class" which a free society would be interested in maintaining and expanding. In capitalism, on the other hand, it is, as discussed, much easier for the rich to become poor, and much easier for the poor to become rich. But this is just another way of saying that a capitalist society is one in which the middle class *grows* and is *strong*. If we do not understand the basic concepts here, the *ideas*, well enough, it is easy to draw a different conclusion. But a proper understanding of the concepts shows that it is wrong to blame capitalism or the capitalist socioeconomic arrangement for a persistently-shrinking middle class. At most, the middle class could shrink under a capitalist arrangement *temporarily* as a result of the inherent randomness and sensitivity to initial conditions of a dynamic and changing human society, which result from a combination of many factors such as changes in supply and demand for many things, the using up of one or another natural, non-replaceable primary resource, geopolitical changes in other parts of the world, or, as we have seen, immigration. But the natural *tendency* in a capitalist system is for the middle class to grow, and to be strong. By contrast, the natural tendency in a socialist system is for the middle class to *shrink*, and finally, if the process extends for a long enough period of time, to *disappear*. This is, in fact, a goal of many of the privileged in American society, and other societies, today: in order to fully satisfy their desire for immortality, it is necessary to *completely* subdue everyone else other than their close inner circle of privileged

450 Not in general, of course, but in the specific cases in which the nuclear engineers are used by the dictator to help him maintain and expand his power.

friends, collaborators, and co-conspirators. This is not the case with everyone who is privileged, but it *is* the case with many of them. This is no different from Xi Jinping seeking to invade and subdue Taiwan, when his own survival does not in any way actually hinge on this, except perhaps to the extent he has made this so by his own actions. There will always be people in society who will seek to establish systems of tyranny for themselves and their friends, in order to reduce, and preferably extinguish, freedom for everyone else, if they see an opportunity to do so. There is substantial opportunity to do this via the agency of a central bank. It is no surprise, then, that upon closer examination, when one is able to get past the propaganda, one finds that the behavior and the effects on society of a central banking mechanism are eerily, and *not coincidentally*, similar to the behavior and the effects on society of all the known systems of tyranny in today's world, as well as those of history. The tactics and methods of central banking are different in certain ways, more insidious and less-easily detectable, and outwardly and superficially they appear capitalist, but by this they are no less tyrannical than other, more obviously tyrannical, tactics and methods.

We see then that a sound understanding of the concepts and the history leads us to the opposite of the conclusion drawn by the anti-capitalists regarding the trend of the shrinking middle class in America over the past few decades. It is not capitalism which has caused the increasing concentration of wealth in the hands of the upper-class in modern America, but is rather the socialist tendency inherent in central banking – the tendency, further, which the anti-capitalists themselves would recommend as a supposed *solution* to this problem of wealth concentration. Without an underlying understanding of the patterns of human behavior, including human social behavior, we cannot extrapolate an empirically-determined trend into the future with any degree of confidence, nor can we properly ascertain the significance of each of the relevant factors which have caused it, or even what those factors are. And with an *invalid* underlying understanding of these patterns, we end up drawing *incorrect* conclusions when we try to extrapolate the trend, or try to determine its cause, and any conclusions we draw which are correct are only correct by lucky coincidence. Once again, clarity of thought is crucial when determining how society should be structured – human nature is such that it is easy to fall into the trap of believing that tyranny is a good thing when it is appropriately disguised as freedom, and it is more difficult to understand and accept that real freedom requires thought and effort to a substantially greater degree than many or most of us would prefer. A sound understanding of the concepts – the ideas, the patterns – serves as the counterbalance to this asymmetry, and gives us the strength to overcome it. It allows us to see that the effort

of overcoming these difficulties is worthwhile – that there is, in fact, a genuine path to freedom.

Before we move on, we should discuss the concept of *class* itself, since there is substantial confusion with regard to it. The term *class* is often used sociologically, that is, it is used in a way which implies that the divisions between classes somehow represent inherent, and thus unavoidable and unchangeable, divisions in society itself; this is the way in which, for example, Marxian theory treats the concept of class. This is incorrect. Societies throughout history have been divided into more-or-less permanent groups of people, which we can call classes, and this has been done in numerous ways depending on the society. The Indian caste system, for example, which began as part of the Hindu religion and has existed in one form or another for at least 3000 years, divides a subset of Indian society into the General Category of castes, of which 30% of Indians identify as being members, and which is "a broad grouping at the top of India's caste system that includes numerous hierarchies and sub-hierarchies. The highest caste within the General Category is Brahmin, historically the priests and other religious leaders who also served as educators. Just 4% of Indians today identify as Brahmin."[451] Further, we are told that "most Indians say they are outside this General Category group, describing themselves as members of Scheduled Castes (often known as Dalits, or historically by the pejorative term 'untouchables'), Scheduled Tribes or Other Backward Classes (including a small percentage who say they are part of Most Backward Classes)…. Caste segregation remains prevalent in India. For example, a substantial share of Brahmins say they would not be willing to accept a person who belongs to a Scheduled Caste as a neighbor. But most Indians do not feel there is a lot of caste discrimination in the country, and two-thirds of those who identify with Scheduled Castes or Tribes say there is *not* widespread discrimination against their respective groups. This feeling may reflect personal experience: 82% of Indians say they have not personally faced discrimination based on their caste in the year prior to taking the survey. Still, Indians conduct their social lives largely within caste hierarchies. A majority of Indians say that their close friends are mostly members of their own caste, including roughly one-quarter (24%) who say *all* their close friends are from their caste. And most people say it is *very* important to stop both men and women in their community from marrying into other castes, although this view varies widely by region. For example, roughly eight in ten Indians in the Central region (82%) say

451 https://www.pewresearch.org/religion/2021/06/29/attitudes-about-caste/, referenced on **4/30/23**.

it is very important to stop inter-caste marriages for men, compared with just 35% in the South who feel strongly about stopping such marriages."[452]

Or, to give another example, consider the system of serfdom in the late Roman Empire and medieval Europe. In this system tenant farmer status was hereditary, and it was not even permitted for the tenants to physically leave the piece of land to which they were tied without permission from their landlord. This is a system which is often called *feudalism*, or *feudal*, though, as Khan Academy tells us, "The term *feudal* is a tricky one, because few scholars can quite agree on what it means these days."[453]

Or consider the case of black slavery in earlier America. We are told by history.com that "many consider a significant starting point to slavery in America to be 1619, when the privateer The White Lion brought 20 enslaved Africans ashore in the British colony of Jamestown, Virginia. The crew had seized the Africans from the Portuguese slave ship Sao Jao Bautista. Throughout the 17th century, European settlers in North America turned to enslaved Africans as a cheaper, more plentiful labor source than indentured servants, who were mostly poor Europeans. Though it is impossible to give accurate figures, some historians have estimated that 6 to 7 million enslaved people were imported to the New World during the 18th century alone, depriving the African continent of some of its healthiest and ablest men and women."[454]

These are just three of many examples which could be given of societies that divide their people into classes. But notice that in all three cases, the division of society into classes is *not* the result of the capitalist socioeconomic arrangement, that is, of the division of mental labor and the private ownership of the means of production, nor of any inherent and unbridgeable gaps between groups of people, but rather of *legal* and *religious* provisions which serve to establish and reinforce these class arrangements. For example, tenant farmer status in the Roman empire was hereditary "as a result of changes in Roman labor law that tried to freeze existing social structures in place."[455] Further, we are told that as a serf in medieval Europe, "there's not much social mobility: your parents and grandparents before you worked this same land. You don't even have the legal right to leave the property, without the permission of your landlord."[456] Note the use of the term "legal" here, another reference to the fact that this division between serfs

452 *Ibid.*

453 https://www.khanacademy.org/humanities/world-history/medieval-times/european-middle-ages-and-serfdom/a/serfdom-in-europe, referenced on **4/30/23**.

454 https://www.history.com/topics/black-history/slavery, referenced on **4/30/23**.

455 https://www.khanacademy.org/humanities/world-history/medieval-times/european-middle-ages-and-serfdom/a/serfdom-in-europe, referenced on **4/30/23**.

456 *Ibid.* **4/30/23**.

and landlords was not inherent in human sociological structure, but rather was imposed on human society by a legal system – i.e., by appeal to government force – which was used by some individuals to privilege themselves at the expense of others. Or consider the original US Constitution, which treated slaves as "three-fifths of a person for the purposes of taxation and representation in Congress and guaranteeing the right to repossess any 'person held to service or labor' (an obvious euphemism for slavery)."[457] This is also a *legal*, rather than an inherently sociological, method by which a particular class or caste system was maintained. Or consider that the Indian caste system was not the result of freedom of choice in opportunity or access to economic resources, which is what the capitalist system provides, but of legal and, above all, religious dictums and decrees about what is and is not right for and in society, and about how society should be structured. In the case of a political system which is ruled to a large degree by religious considerations, and thus can be considered a theocracy or quasi-theocracy, such as in India (or, e.g., Iran, or Afghanistan), religious dictums *are*, effectively, law. But consider, for example, the Islamic conquests in India, where "with the onset of Muslim rule all Indians, higher and lower caste were lumped together in the category of 'Hindus.' While higher-caste Indians regarded lower castes to be impure, they were now regarded [by the legal system of the Islamic conquerors] as belonging to the same category."[458] Or consider the British use of the caste system in a similar way: "The role of the British Raj on the caste system in India is controversial. The caste system became legally rigid during the Raj, when the British started to enumerate castes during their ten-year census and meticulously codified the system. Between 1860 and 1920, the British incorporated the caste system into their system of governance, granting administrative jobs and senior appointments only to the upper castes."[459] Another example is the "Land Alienation Act in 1900 and Punjab Pre-Emption Act in 1913, [which listed] castes that could legally own land and [which denied] equivalent property rights to other census-determined castes. These acts prohibited the inter-generational and intra-generational transfer of land from land-owning castes to any non-agricultural castes, thereby preventing economic mobility of property and creating consequent caste barriers in India."[460] Such dictums and decrees and laws are established in a society spec-

457 https://www.history.com/topics/black-history/slavery, referenced on **4/30/23**. Note that slavery was abolished in the US by the 13th amendment to the Constitution in 1865, after the North won the Civil War: "Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction." - See https://www.archives.gov/historical-docs/13th-amendment, referenced on **4/30/23**.

458 https://en.wikipedia.org/wiki/Muslim_conquests_in_the_Indian_subcontinent, referenced on **4/30/23**.

459 https://en.wikipedia.org/wiki/Caste_system_in_India, referenced on **4/30/23**.

460 *Ibid.*

ifically for the purpose of *curtailing freedom*, that is, for the purpose, effectively, of *restricting the process of capitalism*, which would allow *all* individuals equal opportunity to control their own economic and social mobility, and thus would prevent those who wish to arbitrarily control or influence the economic and social mobility of others from doing so. In fact, religious systems such as Hinduism or sets of legal codes which enshrine privilege, slavery, serfdom, and all other curtailments of freedom, are no different from socialist ideology, or from any ideological system which a tyrant might use to reinforce in the minds of his subjects that the system of tyranny under which they suffer is both necessary and just – in all cases, these institutions and rules are efforts by tyrants or would-be tyrants to more deeply enmesh tyranny and oppression into the fabric of society by (1) further embedding it into the specific social institutions of the society, and (2) providing a mental path for the oppressed majority *to be able to conclude that the system of tyranny is valid*, *moral, and just* – it is the law, for example, or it is what God wants, or it is what our sacred text tells us is right. The goal, ultimately, is to solidify and make complete the tyrant's power over others, and the enshrining of privilege and oppression in official and accepted social and religious institutions, texts, codes, and beliefs is just another tool of which tyrants and would-be tyrants make use, as the occasion calls for, in their attempts to achieve this goal.

On the other hand, a society which is mature in freedom is precisely a society in which there are no such restrictions superimposed onto it which divide the people of the society into groups based on varying levels of privilege. This is what is meant by *freedom* in the first place – no individual has a legal or other right to access economic resources or opportunities that other individuals do not, or to do things to benefit themselves which other people are forcibly restricted from doing. These legal and religious dictums which enshrine privilege are simply examples of arbitrary infringement on the person or property of those not privileged, which infringement, as we have seen, is *minimized* in a capitalist society. Any efforts such as these to enshrine privilege are, thus, efforts which hinder, hamper, or curb the process of capitalism. They are not, in other words, an outgrowth of the capitalist process, but the opposite of this. This means, for example, that any effort to label capitalism as a system of "slavery" or "serfdom," or a system which supports or encourages these things, is based on a flawed understanding of what takes place under capitalism. Like all other criticisms of capitalism, this one too is based on a misconception of capitalism – a misunderstanding of the core ideas. The concept of "wage slavery" or "wage serfdom," for example, which is a term that is sometimes used to criticize and demean capitalism, could not have arisen under a capitalist system that was not hampered and impe-

ded in numerous ways by outside, contrary forces – that is, under a *capitalist system*, plain and simple. It could only have come about as a result of the underhanded shifting of capital resources from the majority to the privileged minority which results from a central banking arrangement, as previously discussed. The reason the minimum wage is no longer a livable wage is that prices have steadily risen at a faster rate than wages as a result of the effects of the American central banking arrangement on the American capitalist economy, which disproportionate rising of costs of living compared to wages then becomes a factor which helps trap people who are in the low-income range into a cycle of poverty, by making it harder for them to save and so rise to a higher standard of living. It is this which people mean when they use the terms "wage slavery" and "wage serfdom." With this understanding, then, we see once again that it is unfair to blame capitalism for this problem, in this case the problem of so-called wage slavery or wage serfdom. The real culprit is the sustained *curbing* of the capitalist process by the natural consequences of the central banking arrangement.

## §8 Free Energy

There has been plenty of discussion about the idea of free energy, at least since the time of Nikola Tesla[461] in the early 1900s, though "free" can be interpreted in at least two different ways – the free *transmission* of energy which was generated by conventional means, and the free *generation* of energy. It is the latter which we will mainly discuss here. The concept of the free generation of energy is just what it sounds like – the generation of energy which is so abundant that it does not need to be *economized*, i.e., so abundant and easily available that it cannot command a price, however small, on an open market, and therefore does not fall under the realm of *economic* activity. There is unfortunately much controversy surrounding the idea of free energy, and this controversy is, not unexpectedly, heightened in today's time given our dependence on depleting fossil fuels, as well as the likely connection between the use of fossil fuels and global climate change. However, there is at least some theoretical indication that free energy can be generated by tapping into the universe's zero-point energy, or ZPE, which is energy generated by the quantum vacuum, as discussed in a presentation by physicist Thomas Valone and posted 8 years ago on YouTube.[462] There are also some interesting indications that free energy and alternative energy research has been sup-

461 https://thefifthestate.com.au/energy-lead/energy/nikola-tesla-dreamed-of-free-electricity-what-happened/, referenced on **6/25/23**.

462 https://www.youtube.com/watch?v=OSFqXdA4ej0, referenced on **5/1/23**.

pressed for many decades by certain banking, fossil fuel, and possibly defense industry interests at least some of whom we may imagine stand to lose substantial amounts of wealth and power if technologies which harnessed free, or at least alternative and more efficient, energy sources became widely available.[463] Now, it is important not to believe everything we read, and it is not my assertion that everything in Vesperman's document is true. But it is also scientifically irresponsible to always assume that what is currently "known" about history or about the principles and patterns and laws by which the universe operates is all that can be known, or is the definitive truth (especially in the case of history which, as the saying goes, is written by the victors), and that in our time no more new fundamental breakthroughs which challenge our view of the world, ourselves, or our history to a marked degree are possible. In fact, this is how all major scientific advancements happen – by challenging something fundamental about our view of the world or a part of it. It is also scientifically irresponsible to dismiss an idea or theory or hypothesis out of hand just because it seems far-fetched, and this includes ideas of a conspiratorial nature. There is a saying, "Do not trip over your open mind." This is good advice as far as it goes, but there is such a thing as being too closed-minded as well. As always, a balance has to be struck, so that we do not accept outlandish ideas as true uncritically, but that we also do not reject outlandish ideas as false simply because to our present understanding they are outlandish. It is also important to remember that the "official" word or statements regarding the truth are often lies and fabrications – think of Xi Jinping's control of the media in China, or Kim's in North Korea, or Putin's in Russia. And as with tyranny, propaganda can come in many forms, some of which are more easily detectable as propaganda than others. To uncover the more detailed and definitive truth of the events and ideas surrounding free energy would take further investigation, and would, in my view, likely involve the forcing of the release of key information which is currently suppressed and hidden. But the purpose of this section is not to provide details on the history of free and alternative energy research, though accurate knowledge of such history, whatever the truth, is highly important, nor is it to explain in detail the ideas behind the concept or concepts of free or alternative energy sources, technologies, and proposed technologies. The purpose of this section is to shed light on the relationship between capitalism and free energy, as well as on the implications for capitalism of any efforts which might have been made by special interests in the past, or which might as a result of the current actions of special interests be active at the present time, to suppress

463 http://www.theorionproject.org/documents/Gary_V.pdf, referenced on **6/25/23**.

free or alternative energy research, as well as the implications of capitalism for these suppression efforts.

We know that central banking is tyrannical, and *socialist*, in nature. The issuance of net new fiat or fractional-reserve money, which a central banking arrangement makes substantially easier than a competitive banking arrangement does, allows for a massive shifting of wealth from those who receive the new money later or last or not at all to those who receive the new money first or earlier in the process of the money trickling throughout the economy and causing a general rise in prices. This new money, in other words, is *not* distributed evenly or fairly. But it is precisely the biggest banking and other monetary interests, such as BlackRock, Inc., and JPMorgan Chase who are the biggest backers of the fossil fuel industry – though there are some signs that this is changing, due to greater pressure, from larger numbers of shareholders, that the banks and investment firms take responsibility for their role in climate change.[464] The details of the relationships between banking and investment firms and oil companies in terms of their precise number, distribution, and associations change over time due to mergers and acquisitions, divestments, investment agreements, etc., but the biggest banking and financial interests have typically been associated with the fossil fuel industry, and it is precisely the biggest of the banking interests which have the most influence in the political and monetary realms, which, along with the large amounts of their assets, means they have the most to gain from promoting, sustaining, and using the fractional reserve process and the process of issuing fiat currency which a central banking arrangement makes easy, normal, acceptable, and inevitable, and they have the most to lose[465] if the central banking arrangement were made illegal again by the repeal of the Federal Reserve Act. The strong tying together of major banking interests and major oil interests implies that the banking interests will use the monetary resources which they are privileged to have to perpetuate the existence of the fossil fuel industry, from which they greatly benefit, and from which they would stand to lose significant capital investments and returns if fossil fuels were replaced by a much cheaper, or free, source of energy. This potential for great loss means that they, like anyone in a position to sustain a great loss, will do everything they feel is necessary to suppress competition or potential competition which would threaten their industry, power, and fi-

464 https://oilprice.com/Energy/Energy-General/Which-Banks-Are-The-Biggest-Backers-Of-Oil-And-Gas.html, referenced on **5/1/23**.

465 https://www.cnbc.com/2021/04/22/which-banks-are-increasing-decreasing-fossil-fuel-financing-.html, referenced on **6/25/23**, for example. Specifically, "[t]he 60 largest commercial and investment banks have collectively financed $3.8 trillion in fossil fuel companies between 2016 and 2020." This statement would benefit from a second reading. In just four years, they have invested $3.8 *trillion*. This is on top of all investments made prior to 2016. Certainly, there is much at stake here for those involved.

nances, including especially competition from technological means which could, *even conceivably*, make energy free. Under the central banking arrangement, those who have strategic access to the arrangement's massive source of wealth and who have strategic influence over it have substantially greater resources at their disposal than they would otherwise have, which they, if they choose, could use for the purpose of suppressing competition, rivals, and other threats to their power and privilege. And as we have learned over the course of this book, human nature is such that it is a general rule that people in positions of privilege seek to maintain their privilege, and if they feel that something poses a great enough threat to this privilege, they are willing to go to great lengths to neutralize the threat. And when the means used to neutralize the threat are either directly or indirectly funded by wealth whose existence depends on a central banking mechanism, such as wealth from the largest commercial and investment banks who, as a rule, are tied in with the central banking mechanism and whose funding in large part depends on its existence, this funding, then, is *not* the result of capitalism, but of *socialistic tendencies*. In the capitalist arrangement there would be no central bank, and thus this source of funding would not exist. It is, in other words, *unfair* and *incorrect* to blame the suppression of free or alternative energy technologies by banking and oil interests on capitalism – a sound understanding of the ideas would lead us to the opposite conclusion, namely that the monetary power infused into the more influential sector of the banking and financial industry, which thus gives this more influential sector greater ability to fund the oil industry and to fund efforts to suppress rivals and potential rivals, is the result of government-supported cartelization of the banking industry, that is, government-supported centralization of control of financial resources in the American economy, and thus is the result of efforts to *restrict* capitalism from operating – i.e., to *restrict* the process of the establishment and spread of free or alternative energy technologies to the extent that these technologies can be made commercially viable, which process would be *natural* and *inevitable* under a capitalist system.

Let us now turn to a discussion of a hypothetical socioeconomic system in which free energy does exist, and ask what would be the fate of capitalism in such a system. We can certainly say that there would be substantial change with respect to today's social and economic circumstances – e.g., the fossil fuel industry would not exist, nuclear fission and other currently-used energy sources would likely no longer exist, and every industry, bar none, would have its cost structure changed by the fact that energy no longer costs anything to obtain. However, this is not the same thing as saying that capitalism would no longer exist or would no longer be useful or beneficial to humanity, or that the socialist arrangement would

somehow become viable. In fact, capitalism would be just as valuable and just as relevant to the maintenance of peace, freedom, and prosperity in society as it was when energy was not free. Capitalism itself is not dependent on any one industry, however important or vital that industry is at any given time, such as the fossil fuel industry today. Capitalism is a way of arranging social and economic behavior such that power is checked and balanced throughout society, for the purpose of minimizing the rise of tyranny. The existence of free energy in society would not change human nature, and so would not change the natural tendency in humans to arbitrarily infringe on others when we feel we can get away with it.

Furthermore, while free energy would make many things much cheaper, and would make some things free in addition to energy itself, it would not make everything free – in fact, there is no reason why we would not be justified in saying that much of what would be produced in this hypothetical future society would command a price on an open market – i.e., would *not* be free. The making free of one commodity, in this case energy, does not mean that all other commodities and produced goods will also thereby be made free. With free energy, many things could be produced, for example, which cannot be produced today because the energy costs today are prohibitive, but there may be other limitations in the production of these things for which the existence of free energy could not compensate, such as limitations in material resources or labor which are also needed for their production, which material resources and labor would thus command prices on the market, and this would, in turn, mean that it would be necessary to charge a price on the market for the sale of the items which these material resources and labor were used to produce. Even for products and services which are produced today, though energy itself would no longer be a factor in their production in a future world with free energy, the businesses which produce them could still be limited and restricted by limited amounts of other natural resources, of produced factors of production, or of the amount and type of skilled and unskilled labor which is available on the labor market, all or some of which would not be free and thus would command a price on the market, and the businesses would have to pay this price in order to make use of these resources.

Even under the hypothetical condition that we are able, somehow, to completely rid ourselves of any natural material limitations, specifically limitations of natural resources, by, say, finding a way to harness free energy to actually transform the raw energy itself into any type of raw material we choose at will, this still would not solve the problem of how these natural resources are transformed into production goods and consumption goods which are *usable* and *valuable* to us. This task has to be done by labor, which in a free society must be paid for on

an open market, since the laborer needs an incentive to spend a portion of his limited time and physical and mental energy working for someone else, which incentive is the wages which his type and level of labor can command on the open market. In other words, even under the condition in which the quantity or aggregate amount of natural resources is no longer an issue, there would still be a need for each of us to make decisions about how to spend our limited time and energy – if we spend time and energy on one thing, we then cannot spend it on something else which we may also wish to do. Both of these factors cannot be made free by the existence of free energy, even if all natural resources could conceivably be. What is more, the capitalist arrangement would still be better than the socialist one, because in order to transform raw materials into usable and valuable production and consumption goods, mental energy[466] – creativity, ingenuity, rational thought – is needed to find ways to effect these transformations, and the way to maximize the productivity and creativity of this mental effort is, as we have discussed, to divide mental labor and property ownership and coordinate and collaborate with each other, rather than to centralize mental effort and property ownership in a single economic planning board and economic dictator. Finally, in all cases of a society in which free energy exists, even those in which all raw material

466 One may ask what would be the fate of capitalism, or socialism, if somehow there were the ability, as a result of quantum vacuum (i.e., ZPE)-based free energy combined with advances in our understanding of how to harness it, to, at will and with only minimal effort, directly materialize consumption goods of any kind we might desire. But the whole point of the economic process is to produce consumption goods from limited sources of raw materials, and to do so as efficiently as possible. If humans had the ability to end-run around this entire process and directly produce any consumption good we can imagine simply by thinking it and pointing our finger to the spot where we wish the good to materialize, then we would no longer need to economize production goods, since all consumption goods would be materialized out of the quantum vacuum. An economy, as such, would then no longer be needed. However, even in this case there is a difference between capitalism and socialism in the broader sense, as discussed in this book: though the economic nature of the debate between capitalism and socialism would lose its relevance, it would still be true that individual freedom to determine the course of our own lives in safety and security would be a more satisfactory state of affairs than a centralized authority telling us how we can use the consumption goods which we materialize. In fact, capitalism in the broader sense is the very way of arranging social affairs that is envisioned when we think of a world in which we can, for free, materialize consumption goods to our hearts' desire – i.e., a way of arranging affairs in which each person has their own material resources with which to achieve their goals, and is free to do so, and also in which the chance of someone arbitrarily infringing on others to get what he or she wants is minimized or nonexistent, because each of us has the ability to achieve our goals by peaceful means; this also means that sovereign states and state boundaries would no longer be useful, since there would no longer be foreign enemies or potential enemies which need to be dealt with diplomatically or militarily. However, note also that the ability to freely materialize consumption goods from the quantum vacuum is not guaranteed to solve all our problems – we would still, for example, not necessarily have solved the problem of death, and there would still be ethical issues, such as, for example, whether or not and to what degree or extent we should be allowed to materialize *people* from the vacuum energy in order to have them satisfy one or another of our needs. Finally, we should always keep in mind that though this kind of world would be, more or less, a land of hearts' desire, it would still be a *rational* world, i.e., would be a world without logical contradictions, and so (a) humans would still be able to fully understand it, and (b) there still would be no such thing as an extra-rational or supernatural being or entity or realm which we might be able to find or which might be a part of our newer, better world, because, since such entities or realms are, by definition, either partially or wholly beyond the rational, such things simply could not exist.

goods are free, and even moreso in the cases in which they are not, for any material product such as consumption goods or produced means of production which will need to be economized because for one reason or another there is not an unlimited and freely-accessible quantity or amount of it and there is reasonable or high demand for it, the capitalist method would still be superior to the socialist in preserving socioeconomic freedom with respect to these resources for the reasons laid out in this book: the capitalist process is much more efficient in its use of these limited resources, and so gives us the best chance of not running out of them, or not running out of them as quickly as we would otherwise, and the capitalist arrangement ensures that the efforts by would-be tyrants to monopolize such limited or scarce resources, in those cases in which said resources are necessary or essential for life, would have the least chance of succeeding, due to the strong checks and balances on all sources of power in society.

# Chapter 12

# PSYCHOLOGICAL WARFARE

## §1 Psyche of the Socialist: Additional Discussion

The socialist sees the world through the lens, the filter, of *desire*. And as with any religious acolyte who lives in the context of a society which values science, the socialist will often go to great lengths to find a way to believe that socialist ideology is scientific, and to present it to others as if it is. But the motive behind the socialist ideology can be reduced to a simple statement, viz., that if those who have wealth are forcibly parted from it, and this wealth is given to those who did not have it previously, then those to whom the wealth is given will be better off than they were before. The socialist ideology itself is nothing but an attempt to provide either scientific or moral justification for this forcible redistribution of wealth. But when one latches onto an emotionally pleasing idea, such as, "If we enact socialism and the wealth of the rich is forcibly redistributed then I stand to gain a lot of money, which is a very pleasing idea to me since I am poor or do not have the money to do things which I would really like to do," and then refuses to allow this idea to be questioned or delved into by any nontrivial scientific analysis and instead expends great mental effort searching through idea space for ways to feel ever more justified in believing that this emotionally pleasing idea is correct, then one is *not* thinking scientifically. One is, rather, *hindering* the effort of scientific thought in one's own mind. This kind of mindset may be psychologically and

emotionally necessary for a person given his or her social and economic circumstances – i.e., it may be necessary in any given case for a person to latch on rigidly to the idea that a simple redistribution of existing wealth will solve all or most of society's problems and that capitalism is inherently and ineradicably evil, because this idea provides needed emotional and psychological support against a reality which is too unpleasant to face directly – that is, objectively. But an emotional need for an idea or belief does not translate into the idea or belief's correctness. An idea is correct if it is correct, and is not if it is not. There is no wiggle room here. There are no exceptions to this rule.

But the idea of a simple redistribution of existing wealth solving society's problems is not scientific for another reason as well. It is not scientific because it completely fails to discern and open up for analysis the mid- and longer-term socioeconomic consequences of this redistribution. We will not repeat what has already been said at length about this in earlier sections and chapters. The point here is that the scientific mindset would make it a point to *not* shy away from asking questions about the deeper implications of an idea, while the socialist mindset may beat around the scientific bush by making scientific-sounding arguments, and even making certain legitimately scientific arguments about inconsequentials, but like any religious belief system it will vehemently and vociferously reject all attempts at questioning or analyzing or criticizing it core tenets. This makes the socialist ideology *shallow*, and it makes the socialist understanding of human nature and human socioeconomic patterns also shallow. The socialist refuses to step into the deep end of thought about socioeconomic systems because he is afraid of what he will find in its depths.

But when an insecure, troubled mind sees what appears to be not just a solution to one of its problems, but a solution to one of its *significant* problems, or perhaps to its *most* significant problem, then such a mind will latch on that much more tightly and that much more rigidly to this perceived solution, which, in turn, will mean that any attempts to question the validity of this solution will be resisted that much more vigorously. When this perceived solution comes in the form of a particular type of change in a complex system, such as a human society, this greater strength of latching on will translate into greater levels and degrees of willful ignorance regarding the broader and longer-term implications of this change, which, after all, are difficult at best to ascertain and understand even if one's mind has no hindrances to the process of rational thought. When one is poor and uneducated, or when one is educated but has other deep insecurities or unresolved problems, which insecurities and problems lend potency to the tendency to latch onto emotionally pleasing but logically flawed ideas however one is ed-

ucated otherwise, or when one is educated according to flawed ideas, then it can be very pleasing to come to an "understanding" that forcible redistribution of wealth is morally justified, or scientifically correct in some sense and therefore natural or inevitable – especially when one's biggest problem is lack of money. When the light switches on, so to speak, and such a person realizes the "truth" of this powerful solution to a deeply-pressing personal problem, they latch onto the idea so strongly that their mind literally will not allow them to think scientifically about it – that is, to open it up for critical analysis – because doing so means the stripping away or tearing down of a hard-won solution to a deep personal problem, which effort then is outright rejected by the survival instinct in the psyche. This is why Marxian socialistic theory makes a point of telling its followers that neither the questioning of the validity of the supposed historical progression nor any attempt to scientifically analyze the future socialist society is to be allowed. In both cases, the reason for this prohibition is that there is a suspicion, often subconscious, in the minds of those who have an emotional need to believe these flawed ideas, that the emotionally pleasing ideas themselves *will not hold up in the light of scientific scrutiny* (as was the case with the socialist idea before Marx, specifically the detailed scientific treatments of the socialist idea by the Utopians earlier in the 19th century, which treatments exposed in plain view all the flaws of the socialist idea). Scientific scrutiny is therefore simply not allowed.

But this is precisely what prevents the socialist from perceiving the implications of the redistribution idea in real life. A desperately-needed belief has skewed and limited their understanding of society, and so they are now no longer able to see things as clearly as they might have been able to otherwise. This mental progression toward a reinforced flawed understanding of one or another part of the world is precisely what a dedication to rational thought is meant to *prevent* and *overcome*. Therefore, we can say that latching onto the socialist idea is an act which is eminently *anti-scientific*, the precise opposite of what the socialists will claim. Note that if a solution to a deeply-pressing personal problem was based on a *valid* idea, on the other hand, the mind would *reinforce* scientific thought about the idea and its implications, rather than reject it – the overriding factor here is not whether an idea is true or not but rather the personal benefit which the individual perceives a given truth will have for himself: if the truth benefits the individual, the truth is accepted, for this is a *pleasant* truth, but if the truth makes things harder for the individual, the truth is rejected in favor of a false but emotionally pleasing belief instead, or, at the very least, it is harder, and often much harder, to accept the truth if one does end up actually accepting instead of rejecting it.

Another point to be made here is with regard to the use of the term "rational" as a descriptive term for socialism. The claim is often made that socialism is a more "rational" way to organize an economy than capitalism, and that capitalism is "anarchic" and therefore irrational. There is an unspoken implication here in the use of the term irrational that capitalism is unscientific, because science equates with rationality, and therefore, since science is well-respected in our culture, this is one additional factor which is supposed to make us think negatively about capitalism. But we have seen throughout this book that the opposite is actually the case. This particular criticism of capitalism does not use the terms "rational" and "irrational" in a way which is fully representative of the core meanings of these terms. Rather, the terms are co-opted by the emotional need for stability and certainty in the minds of the critics. Specifically, if we think of society organized from the top down, where the central authority has full control and direction of economic affairs and, importantly, where this authority's direction of economic affairs ensures a special place for us which allows for the solving of our problems and the satisfaction of our desires, needs, and interests, this gives us a neat, simple, and satisfying picture of the entirety of society, which allows us to feel, at a certain important emotional level, calmer, safer, and more secure when we think about society and our life within it. Capitalism, on the other hand, has no such center; it is a system in which both economic and political power are decentralized and always changing. This creates a sense of uncertainty in our minds which, if we do not have an understanding of economic phenomena and of the building blocks of socioeconomic freedom, can create substantial fear and insecurity in us, because we cannot form a picture of the society and what it looks like over time, due to the lack of any overriding force which keeps it in a "stable" state. The picture of the socialist society which the typical socialist has in mind is one of which the average person can easily see the entirety, i.e., can easily understand, and so the average person can more readily latch onto the idea that the socialist picture of society provides a *solution* for their own personal problems within society – regardless of any wealth redistribution or other things which they expect will be of benefit to them by such a change of societal arrangement. The fact that such an arrangement is one which seems to provide a *complete* picture of society, as well as a complete picture of how society will continue to be structured into the foreseeable future, is deeply emotionally satisfying. And, since this picture of society is a deeply emotionally satisfying solution to the socialist, the socialist's mind will do everything it feels is necessary to reinforce the purported validity of the "solution," one such tactic being that the socialist picture of society

will be termed *rational* – if something is rational, then it must be scientific, and therefore true.

This mental effort is reinforced by the fact that such people feel that they *understand* a society which is structured according to the socialist arrangement, at least based on the simplistic notions which they have heard in the propaganda, and this feeling also translates into the belief that the socialist arrangement is rational. The capitalist arrangement, on the other hand, invites insecurity and fear on the part of those who do not have a sound understanding of economic activity, because it is not nearly as easy to paint a picture in one's mind about what the capitalist arrangement as a whole looks like and how it changes over time, partly because it *does* change over time, in ways which are often unpredictable. The deep emotional desire to avoid this uncertainty created by the capitalist image of society makes the socialist mindset search for any and all ways, however small, which can help it believe what it wishes to believe, viz., that the capitalist arrangement, which causes it so much emotional distress, in both this and other ways, is actually *bad* for society – and one such way to do this is to call the capitalist arrangement "anarchic" and "irrational." These terms are the opposite of the term "scientific," and it is concluded that capitalism is unscientific, and therefore wrong and bad for society. In addition, this conclusion is reinforced by the fact that a lack of understanding of the capitalist socioeconomic arrangement on the part of the socialist makes it much easier to *think* of capitalism as irrational, because they cannot perceive its patterns, and the concept of irrationality is strongly characterized by a lack of patterns. In other words, socialists see capitalism as irrational because they both fear it and do not understand it, and see socialism as rational because they believe they understand it and believe that it will be of benefit to them. Another way of saying this is that "rational" to such individuals means that they personally feel that they have a grasp on the ideas and that they expect to be helped by the implementation of the ideas in society, whereas "irrational" to such individuals means that they personally feel, usually subconsciously and without admitting it to themselves, that they do not have a grasp on the ideas and that, in part because of this, they expect to be harmed by the implementation of the ideas in society. Furthermore, the emotional need to believe in this flawed understanding of the rational/irrational dichotomy will make their minds work overtime to try to find ever more ways to believe that they do, in fact, have a grasp on the dichotomy and its real meaning, and that they are therefore fully justified in believing as they do about capitalism and socialism. But this is not the proper way to define these two terms. Ideas are rational or not based solely on whether they are

logically self-consistent or not. It is unfair, unjustified, and confusion-creating to use the terms in any other way.

Lack of central control can be scary. But as we have seen, in a human society it is precisely this lack of central control which *creates* stability and peace, i.e., which allows for an increase in the ability of each individual human in society to find greater certainty in his or her own life, and greater happiness and fulfillment, by preventing individuals and groups from arbitrarily infringing upon each other, and thus preventing us from having to *worry about* being arbitrarily controlled and infringed upon, even though we ourselves in turn cannot arbitrarily control and infringe upon others. At first, this would seem to be a paradox. How can the purposeful disruption and curtailment of centralized control create stability? Should it not be that the more control we have the more stable we can make society? But this treats "society" as if it is inanimate, as if it is a field which, when properly plowed, seeded, and worked, will produce bountiful crops. Society, however, is not an inanimate thing, but is rather a collection of interacting humans, all equal in our right to determine the course of our own lives, and, therefore, no one human has any right to arbitrarily plow, seed, and work any other human or humans, in order to shape these other humans to his or her liking. What this means is that in order to maintain freedom throughout society, society *must be* decentralized. The reason this is so difficult to understand is that there is an emotional short-circuit which comes powerfully into play whenever the stakes in our lives become sufficiently high. Our survival and happiness in human society is, for us personally, the highest stake there is. Trying to understand society in the light of the capitalist ideals is, at least at first, like giving up control over one's survival and happiness, because one is giving up the possibility of arbitrarily controlling others, whose actions can have substantial influence on our ability to survive and find happiness. It is the giving up of an emotionally reassuring grand picture of the world and our place in it, in favor of an ever-shifting, dynamic world which, for all we can see, will never stop tearing down our sense of certainty and stability, no matter how much effort, thought, and ingenuity we put into building ourselves up, and will never stop reminding us that life is transient, and that we will eventually die. There is great difficulty in understanding that a human socioeconomic system which has no center and which is constantly changing can not only create an emotionally reassuring place in the world for each person, but that it can create a much *better* one than can a socioeconomic system in which the center is obvious and disproportionate in influence. There is a general tendency in human nature expressed here, namely that the emotional impulses which trigger short-term survival actions, which impulses are part of our evolutionary inheri-

tance, will very often make us believe the *opposite* of what we would believe based on a rational, and thus clearer, longer-term, and context-based, picture of the same situation.

As children, we at first find the broader world random and inexplicable. This is effectively no different from how an animal sees the world. But as we grow, we begin to understand the world around us by perceiving the patterns by which parts of it operate, and this includes learning to distinguish different parts of the world from each other, i.e., *categorizing* the world. This categorizing of the world is often crucial to our survival – we categorize different animals by, among other things, whether or not they are dangerous to humans; we categorize different countries by, among other things, whether or not it would be dangerous for us to visit them; we categorize different substances by, among other things, whether or not they will kill us or harm us if we consume them; we categorize companies based upon, among other things, their size, with larger companies having more power and more complexity and thus being, in a certain emotionally important way, scarier and more inexplicable, and thus more able, for all we know, to cause us harm, than smaller companies whose simpler operations we are able to understand more readily; we categorize individual people by, among other things, whether they are more likely to help us or harm us if we choose to make our presence known to them and attempt to interact with them. Since these categories are often directly related to our survival, we will often *rigidly latch onto* them. This latching on may be necessary for our survival, either at a given time or over a much more extended portion of our life. But a consequence of this latching on is that we refuse to see these parts of the world in a fuller, more contextual light, and so we are not able to see the world in general as objectively and completely as we otherwise could. Another consequence of this latching on is that anything which appears to threaten, in any way, the stability and the certainty which we have achieved by this latching on will be rejected, often vehemently, as an effort to pull us back toward the randomness and inexplicableness out of which we had to claw our way in order to arrive at our current category-based understanding of the world and our place in it. But on a certain level, this is what a fully rational understanding of the world is – it is a threat to the stability created by categorization. The categorization itself, in fact, is a *partial* rational understanding of the world, one which is objective in its understanding to a degree and non-objective in its understanding to a degree. Just like a fall back to randomness and inexplicableness, a progression toward deeper rationality is a tearing down of the existing categories into which our minds have placed the world. The difference is that a fallback to randomness and inexplicableness is the tearing down of the rational

components of the categories, while a progression toward deeper rationality is the tearing down of the non-rational components. In either case, the harsh boundaries and dividing lines between things become less and less material over time, and the world around the perceiver becomes more and more fluid, dynamic, changing, and insubstantial. The similarities here between rationality and inexplicability which our minds perceive often make it very difficult to progress toward greater rational understanding of the world beyond a certain point. The more we move in this direction, the more our minds attempt to hinder this movement, out of the survival instinct. This itself is a reflection of the fact that we are not that different, in evolutionary terms, from all other animals, and so the same instinctual impulses which drive them are quite powerful in us as well: if something appears to be *similar enough* to a real threat or source of danger, then, out of the need to survive, the mind concludes that it *is* the same thing, and makes a concerted effort to avoid it. Progressing toward deeper rational understanding of existence, and, in the context of this book, of human social existence, is, then, a kind of bootstrap scenario, or catch-22: it requires deeper rational understanding to tease apart the two situations and see that they are fundamentally different, but the more one tries to gain such a deeper understanding the more energy one's mind puts into preventing one from gaining it. Ultimately, this effort in our minds to reject a deeper rational understanding of things is to prevent us from having to viscerally acknowledge the reality of our own mortality; the closer the mind gets to the full acknowledgment of its own mortality, the harder it works to prevent such acknowledgment. This is a powerful battle which occurs in every human psyche, and this battle makes it much more the case than it otherwise could be that a deeper rational understanding of the world must come *in pieces*, until, finally, we are at the point when a full acknowledgment of our own mortality is either completely unavoidable because the reality of it is painfully obvious and cannot be denied, or we have developed the inner self-confidence necessary to allow us to be able to emotionally handle this *most* unpleasant of realities, which then makes it *beneficial*, rather than detrimental, for us to fully acknowledge this reality, because doing so relieves us of the most substantial hindrance to the solving of our remaining problems and the finding of true happiness, by unblocking many avenues of rational thought, and thus, many avenues of *creativity* and *fluidity* of thought, in our minds which had up to that point been blocked by the refusal to acknowledge our own mortality. This is another expression of the fact that rational thought is equivalent to creative thought. Such acknowledgment allows us to see everything as much more interconnected and interrelated than we did before. And notice that the interconnectedness and interrelatedness in this view of the world is *understandable*

*by*, that is, *comprehensible to*, the human mind. It is nothing but the acknowledgment of the logical interconsistency of all things. The random, inexplicable view of the world, on the other hand, sees all things as equivalent and interchangeable, rather than as different but interrelated and as operating and interoperating according to discernible patterns, and thus maximizes uncertainty, which, in turn, means that such a person will be maximally unwilling to step outside of any island of certainty upon which they stand, which translates to a maximal blockage of creative thought.

In an important way the socialist mindset is a product of this fear of falling back to randomness and incomprehensibility, when it looks at the capitalist ideals and sees hints about just how a capitalist society would be structured. It sees capitalism's lack of center, and suddenly the survival instinct kicks in and raises and hardens the walls around the existing mental categories, including that of the idea that a massive forcible redistribution of wealth is a good thing, and part of this reaction is that it equates the moving in the direction of deeper rationality, which would allow the mind to come to understand that a lack of center can actually be more stable, peaceful, and prosperous than the having of a rigid and powerful center, with the moving of the mind in the direction of irrationality and incomprehensibility, and so rejects the former. There is both a symmetry and an asymmetry in the relation irrationality → categorization → rationality. But the socialist mindset only sees the symmetry. The capitalist mindset, on the other hand, is aware also of the asymmetry, and so is therefore aware that the value of both centralization and decentralization to the human social condition depends on the context in which these ideas are placed, and not on anything inherent in the ideas themselves. In the human social context, decentralization plays a much more powerful role as a generator of security and happiness than the socialist mindset is willing to understand or acknowledge. The grandest picture of social reality is one in which the weak are made strong, the proud become humble, and happiness is within the reach of everyone. This is the picture of society painted by the ideals of capitalism.

## §2 Conclusion

Capitalism and socialism differ not just in the essential elements of socioeconomic arrangement, but in what these differences mean for individual human experience in society. The experience of freedom under the capitalist arrangement is not one characterized by a lack of social support structure or safety net, and is not one in which the individual feels isolated from all other individuals in a

particularizing fashion. The experience of the certainty and stability of centralized control under the socialist arrangement is not one which provides a feeling of safety and security for the individual, or one which allows the individual to feel closely bonded in a tight-knit and supportive social structure with others. Both of these claims, in fact, are not but smoke and mirrors. Both spring from the same source, viz., the great desire in the human mind to avoid facing its own mortality, in the one case by rejecting rationality, in the other by latching onto irrationality. Rejection of rationality may fit the emotional needs of a particular person or group of people at a particular time, but it does not and will never fit the needs of everyone, and it is not justified to superimpose one person's or group's vision of reality onto everyone else just so that no one is around any longer to expose the vision as illusory. A need to believe something does not make that something true. A need to avoid the truth does not make the truth untrue. We must understand that thought about capitalism and socialism must proceed *rationally* if it is to make any progress at all, even though progress is difficult and always piecemeal. But each time progress is made, freedom is that much more ensured, and it is precisely this which makes all the effort worthwhile.

I clap, I smile, because I am humbled … at
your ingenuity, at your courage, your laughter,
your tears, your struggles, your beauty.
Freedom comes at a high cost, but you have
borne that cost with grace, passed out of a long
darkness, and found the peace for which you
strove. Your loved ones would be proud.

Thank you for not giving up. And thank you for
being my continuing inspiration.

# Appendix A

## A NOTE ON USING WIKIPEDIA AS A SOURCE

The more quickly and the more broadly information is disseminated, the closer the world approaches to global maturity in freedom. Note that this statement is about *information*, not *misinformation*. An understanding of the truth about one or another aspect of the world is the first step in making real progress toward solving any problems we have which relate to this aspect of the world. But there are so many people in today's world causing so much change around us, that a comprehensive source of in-depth information which can be updated in real time as things change and which anyone can access for free would be extremely useful in helping us make sense of all the changes.

Wikipedia is not updated in real time, nor is it comprehensive, nor, technically, is it free, since it requires an internet subscription, and furthermore a subscription which does not censor the site or parts of it. Not everyone in the world can access it due to lack of internet infrastructure in some places or lack of internet-capable devices. Also, it is not guaranteed to be accurate in every part of every article, because anyone can update articles or add new articles at any time. But in spite of these flaws, Wikipedia is an excellent and reliable source of information, the reasons for which will be laid out below.

First, though Wikipedia is technically not updated in real time, it is updated faster than other traditional sources of information, such as books or college curricula. In addition, the people doing the updating are by and large those with substantial or nontrivial knowledge of the subjects about which they write, and since

anyone can edit or critique the accuracy of an article, individuals with such knowledge will be able to detect flaws in articles written about their subject matter, and such people have the freedom to point out these flaws or correct them. Not every such individual will make the effort to point out these flaws or make the necessary corrections, but a subset of such people will – this is to be expected, because if a person dedicates a substantial portion of his or her life to gaining deep knowledge and understanding of a particular subject, the person will be strongly interested in ensuring that people understand their subject accurately, and perceive its importance and relevance. This interest will express itself for many such individuals in an effort to ensure the accuracy and thoroughness of the Wikipedia articles which deal with their chosen subject matter – in fact, it is these very people who will be *most* interested in ensuring these things. The result will be that the typical Wikipedia article will be accurate and thorough. And if at any given time a particular claim or fact in an article is incorrect or unsubstantiated, this will be no different from incorrect and unsubstantiated claims being found in a book, only in the case of a book the time to correct the fault is longer than the time it can take to correct the same fault in a Wikipedia article. That a source of information is not 100% accurate all the time is by no means a reason to reject wholesale the source of information. The source should be close to this ideal of 100% correctness, but it cannot be expected to always, or perhaps ever, actually reach the ideal. Especially given how much information is out there to be compiled, arranged, written, and disseminated, and how often much of it changes, such as all the articles relating to modern events in human geopolitical history, there is a *practical* need at play here that, so long as it is satisfied, is all that really matters. As long as information in Wikipedia articles is reliably accurate, then these articles can be used as reliable sources of information. This does not mean that Wikipedia should be one's *sole* source of information. In fact, it should not. But it should not be ruled out entirely as a source of information either.

But in addition to these general considerations, there is also the fact that Wikipedia article writers are diligent about referencing sources, many of which can be opened and read online. If we are unsure of a particular claim made in an article, or just want more information about the claim, we can open the source and read more. This is also something which subject matter experts in a particular field can (and which many of them *will*) do, in order to ensure that the statements or claims made in the main articles are actually supported by the referenced sources. It is for this reason that we can reliably expect that, in the average Wikipedia article, the claims made in the article itself are supported and backed by the referenced sources. It is still always a good idea to actually read the sour-

ces themselves – trust but verify is a good general policy to follow with regard to Wikipedia – but if we cannot or do not have the time to read the references, it is reasonable to conclude that most likely the source referenced does support the claim made or the fact averred. This is the *practical* aspect at work again – the question is how we can create a source of information which is comprehensive enough, up to date enough, and accurate enough for it to be highly useful in helping us understand the world. Wikipedia is a system which, by the way it is structured, satisfies these criteria, and thus serves as a sound practical guide to help us in this effort. It is important to seek many counselors, as the saying goes – to seek many different, independent sources of information. But this is precisely what happens when a society is structured along the lines of freedom – there are many different sources of information, deriving from countless specialties (some of which are created specifically for the purpose of seeking out and finding patterns in various combinations of specialties, in order to determine bigger or grander pictures), and everyone is free to disseminate this information, even if the particular truths so disseminated do not sit well with certain other people or groups of people. A totalitarian system, on the other hand, seeks to control information from the top down and paint a unified picture of the world which is in line with the values and beliefs of the dictator; i.e., a totalitarian system has only one source of information, rather than many. Wikipedia is a microcosm of this process of information dissemination from many different sources, because not only do numerous people write a given article, but the articles reference many sources written by yet others. It is, therefore, not surprising that genuine progress can be made in one's understanding of the world by reading Wikipedia articles. Freedom and rationality mutually imply each other in important ways. Nothing is ever perfect, because there will always be factors beyond our control, but as in a free society itself, which is stable in freedom *because* it is dynamic and changing and lacks a disproportionate concentration of power, Wikipedia's articles have high integrity because they allow those most knowledgeable about a particular subject a free hand in writing and editing them, which, at least initially and over at least a certain period of time, will make them dynamic and changing. And as with society itself, the editing process may seem random and chaotic if viewed superficially, but so long as the process is *allowed to continue,* that is, is not hindered or hampered by opposing forces interested in curtailing freedom, eventually the result will be mature articles which have high integrity and accuracy, and which reference many different independent sources of information – or in the case of society, one which is mature in freedom. These similarities are not coincidental. They derive from the inner relation between rationality and freedom. And as with a society which is ma-

ture in freedom, which society will not completely eliminate arbitrary infringement and so will still need governing entities, law, and law enforcement, not all Wikipedia articles will be perfectly accurate all the time, or at any given time. And there is always the possibility that certain zealous individuals will micromanage a given article or articles on certain topics such that the articles persistently make false or unsubstantiated claims which gratify the egos of the writers. But this is to be expected in an imperfect, uncertain, and changing world – the point, the goal, in both the case of society in general and that of Wikipedia in particular is to create a structure within which the chance of damage to each of us as individuals is *minimized*, or at least reduced to the degree necessary for the tool to be more helpful than harmful to us and our goals, and within which the chance of such a structure helping us achieve happiness, fulfillment, and completion before we die is *maximized*, or at least increased enough to make the tool useful to us and our goals. Both of these things are possible, because (a) as humans we do have the ability to directly experience happiness, fulfillment, completion, and contentment, and so an effort to achieve such things will not be *necessarily* unsuccessful, and (b) humans have full rational capacity, and so we are able to detect the patterns in, among other things, our own thought and behavior which will lead us further in the direction of satisfying our needs, as well as those patterns in our own thought and behavior which lead us further away from satisfying our needs. By understanding these patterns, we can direct our individual and social actions in such ways as to not only achieve these human goals, but to achieve them to the greatest and most efficient degree possible, i.e., to maximize such achievement, the same as would be the case for determining the resources and actions, as well as the arrangements of these resources and actions, necessary to achieve *any* practicable goal.

# Appendix B

## A NOTE ON LIBERTARIANISM

Libertarianism is expressed well in Murray Rothbard's *For a New Liberty: The Libertarian Manifesto*.[467] We will not discuss it in great detail here. I have separated it out into an appendix because it is not a fundamentally different system from the four systems heretofore discussed, but is rather, in light of the definitions of the different socioeconomic systems which have been given in this book, most appropriately considered as equivalent in essentials to mature or full capitalism. The capitalist arrangement has been discussed as the one which minimizes arbitrary infringement and maximizes individual freedom and happiness. The society structured according to the ideals of libertarianism is one in which this goal is indeed achieved, and it is achieved through the means of *full* privatization, including privatization of all the functions typically thought of as government-only functions, such as judicial functions, the police, road-building, foreign policy, creation of laws, environmental conservation, primary and secondary schools, etc. The idea is that businesses competing in a free market to offer, say, judicial services, will perform better and more efficiently at these functions than a traditional public-style government, because there will be competition for consumers of these services, and so to survive the companies providing these services will ensure they excel and are efficient, thorough, and fair, as necessary, in providing them. Another example, one which is more difficult to understand or envision than some of the others, is the law itself, the legal code: how could a legal code

467 https://cdn.mises.org/For%20a%20New%20Liberty%20The%20Libertarian%20Manifesto_3.pdf, referenced on **5/4/23**.

ever come about without a public-style government to create the laws? But, as Rothbard explains, this is precisely what happened with merchant law and the private merchant courts, admiralty law and the private admiralty courts, and even "the major body of Anglo-Saxon law, the justly celebrated *common law*, [which] was developed over the centuries by competing judges applying time-honored principles rather than the shifting decrees of the State. These principles were not decided upon arbitrarily by any king or legislature; they grew up over centuries by applying rational – and very often libertarian – principles to the cases before them. The idea of following precedent was developed, *not* as a blind service to the past, but because all the judges of the past had made their decisions in applying the generally accepted common law principles to specific cases and problems…. The glory of the centuries-long development of the common law is testimony to their success."[468] In other words, libertarian-style creation of laws is not unprecedented.

The libertarian ideals are a way of maximizing the checks and balances on power throughout society, and there is substantial merit to them. Rothbard's book is well worth the read. But the point that should be made here is that the society envisioned by Rothbard is one in which freedom, as defined and discussed in this book, is maximized, and in which there are strong bonds of social cooperation and trust, and this is exactly the kind of society which we have described in this book as being "mature in freedom." Libertarian ideals and what we have called capitalist ideals share the same inner core, and so regardless of the details of precisely how, over time, the people of a society may choose to use their understanding of this inner core to deliver their society out of the womb of tyranny, this effort would, if allowed to proceed unimpeded over time, or at most impeded in a way which does not fully halt its progress and thus which allows it to continue, albeit at a slower pace, always result in a society which is mature in freedom – the analog of the many faces of tyranny and efforts at establishing tyranny, which can appear different from each other on the surface, but which would ultimately, if allowed to proceed unimpeded, or at most partially impeded, by efforts to establish freedom, all converge onto the same general form and structure of society, viz., that of dictatorship, in one outward form or another, and of permanent slavery and poverty for the vast majority.

468 *Ibid.*, p. 283.

# Appendix C

## A NOTE ON THE TWO TYPES OF INTERVENTIONISM

We have discussed interventionism in some detail in earlier sections of this book. The basic idea of interventionism is that the government *intervenes* in economic activity in one way or another in order to forcibly change it. Much can be included within the broad scope of this definition, and in fact, since everyone, whether their actions are on behalf of a company or not, is equal before the law, and no one is above the law, in a capitalist society, then in the most general sense of the term any law which applies in any way to the actions of a person who is acting on behalf of a company can be considered interventionism. But in a more practical sense, the definition of interventionism can be restricted to intervention of the government in economic activity which can be generally described as heavy-handed and intrusive, and, in particular, it can be largely, though not entirely, restricted to the specifically *economic* activities of price fixing, wage fixing, and interest rate fixing. This is because a government's attempts to artificially manipulate any of these three key economic factors are a direct effort to hamper the essential processes of a capitalist open market, which sets prices of products and services, prices of labor, and prices of money (interest rates) according to the ongoing collective voluntary choices for these things by consumers, which collective voluntary choices are the foundation of freedom in capitalism. Since these values are essential indicators of consumer choice, any attempt by a government to artifi-

cially manipulate these indicators by price fixing, wage fixing, or interest rate fixing is an effort to impose government control onto the core of the capitalist process – i.e., an effort which moves the socioeconomic system in the direction of socialism. We can also add to this any attempts to forcibly redistribute wealth from rich to poor (or, indeed, from any group of people to any other group of people) – such attempts can be considered interventionism in the more restricted sense as well, because they treat all wealth as uniform and do not attempt to distinguish between wealth acquired by moral means and wealth acquired by immoral means – i.e., wealth acquired by not arbitrarily infringing on others vs. wealth acquired by arbitrarily infringing on others, respectively. There are certain practical limitations here – e.g., in any given case it may be impossible to tell whether the wealth was acquired by moral or immoral means; or it may not be justified to call a new tax code which in a little more progressive than the old tax code but not hugely so interventionist, especially if it was passed by a legislature in a reasonably free society, though the ideological motivations behind such efforts must be taken into account, because such efforts will be useful in determining whether the governmental action should be considered interventionist or not. The fluid nature of the concept of interventionism is not due to a lack of clarity of the core concept, but to the fact that the concept of interventionism is the concept of a fluid and changing practical reality, so an accurate depiction of the concept is going to reflect this practical reality. We will discuss this in greater detail in the remainder of this section.

Interventionist efforts are common, happen in all societies to one degree or another, and have occurred throughout history. Any time, for example, the Fed takes unilateral action to fix the federal funds rate, this is an interventionist action – remember, despite the oft-heard statement that the Fed is a private entity independent of the government, the fact is that it is the center of a powerful banking cartel, and it could only have come into existence, and can only continue to exist, as a result of legislative action – in the case of the Fed, the Federal Reserve Act of 1913. If this act were ever repealed, the Fed would become illegal, cease to exist, and cease to provide an avenue for the attainment of the substantial power over the monetary system which it and the cartel's powerful member banks currently wield. The statement that the Fed is a private institution, rather than a government-owned or government-operated one, is, in effect, nothing but fodder for the masses – as can be seen if one looks at the history of the Fed, which will show that different arrangements of central banking were considered, and in the end it was determined that, due to the American public's inherent distrust of central government power, the American public would be more likely to approve of leg-

islation which would make a central banking cartel legal if such a banking arrangement was presented to the public as a *private* institution, separate from the government, and independent of the government's control. The physical banks themselves and their internal operations were also built to reflect this idea of separation of the central bank from the government. But this is nothing but the *outward form*, in the most important meaning of the term "private" nothing but mere propaganda. The real significance of the term "private" in socioeconomic debate and scholarship is that an institution or company which is private is one which was an outgrowth solely of the capitalist free market process without any government privilege or support to give it an edge over its competitors, and thus is an institution which represents genuine freedom. A central bank, however, *requires* government support to come into existence and to continue to exist, and so therefore in this most important sense of the term "private" central banking is *not* private. Inwardly, there is a strong connection between central banking and central government, as will *always* be the case with central banking, because central banking's sole purpose is to use government force to restrict banking competition and protect the banking fortunes of the most politically influential banks and bankers in exchange for the ability of the central government which supports and legalizes the central bank to be able to sell debt, in the form of, for example, US treasury bonds, in exchange for new money created, in one form or another, either directly or indirectly, by this legalized counterfeiter, the central bank, which selling of debt in turn allows the central government to amass in total substantially more money, and therefore substantially more real capital, to itself for its own political and military purposes than it would be able to amass by taxation alone. There is a mutually-beneficial relationship here, which always serves as the source of the existence and continued existence of a central bank[469] – government con-

469 As the central bank, or really, the private and government interests in nontrivial direct or indirect control of the central banking mechanism, continue to find opportunities, they will continue increasing their power and tightening their grip on the reins of government. This has happened with the Fed, for example, in the gradual transformation of the backing of money issued by the central bank or by the fractional reserve process from gold and other real money into government debt (the process by which this happens is obscure and roundabout). This makes it extremely difficult for government to pay down its debt, because any paying down of such debt wipes out a certain portion of backing reserve which, because of the multiplier effect (i.e., the fractional reserve process), wipes out a multiplied amount of this reserve in terms of money circulating or capable of circulating in the economy, which can easily lead to recession, which, in turn, will be strongly resisted by the populace who will be disproportionately and adversely affected by it. This does not mean that the central bank is all-powerful, or that there are no solutions to this problem – Rothbard, in *Mystery of Banking*, for example, provides the key elements of a solution to how the Fed can be removed from society without causing major collapse or catastrophe (https://cdn.mises.org/Mystery%20of%20Banking_2.pdf, pp. 261 – 268, in the section entitled "How to Return to Sound Money"; referenced on **8/15/23**). But power builds upon itself until it is complete, and the transforming of gold backing into government debt backing – the so-called *monetization of debt* – is just another example of the changes effected by various influential individuals that are part of the broader, general process which aims to use central banking, and any other means available which can be co-opted or created, to solidify and make complete power and influence by some over others.

tinues to benefit from the existence of the central bank, so it continues to allow the central bank to exist, which in turn benefits those with direct or indirect early access to any new money issued by the central bank, many of whom are influential in politics and who continue making the case to politicians and to the public that central banking is valuable to society. Lastly, in the case of price fixing and wage fixing, we have discussed interventionism in this context in earlier sections of the book, so we will not discuss it in detail here.

Finally, we can conclude that in some cases intervention can be considered to be happening even if such intervention affects everyone equally, rather than privileging some at the expense of others, which is what price fixing, wage fixing, and interest rate fixing do. We understand that all companies are equal before the law just like all people, and to the extent that law affects the actions of all acting on behalf of a company equally strictly for the purpose of preventing arbitrary infringement, it is not appropriate to call this effect of law on business activity interventionism in the more restricted sense. But when government intervenes by imposing itself on companies and individuals across the board in a way which does not allow some to be privileged at the expense of others, but does *arbitrarily* infringes on everyone equally, such as if the US government imposed a new kind of tax on everyone with the same proportion of tax for everyone without constitutionally ratifying the new tax first, this should also be considered interventionism in the more restricted sense, even though no private entity or individual is privileged at the expense of others – in this case, it is the government itself, or specifically key decision-makers within the government, as well as various others indirectly, who are privileged at the expense of everyone else. Note that in this latter case, all government employees are presumed to have this new tax imposed on them as well, in addition to all private citizens and all corporations. Note also that even in this case, the new tax would not really affect everyone equally, since different people would bear this new burden to different degrees and in different ways depending on their personality, temperament, and circumstances. The point of providing this example is to help clarify the concept of interventionism itself as much as possible, so that subsequent discussion is as clear as possible. Also, as stated a bit earlier, if intervention which equally affects everyone is heavy-handed enough, and of course there is no precise dividing line between intervention which is and intervention which is not too heavy-handed, which line will depend to a large degree on the specific culture in which the government operates, then even if the government has passed a law to allow for this intervention, it may be considered interventionism in the more restricted and thus freedom-damaging sense as well: beyond a certain point, a government which has freed itself enough

from checks and balances will be able to pass "laws" which work to further reduce freedom in society and further increase its own arbitrary power, instead of *protecting* freedom as laws would do in a society with strong and proper checks and balances. This is the nature of the battle between freedom and tyranny as it expresses itself in a real, changing human society – the terminology, such as "intervention" or "interventionism," used to describe the various aspects and levels of movement between these two socioeconomic poles is going to be imperfect because that which is being described is itself not stationary and stable. So based on all this, we might say that when government intervenes either to privilege some at the expense of others, or to arbitrarily infringe on the person or property of everyone equally, or to infringe "non-arbitrarily" due to the passage of laws under the aegis of a government which has nontrivially freed itself from proper checks and balances, this is what can be called interventionism in the more restricted sense.

So then is it ever justified for the government to intervene in this more restricted sense? The answer is that in some circumstances it is. But here's the catch: in all such circumstances, the government's actions should be guided by a *rational* analysis of the socioeconomic context in which the actions are taken. This is typically much more difficult than just using the power one has to arbitrarily intervene in order to satisfy an immediate emotional desire, and even if all such interventions are guided purely by a rational understanding of socioeconomic conditions, they will not always in hindsight have been the best decisions to make and actions to take because they may end up having unintended detrimental consequences, due to our lack of ability to completely predict the future, specifically to completely predict all the nonlinear and cascading effects which such interventions will have on society. But the saving grace here is that a rational mindset will be the type of mindset which most readily recognizes the detrimental consequences for what they are, and one which will most readily recognize and acknowledge what should be done to correct them.

Now, given what has been said in the previous paragraph, it might seem as though I am defending interventionism as a rule, in which case I would also effectively be defending socialistic efforts. But this is not the case. If we considered socioeconomic conditions solely in the context of a surface-level reading of the previous paragraph's comments on interventionism, and do not think of the deeper implications of these comments, then the description in the previous paragraph looks suspiciously similar to the standard arguments in favor of strong government intervention. A deeper look at the ideas and at the human social and economic situation would, however, as we have discussed in this book, allow us to perceive that there should be strong checks and balances on all sources of power

in society, and thus would show us that the normal and stable condition of societal freedom is one characterized by the *lack* of government intervention into economic, as well as personal, matters, and would show us that the government's role in economic and personal matters should be limited to providing a general backdrop of safety and security against which each individual human can develop and find happiness in his or her own way. A rational understanding would see interventions as helpful only in emergency or crisis situations, and not as a normal or permanent part of socioeconomic existence. A rational understanding would know that such interventions should always be viewed as *abnormal*, and should be completely removed from society as soon as possible. If a foreign nation starts preparations for an invasion, for example, this may end up being a crisis situation for the targeted nation, and so the government of the targeted nation may need to declare a draft or martial law until the threat is neutralized. If, to give another example, prior government interventions and central banking manipulations end up causing a substantial economic boom which, since the boom was built on easy money with no real money backing, at some point is followed by a bust and depression, and as a result of this millions of people are on the verge of starvation, it may be necessary for the government to temporarily hire as many of these people as possible as laborers on government or public works projects, as happened with FDR's New Deal, to avert the crisis of widespread deaths from famine. To this degree, we might say that FDR's New Deal was beneficial to the public, because to this degree it used government resources to respond to an *emergency* situation. The New Deal, however, went well beyond this and tried to centralize control of vast swathes of industry, which was highly socialist, and was in at least one case even officially ruled unconstitutional. A rational understanding of this situation would have backtracked from this effort by the government to, in effect, fix wages at a certain level for these millions of people as soon as it was clear that the worst of the crisis had passed, and directed the government's efforts not to deeper and broader control of industry but to repealing the Federal Reserve Act, which would have forced the central bank to close its doors and no longer provide a privileged banking and monetary situation for anyone, and then to creating and strengthening a socioeconomic environment which allowed, and protected the right for, private citizens to divide mental labor and economic ownership and create solutions to the remaining problems in a distributed fashion – i.e., to do what government is supposed to do, which is to provide a backdrop of safety and security for freedom in society. A rational understanding would have, in other words, recognized the FDR administration's effort to centrally control industry as a *bad thing*, as something which is *damaging to freedom in society* – as did those who wrote the Cons-

titution, in fact, when they strictly limited the monetary and economic powers of the executive – rather than as something which is somehow beneficial to society just because the center of gravity in society is made stronger by such centralization. So actually, since the person or property (or both) are *already* being arbitrarily infringed upon when the emergency situation is brought about (and also in those cases in which the emergency situation is brought about by a freak occurrence which no one caused and no one could have prevented, which is something we have not directly discussed with an example here), we can say that government interventions in order to help society through the crisis, so long as they only do this minimal thing and no more, are not *arbitrary* interventions – no different from infringing on someone in self-defense, only the government's actions would be for the purpose of preserving the integrity of the fabric of freedom in society as a whole, rather than preserving the freedom of an individual person. And after the emergency passes, so long as any further interventions of the government are limited to undoing any *arbitrary* interventions which still exist, some of which would have very likely been the cause of the emergency situation in the first place, since these prior interventions were arbitrary and therefore arbitrarily infringed and continue to arbitrarily infringe upon person or property, that is, upon *freedom*, then the government's interventions even in this case cannot be labeled interventionism in the more restricted sense any more than can the non-arbitrary interventions which the government made to get society through the crisis – recall that we have defined interventionism in the more restricted sense as *arbitrary* interventions on the part of government. We might say then that there is a difference between government *action* and government *intervention*, if we define "intervention" here in the more restricted sense. These two are often confused, so that, for example, if a person argues against government intervention, it is assumed that the person is against all government action of any kind, but this is not necessarily the case. To be against government intervention specifically, using the distinction between intervention and action defined here, is to be against *arbitrariness* on the part of government action, which stance is taken for the sake of preserving freedom in society. To be against government action in general is to be in favor of anarchy, which is, as we have seen, a socioeconomic situation which is fundamentally different from capitalism, and in which true freedom does not exist.

But in the preceding examples of government intervention we have not actually described a situation in which interventionism in the more restricted sense, that is, intervention which in one way or another *arbitrarily* infringes on the person or property of citizens or businesses, is justified. We have, rather, so far dis-

cussed only non-arbitrary interventions. Interventions which are non-arbitrary, that is, which serve to protect societal freedom against damage which can be done as a result of freak occurrences or against the effects of prior, arbitrary interventions either as a result of the actions of a private individual, a corporation, a foreign government, the domestic government itself which is presently making the non-arbitrary intervention, or anyone else, or which generally speaking serve to get society through the worst of an emergency or crisis situation, are no different from the actions of police officers to enforce universally-applicable law, or the actions of individuals infringing on others in justified self-defense, both of which are for the purpose of preserving freedom, that is, preventing tyranny from gaining a foothold. Whether a *particular* intervention is to be considered arbitrary or not is often (though not always) a much more difficult question to answer, and some interventions which are made that to all intelligent people with solid understanding and good will seem to be non-arbitrary when they are made may actually turn out to be arbitrary in one way or another. But this is the reality of life in the complex system known as human society. The point is that it is *always* important to think of existing problems and proposed solutions in the light of a sound understanding of the ideas. This sound understanding, while not guaranteeing a perfect solution every time, or that mistakes will not be made, will nonetheless serve as a powerful guide for our actions, and under this guiding force it is possible to make progress toward a society which is mature in freedom. Without a sound understanding of the ideas, such progress is impossible.

But what about the earlier statement regarding interventionism in the more restricted sense, that is, *arbitrary* intervention, being sometimes justified? What I envision is this: prior interventions in various ways have caused crisis situations, and the government of the nation in crisis, whose job it is to preserve freedom and safety in society, intervenes in a non-arbitrary capacity to try to help the nation through the crisis and back to the stability of genuine freedom. In doing this, the government may redistribute wealth in certain ways, such as by hiring millions of people who are out of work and cannot find jobs on the open market because of the crisis, and this effectively takes some wealth in, say, the tax fund, which would otherwise be spent on something else that might benefit a different group of people or society generally, and redistributes it specifically to the workers the government hires. This is, effectively, an arbitrary infringement on those from whom the services the government would have provided with this money are taken. This, unfortunately, would appear to be an unavoidable reality of a society in crisis. In such a situation, what the government should do is try to find ways to minimize the severity of this arbitrary infringement, and to always treat it as *transient*

instead of as a permanent facet or condition of society. Furthermore, the government should make every effort to identify and compensate such people after the crisis has passed, since if we are to maintain and strengthen freedom in society, and the tradition of freedom, which should *always* be the goal, recompense on the part of the infringer, if the infringement is arbitrary, is *always* necessary, whether this arbitrary infringement is done by government for the purpose of preventing the growth or exacerbation of a societal crisis or by any other person or entity at any time. The safeguarding of the present and future freedom and prosperity of society is the primary goal of government, and the practical reality is that in times of crisis such arbitrary infringement may be temporarily necessary. But what keeps this arbitrary infringement from becoming a permanent part of society is a stalwart dedication to the *rational analysis* of changing socioeconomic conditions, and thus to the process which results in the minimization of the time and effort it takes to recognize, to the degree feasible, when the arbitrary infringement is no longer necessary as well as when those arbitrarily infringed upon should be recompensed, and to what degree. This is no different from, say, the funding of college for soldiers called up in a draft, or pension for their widows or children. A draft is arbitrary infringement by the government on the part of those drafted, and so if freedom is to be maintained in society punishment must be dealt for such arbitrary infringement, no different from jail time or a fine or other punishment enforced upon a private individual when he or she arbitrarily infringes on another private individual. Such punishment must be appropriate to the circumstances – i.e., the government's actions in this case were for the greater good, so to speak, and so it would be inappropriate to arrest and imprison the government officials who made the decisions, assuming they did not break existing law in doing so, and assuming proper checks and balances are in place in society so the actions and decisions of the government are always genuinely aimed at preserving freedom in society, rather than curtailing freedom for its own benefit – but if we are to be consistent in saying that *arbitrary* infringement is never morally justified, then we must say that while in times of crisis it may be a temporary practical necessity, the government who so infringes must itself pay for the infringement, however necessary the infringement might have been in the moment. Such a conclusion, furthermore, would be the same conclusion the government of a free society itself would draw in looking at the same situation, and so such a government, i.e., one which abides by and operates in the context of the ideals of freedom, would willingly submit to making such payments.

Another way of saying this is that in the particular case of government action in crisis situations, given the unique charge and function of government in so-

ciety, the goal should always be to see the highest net increase in freedom as a result of the government's interventionary actions, and specifically the highest net increase in which those who are arbitrarily infringed upon are arbitrarily infringed upon to the least degree possible, and also in which the overall societal effect of the interventionary actions in maintaining or increasing freedom is maximized. This can be schematized as a combination of the height of the stakes for the loss or potential loss of societal freedom in general during and after the crisis situation, the level of arbitrary infringement of a given proposed government action to prevent this loss or undo it, and the amount of freedom expected to be gained, regained, or retained in the intermediate and longer-term as a result of the government's interventionary action. These factors should be combined in such a way that the amount of arbitrary infringement caused by the government's action is minimized, the level of preservation and strengthening of freedom is maximized, and those arbitrarily infringed upon are compensated as appropriately as possible for the arbitrary infringement.

Note also that in a society which is mature in freedom, such crisis situations will be much rarer in occurrence, because the society will be much more resilient and adaptable to changes in both internal and external circumstances. It is expected that interventions which arbitrarily infringe on some in order to preserve the general long-term integrity of socioeconomic freedom and prosperity may be necessary from time to time in societies which are far from being mature in freedom, i.e., ones which are still to one degree or another in the throes of tyranny, but that such interventions will be only minimally needed or not needed at all in a society which is mature in freedom. Remember that the transition from tyranny to freedom is a long and tortuous historical process which spans many generations, and we live in a practical and highly interconnected world. It is unavoidable during this process that some or many people will not be able to achieve their goals or dreams during their lifetimes because of the systems of arbitrary infringement under which they, to one degree or another, suffer, but by remaining focused on the end goal, that of a society which is mature in freedom, we can help future generation achieve this reality.

Before closing this appendix, we should discuss a few concrete examples in order to shed more detailed light on the concept of arbitrary government action, that is, *interventionism* in the more restricted sense as we have defined it here. The first example is the 2021 power crisis in Texas. The second is a claim made by US politician Bernie Sanders that all individual wealth over $999 million should be completely, that is, 100%, confiscated by government. The third is climate change.

The power crisis in Texas was discussed briefly earlier in this book as well. The outage was the result of a complex interplay of factors and had many different and cascading consequences, for both Texans and non-Texans, and it is not the place of this appendix to discuss the event and its surrounding causes and consequences in detail. Mostly we will focus on the claim that the free market itself is to blame for the crisis, and thus that more regulation, the typical solution proposed by anti-capitalists when market conditions do not work out in their favor, is the solution to the problem.

The first thing to note is that the severe cold in February 2021 in Texas was unprecedented. Yes, winterization measures had been proposed in the past, and had not been acted on by those in charge of regulating the Texas power grid, and lack of winterization was one of the causative factors in the grid failures. However, to fully understand what happened, further investigation is required. For example, as reason.org tells us, "When equipment fails due to cold weather, failure to prepare for the cold is the obvious diagnosis. While over 50,000 MW of generating equipment in Texas froze up, many observed that power plants to the north endured even colder temperatures and continued working. The difference? Farther north, power plants are designed to survive the cold. Winterizing Texas power plants comes with an additional challenge: Texas power plants must also survive hot Texas summers. Some winterization techniques employed farther north would reduce summer power plant reliability in Texas. For example, enclosing portions of Texas power plants now exposed to the weather would have protected them against freezing, but would make summer operations more challenging. System components are often exposed by design because the ventilation helps the power plant manage excess heat."[470] It is true that "not all winterization methods see such tradeoffs," but even with implementing such measures to winterize the Texas power grid, this policy brief concluded that, though perhaps with less severe outages than actually took place, still it was at least "possible that the extent of the extreme cold, geographically and temporally, would have produced this [same] scale of generator outages even had the recommendations [from the reports on the December 1989 and February 2011 power grid failures] been implemented successfully."[471] The point is not that nothing could have been done to improve the situation so that fewer outages would have occurred during the crisis, or so that fewer people would have died as a result of it, but rather that it is conclusion-jumping to assume that because the Texas energy market is not as reg-

470 https://reason.org/wp-content/uploads/texas-power-failures-what-happened-what-can-be-done.pdf#page=24, p. 22. Referenced on **5/5/23**.

471 *Ibid.*, p. 23.

ulated as the energy markets of the rest of the nation, this lack of regulation must have been the primary or sole cause of the problem – which explanation is ultimately meant to provide yet another example of how capitalism is supposedly bad for society. In fact, though this is slightly off topic (though not off topic in the broader sense), even AlterNet, which has a reputation for being strongly left-biased,[472] posted an article in which an interviewee who clearly supports the site's pro-renewables stance is quoted to have said the following: " 'These are bills [proposed by the Texas legislature in response to the February 2021 power grid crisis] meant to boost fossil fuels and crowd out renewables…. These throughlines suggest that the 'power grid reform' is less concerned with grid protection than with subsidizing Texan gas, whose crippling failures contributed in large part to the 2021 crisis – and which, through the magic of the state's deregulated, regional energy marketplace, is beginning to be crowded out by renewables…. To be clear, renewable power did suffer failures in 2021 as well.' "[473] A far-left news outlet like AlterNet is going to have a generally negative view of capitalism, is going to have a negative view of the fossil fuel industry and a positive view of renewables, and, as is typical, is going to associate capitalism with the modern fossil fuel industry. But as we saw above in the section in Chapter 11 on free energy, this is a false association derived from the assumption that the monetary influence wielded by powerful, cartelized private banks, and the existence and influence of the central bank, in America are a result of the free market capitalist process, when, in fact, they are a result of efforts to severely restrict and hamper the capitalist free market process in banking and to centralize monetary control, i.e., of efforts, ultimately, to implement socialistic control of the banking industry. But the surface-level associations between modern big banking and true capitalism (or, really, just *capitalism*) are too plain and juicy for the anti-capitalists to not latch onto this tantalizing piece of "evidence" that capitalism is bad for society, and so as a result they do not seek a deeper understanding, which might, frustratingly, uncover evidence of an essential difference between the two. To them, capitalism = money, and since the banking industry deals in money, and because big banking and big oil are in bed together, and because big oil seeks to suppress renewables because of the threat of substantially increased competition from renewables (and, ultimately, the threat of acceleration of the decline and eventual elimination of the fossil fuel industry), the transitive property must be followed, which then equates the oppression of renewables with capitalism. And yet note that even this quote from AlterNet, which does its best to demonize capitalism indirectly by demoniz-

472 https://mediabiasfactcheck.com/alternet/, referenced on **5/5/23**.
473 https://www.alternet.org/texans-power-woes-even-worse/, referenced on **5/5/23**.

ing Texas's unregulated gas industry, still cannot help, out of a recognition that it is, in fact, still important to acknowledge the *whole* truth, however begrudgingly, but point out that it is precisely the deregulated and regionalized, that is *capitalist*, nature of the state's energy market which has allowed renewables to start "crowding out" fossil fuels, even to the point of forcing the gas industry to seek to oppress renewables through legislation. This is the same point that was made in the section on free energy in Chapter 11. If a new energy source is beneficial to the general public, a capitalist free market, that is, a capitalist socioeconomic arrangement, will find any way possible to *catalyze* it, to grow and spread it, because it will be of benefit to both sellers and buyers. The restrictions placed on this growth by the existing industry would be much weaker if the existing industry itself operated only in the context of the free market as well. But when the existing industry, or rather the most entrenched and powerful subset of it, whose existence is threatened by this new competition, is able to successfully use government force to suppress this new competition, then it is no longer fully operating in the context of a free market, but rather has partially suppressed the capitalist process, in order to privilege itself. This is exactly what happened with the creation of the Fed and its associated banking cartel in the early 1900s, which to a large degree was an effort to suppress growing banking competition as a result of thousands of new banks which were springing up across the country at the time. Note also in the AlterNet article that the term "magic" is used to describe the market process. Perhaps this is an innocuous use. But it is hard not to see this as yet another jab at capitalism, by implying that the capitalist process is somehow "non-rational." Of course, as we have seen over the course of this book, the capitalist process is perfectly explainable and understandable, that is, *rational*; it does not require "magic" to operate, or to understand. This is like the situation in which we are jealous of someone else, and so in talking about this other person, and in particular, this person's actions or qualities of which we are most jealous, it is more comforting to use the generic pronouns "him" or "her" or "his" or "hers" rather than the person's actual name, because using the person's actual name makes the fact that they have these qualities of which we are jealous more immediate, more real, and more undeniable to us, that is, it forces us to more directly acknowledge an unpleasant truth. In both cases, we choose to use certain words which are less accurate than other words we could use in order to soften the blow, so to speak, to ourselves – like stirring honey into a bitter tonic so we do not choke when we swallow it. But the fact that we feel we have to do this in the first place should tell us something – specifically, it should raise the question in our minds of what exactly we are trying to hide from ourselves, and why we are trying to hide it. In

fact, it is in the uncovering of the sources of unpleasantness which we feel when faced with various truths that the most substantial, meaningful, and *cathartic* advances in our understanding of the world occur. It is for this reason that we should *seek out* such knowledge, rather than hide from it.

To continue the discussion, let us consider the actual design of the Texas power grid, as explained by Bill Hogan, one of its key architects. A Harvard Kennedy School article from that same month, February 2021, tells us that Hogan was, at the time, "Raymond Plank Research Professor of Global Energy Policy. In 2013, [he] helped Texas system operators with their current market design. He is also the research director of the Harvard Electricity Policy Group and an expert on energy markets and electricity market design."[474] Hogan makes certain important points, and they revolve around the fact that the future is always uncertain. This does not mean that future circumstances cannot be planned for, or that over time we cannot learn to plan for them better; rather, it means that the future cannot be *perfectly* planned for. The 2021 power grid crisis in Texas was an example of a possible future which was simply extremely unlikely, and therefore was not planned for as well as it would have been if it had been a more likely future possibility. As Hogan states, "there will always be tradeoffs about how much to spend in advance to protect against extreme conditions."[475] Not everything can be planned for perfectly, and, as the reason.org article referenced above mentioned, planning for some eventualities often means implementing measures which make it harder to plan for other eventualities, so a tradeoff in these cases is *necessary*, and such decisions will always have to be made on the basis of which future possibility is *more* likely.

Also, the market design of the Texas power grid was still robust, even in light of these difficulties. As Hogan explains, once the decisions are made about which future possibility or possibilities are more likely, "if conditions are more extreme than anticipated, then the best line of defense is to invoke rotating [i.e., rolling] blackouts and apply pricing that reflects the severity of the situation. This is what happened in Texas, and the actions by the system operator prevented the catastrophe of a complete collapse of the grid, for everyone, [which would have caused] a much longer period [before service was restored]."[476] In other words, beyond a certain point, the infrastructure and maintenance costs necessary to further build out or weatherize or otherwise modify a power grid to account for more and more remote possibilities become prohibitive, and so it does not make sense,

474 https://www.hks.harvard.edu/faculty-research/policy-topics/environment-energy/understanding-texas-energy-grid-failure, referenced on **5/5/23**.
475 *Ibid.*
476 *Ibid.*

in light of our experience and our knowledge, to incur these further costs. But if somehow such a remote possibility does occur, the Texas power grid was designed to avoid a complete collapse, or a much larger or strategic collapse, of the grid by the implementation of rolling blackouts and increased costs of energy for those who had not chosen to hedge their costs and who, thus, "enjoyed lower prices until the crisis."[477] This is a different way of structuring an energy market than one in which the government subsidizes or rebates part of the cost to offset the cost for the consumer and more heavily regulates the utilities, but it does have the benefit of allowing renewables into the energy market to a greater degree, especially when, combined with the deregulated nature of the market itself, the extremely high costs of the variable wholesale plans during the crisis – in this case up to "$9,000/megawatt-hour which was the 'system cap' set by ERCOT [the regulatory agency Electric Reliability Council of Texas, in charge of operating and overseeing the electricity industry in the state], compared to a more typical $25/MWh"[478] – cause outrage among the public. But it is important to keep things in perspective as well, and not just blame "big gas" or "big electricity" for gouging the consumer – Wikipedia tells us, for example, that although "at the peak, over 5 million people in Texas were without power, with 11 million experiencing an outage at some point,"[479] the power outages at their longest were less than 4 days: "some for more than 3 days,"[480] we are told, and while this is still longer than might be desired, and in some cases longer than the maximum amount of time some people can go without dying, it is important to realize that in the event of a broad-reaching, rare extreme weather event such as this, 3-4 days is not an unnecessarily long amount of time to get a highly complex and far-reaching power grid fully back online and providing power to everyone again. Also, we should note that consumers did have a choice to purchase electricity at the wholesale rate or at the hedged rate (which was higher), and the wholesale rate was specifically designed to be variable, so that it would be cheaper during normal times than the hedged rate but potentially increase substantially during much more rare abnormal times. If someone argued that yes this may be true, but still, $9,000 per megawatt-hour is too high of a cap, I might be inclined to agree. But the idea of this variable rate is to reduce the strain on the electricity grid in times of crisis by reducing the draw on the grid by this subset of the population by increasing their cost per MWh – and, importantly, this was not done by lottery or by government decree, but by giving consumers the *choice* to either hedge or pay the wholesale,

477 *Ibid.*
478 https://en.wikipedia.org/wiki/2021_Texas_power_crisis, referenced on **5/5/23**.
479 *Ibid.*
480 *Ibid.*

variable rate. This reduction in usage, combined with rolling blackouts, were the planned mechanisms to avoid complete grid collapse and the need to perform a "black start" in the event of a crisis situation, which would have extended the outage, and which would have caused that much more suffering and death.

It is also important to note that in seeking a high level of independence, such as in its efforts to minimize connections of its power grid to those of the rest of the US, or to minimize the influence of the Federal Energy Regulatory Commission on its energy industry, the state of Texas may ruffle the feathers of the more "federalist"-minded of us, but in doing these things they are expressing one of the most important facets of our Constitution, that of separation of powers, and they are helping to remind us that there is such a thing as too much federal power. The anti-federalists would have a lot to say about this.[481] The state of Texas is exercising its Constitutional power to direct the course of its own destiny, albeit as part of an overall federation of like-minded states. Separation of powers, decentralization of power, is a *sine qua non* of a free society. The expressions of such separation, of such decentralization, are many and varied, but it is important that these expressions not be unduly criticized, and that their merits be brought to light to no less of a degree than is deserved, as should their faults. In criticizing something like the actions of the various companies and individuals which led to the 2021 Texas power grid crisis, it is very easy to see the event out of context, and to see comparable institutions, such as power grids in other parts of the country, *out of context as well* when making comparisons. It is then easy to draw the wrong conclusions based solely on these out of context comparisons – in this case, for example, the erroneous conclusion that capitalism is bad for society. But in making any comparison between institutions which exist and evolve over time, the history of such evolution is a big part of the context which is needed in order to make an accurate comparison. The overall operations, the overall costs, and the overall societal impact over the course of the history of the compared institutions need to be taken into account; doing so will provide a better picture, and thus allow for a more accurate comparison. It is still true that without a framework of ideas within which to interpret these historical data, one cannot extrapolate into the future with any degree of accuracy. Note that even with such a framework there are limitations on one's ability to extrapolate based on historical data, but the framework of ideas provides a guide to interpretation, and proper use of the framework for such interpretation requires historical context. An understanding of the full history of the Texas power grid, in comparison to the full history of the other major power grids in America, could easily allow us to draw

481 https://ia801404.us.archive.org/3/items/TheAntiFederalistPapers/TheAntiFederalistPapers.pdf, referenced on **5/5/23**.

the conclusion that the Texas power grid and power market were much better designed than an out-of-context, emotionally-driven analysis of the February 2021 crisis event might lead us to believe.

The Texas Tribune tells us that "during the February 2021 winter storm, transmission companies inadvertently cut power to parts of the natural gas supply chain when ERCOT ordered the utilities to reduce power demand or risk further damage to the grid. That decision aggravated the problem as natural gas producers were unable to deliver enough fuel to power plants. At the same time, some wells were unable to produce as much natural gas due to freezing conditions…. Because electricity relies on natural gas production and natural gas production relies on electricity, any failure in the loop breaks the entire system. At one point during February's storm, more than half of the state's natural gas supply was shut down due to power outages, frozen equipment and weather conditions."[482] But what was the reason that electric supply to these major gas providers was inadvertently cut? We are told that "on Valentine's Day, the major utility that supplies electricity to West Texas [Oncor] readied for a severe winter storm. Hired contractors prepared to fix power lines, managers started up the storm emergency center, and operators reviewed the list of facilities that should – no matter what – keep power during an emergency: 35 of them on Oncor's list were natural gas facilities that deliver fuel to power plants."[483] In other words, there was substantial planning and preparation for the storm well ahead of time. But as ERCOT began ordering reductions in power in the grid – taking power offline and causing rolling blackouts – which is one of the designated functions of ERCOT during times of crisis, Oncor began shutting down power to those entities not on its critical list, and it turned out that some of these were gas facilities – in fact, there were "dozens of natural gas facilities that weren't on Oncor's 'critical' list,"[484] and so this meant that "Oncor, which delivers power to the Permian Basin – the state's most productive oil and natural gas basin – had unwittingly shut off some of the state's power supply when it followed orders to begin the outages."[485] The Texas Tribune article goes on to say that this "exposed a major structural flaw in Texas' electric power grid: Oncor and other utilities didn't have good lists of what they should consider critical infrastructure, including natural gas facilities – simply because natural gas companies failed to fill out a form or didn't know the form existed…. It's the electricity customer's responsibility to fill out the form, which is provided by electric utilities, usually online. Retail electricity providers

482 https://www.texastribune.org/2022/02/15/texas-power-grid-winter-storm-2021/, referenced on **5/5/23**.
483 https://www.texastribune.org/2021/03/18/texas-winter-storm-blackouts-paperwork/, referenced on **5/5/23**.
484 *Ibid.*
485 *Ibid.*

inform residents and businesses of their right to apply, according to a PUC rule."[486] Finally, we are told that "more than 9,000 megawatts of power outages were caused by power plants not getting enough gas, enough to power 1.8 million Texas homes and accounting for at least 20% of the total outages during the week of the storm, according to ERCOT's estimate."[487] Knowing this, we might start to realize that, rather than capitalism supposedly being inherently corrupt and bad for society, and therefore such inherent corruption being or likely being the primary or sole cause of these outages, there was in fact substantial planning and forethought for how to be as efficient and reliable as possible in a crisis event, and that certain honest mistakes were made that, granted, had they not been made, would have lessened the crisis, but which still were not made out of malicious intent or "corporate greed." Once again, we see that when things are looked at honestly and rationally, they often look substantially different from how they appear through the lens of desperate emotional need or desire. In the case of interventionism, the topic of this appendix, we can say that the blanket statement that the federal government needs to intervene in the regulation of the Texas power grid or that stronger regulations need to be put in place or that electric companies need to be forced to winterize even though the costs may be prohibitive or nearly prohibitive, would be statements which fail to take into account the details and the context of the situation, and which misunderstand the nature and operations of a free market. If we did not have a sound understanding of the difference between capitalism and socialism, we would be much more confused about the degree to which interventionism is necessary in this situation, and the degree to which the deregulated nature of the Texas energy industry was, or was not, responsible for the crisis – for it is not only the historical details which provide much-needed context, but the *ideas themselves* as well. The regulatory or operational structure may need to be modified in various ways, the use of government force on the part of the gas companies to suppress the rise of renewables should be stopped, but the need for these changes by no means shows that capitalism is bad for society, or that, as a result of this, stronger intervention is necessary or would be useful. What is needed, in fact, is the maintenance and strengthening of the deregulated, competitive marketplace in energy, which, as even the AlterNet article mentioned, allows a freer hand for renewables to grow and spread, which then would serve to *push down* or at least *keep down* energy prices during normal times, and also put pressure on ERCOT to lower the wholesale variable rate cap, by increasing available energy alternatives. The free market is needed to allow for the div-

486 *Ibid.*
487 *Ibid.*

ision of mental labor and property ownership in both the traditional component of the energy industry and in the alternative component, and in the alternative component in particular this division of mental labor and property ownership will greatly spur creativity, which, in turn, will increase the chances of humanity developing better methods of harnessing energy by alternative means. And even in the traditional component of the energy industry, it allows for increased competition, which, so long as a government-supported cartel is not formed, will itself keep prices down compared to what they would be otherwise, including the variable wholesale prices.

The second item we will discuss is the statement made by US senator Bernie Sanders in 2023 that $999 million is enough for anyone to live on, and that, therefore, 100% of anyone's income beyond this amount should be forcibly confiscated by the government.[488] The first question I have is why $999 million (or, effectively, the largest amount below $1 billion)? Why not $224 million? Why not $20 million? Why not $3.8 billion? Who is Sanders to set a particular number so that personal wealth beyond that number is "too much"? It is a purely arbitrary designation. Once again, we have an example of a socialist who does not know how to see the difference between "large" amounts of wealth acquired by moral means (i.e., through voluntary transactions) and "large" amounts of wealth acquired by immoral means (i.e., through arbitrary infringement). Once again, we have a socialist treating wealth "beyond a certain point" as inherently bad, and therefore telling us that it is justified to infringe upon the person who holds this wealth by forcibly confiscating it from them. When socialists make this argument, they can never tell us why the particular "point" which they have chosen is better than any other point. All Sanders says is "You may disagree with me, fine. Yeah, I think people can make it on $999 million."[489] This is not a rational argument for why this particular number was chosen, or should be chosen. It is a political statement meant to manipulate emotions. Of course most people can live comfortably on $999 million. This is obvious. Most people can also live comfortably on $150 million. Most people can also live comfortably on $9.2 billion. The number $999 million was chosen because it has the same effect as the idea that the year 1999 is special in human history – there is a perceived qualitative disconnect between 1999 and 2000, just like there is a perceived qualitative disconnect between $999 million and $1 billion. If Sanders had chosen $1.1 billion or $2.3 billion or any other such number, it would be more obvious how arbitrary

488 https://www.dailywire.com/news/bernie-sanders-calls-for-confiscating-all-money-people-make-over-999-million-per-year, referenced on **5/5/23**.
489 *Ibid.*

the choice is. But by using the number $999 million, the arbitrariness of the choice is more hidden, and the supposed significance of the number, like the year 1999 vs. the year 2005 or 2009 or 2017, is enhanced in the minds of viewers and readers, and, by extension, so is the supposed significance of the politician himself and his broader ideas and policy recommendations. But the reality is that $999 million is just as arbitrary a number as any other.

One thing to note here is how such a confiscatory policy would affect the economic structure of the nation. There would be a high likelihood that those who stood to earn more than $999 million by their business activities would leave the country and take much or all of their money with them; or choose not to invest, depriving the economy of capital of which it would otherwise be able to make use. Those who already had personal fortunes greater than this amount would do everything they could to transfer wealth out of the nation. Many businesses, including large businesses, would close, and their products and services would no longer be available on the market. The part of the wealth confiscated which is redistributed to those of lower income would only be able to be used to purchase things that were still on the market, which could easily not include many things that such people would have liked to purchase once they had the money. Not only this, but, far from "stimulating the economy" by providing people with more money with which to buy things, what is never explained in the arguments which favor redistribution is that each person would get only a small amount – say $3 trillion is confiscated from the upper 10%, and it is redistributed to, say, the bottom 50%. The US population is at 334 million, so 50% of this would be 167 million people. Even if the entire $3 trillion was distributed evenly to the bottom 50%, rather than some of it being distributed and some of it being used for government operations, each person would still only get about $18,000, in today's America not really even enough to live on for one year, especially if there is more than one person in the household. And in the meantime, substantial swathes of business which would have provided the products which these people would have purchased with this extra money given to them would have closed, because their wealth would have been largely confiscated, and so they simply would no longer have the capital to produce goods for sale. It is the broader consequences of such a wealth redistribution that the socialists never consider when they propose redistribution. They just assume that everything would continue running as before, only now the poor would have more money and the wealthy would have, appropriately and justifiably, less. But the money which is redistributed to the poor must come from somewhere, and it either comes from those who already have the wealth, or from the creation of net new money, and thus the inflation, i.e., devalu-

ation, of the currency, by the government or by the central banking mechanism, which, regardless of who this new money goes to, either the poor, the rich, the middle class, or particular subsets and combinations thereof, will always privilege those to whom the money goes first, at the expense of those who receive it later or last or not at all. In the latter case, if the new money goes to the poor, then wealth is redistributed from the rich to the poor in a more roundabout way than by means of simple confiscation, but it is redistributed nonetheless, and this arbitrarily infringes on the property rights of the rich, who are no less inherently deserving of the *right to protection against arbitrary infringement* than the poor, or than anyone else. In either case, the redistributionist efforts have substantial consequences for the structure of the economy and the structure of society which the socialists arguing for redistribution do not understand and never discuss.

But this is not all. Imagine wealth being redistributed in the simple confiscatory manner. Even if a business whose wealth, or whose investors' wealth, has largely been redistributed, is somehow able to stay in business, and thus whose products are still available on the market, the business still loses a substantial amount even if sale of its products increases as a result of the redistribution. Think about it. In selling an item, the business is receiving money which was taken from it earlier, and it is losing the item that it sold. The end result is that the business is less one item of capital wealth, but has not gained anything in return for it, because its stock of money is the *same* as it was before the redistribution. In a free market, where the business's wealth was not confiscated and redistributed, then after selling an item its stock of money would have *increased* by an amount of money equal to the market price of the item. And if we consider that perhaps this business is able to sell more of its product based on money confiscated from *other* businesses, either businesses with which it is in competition or businesses in other industries, then this just means that those other businesses have lost *even more* than they would have lost if the money confiscated from them went back into them by the purchase of their own products. In either case, there is substantial net loss of capital wealth on the part of the businesses, and in either case it is highly misleading to say that businesses *benefit* from the increased cash in the hands of those who now use that cash to buy their products.

But this is still not all. If it is determined legislatively that all wealth above $999 million should be confiscated, what are to be the specifics of how this confiscation is actually carried out? How is a personal fortune to be defined so that it is free from ambiguity? Substantial amounts of the personal wealth of myriad investors is invested, either directly or through investment companies, in businesses which provide products and services to the public. Should we take all the wealth

which is invested in this way that is greater than $999 million per investor away from these businesses, and therefore make it harder for them to operate and put many of them out of business? Many businesses, after all, operate on thin margins. And if we choose not to take away this wealth, by how much are we now reducing the amount that is to be confiscated and redistributed? Would we be reducing the amount redistributed per person from $18,000 to, say, $16,000? But this would make the redistribution to these individuals even less valuable than it otherwise would have been. Or what about personal wealth in the form of market capitalization of *stocks* specifically? What if the market cap of a wealthy individual's stock investments at one point rises above $999 million (assume in this case his or her other sources of wealth are negligible)? Say it becomes $2.3 billion due to a bullish market for the particular companies which this investor is, by lucky coincidence, invested heavily in. Should the $1.3 billion, or slightly more than this, in stock that is above the golden mark of $999 million be immediately confiscated? How, exactly, would that work? And should it even be considered part of this individual's personal fortune if he does not sell the stock? Money invested in the stock market is not the same as money in a checking or savings account: it is subject to the market investment decisions of others, and so its value is much less stable than that of money in checking or savings accounts. Think about the time Elon Musk lost $200 billion dollars when Tesla's stock plunged after Musk's purchase of Twitter.[490] He was, so we are told, the first person ever to lose $200 billion in wealth. Setting aside the fact that this massive amount of money (in terms of *number of dollars*) in Musk's total personal stock market valuations could never have been accumulated if the US's central banking mechanism had not, over the past 100+ years, flooded the market with massive amounts of new money and inflated the currency, we are still left with the consideration of whether, prior to this massive loss in Musk's personal "market cap," his stock holdings should have been 100% confiscated beyond $999 million? And again, how would this work? Would the sale of stock be forced? Who would be allowed to buy it? And how would Sanders' legislation correct for the other investors increasing their own investment sums above $999 million as a result of the purchase of such stock? If there is to be a cap so that it is illegal for an investor to buy stock which would increase their total wealth above $999 million, how can we be sure that enough of Musk's stock would be sold that his own personal wealth would decrease to $999 million or lower? Furthermore, as stock is bought and sold, there is no guarantee that the price of a unit of stock would remain the same. It could decrease, which would make it easier for Musk to get down to

490 https://www.cnn.com/2023/01/02/investing/elon-musk-wealth/index.html, referenced on **5/6/23**.

$999 million, or it could increase due to increased competition for stock in valuable companies which absent legislation forcing the sale would not be sold, now that investors realize it is being sold, and this increase in the valuation of the stock could make it that much harder for Musk to sell enough to reach the $999 million goal. And even if he did reach the $999 million goal, there is no guarantee that he will stay there, as the value of the stocks in which he is invested will continue to change over time. If we are to strictly enforce the $999 million rule in all stock investments, the government itself would need to spend massive amounts of money micromanaging the market on a daily, hourly basis, so that any change which takes any of the many of investors' stock market investments above $999 million is made note of, and a mechanism of some kind confiscates the surplus wealth. But is this kind of operation really sustainable? How many investors would get out of the business of investing because of the substantial amount of extra wealth which would be taken from them, because of the severe restrictions on their ability to invest beyond a certain amount, and because of the substantial amount of added uncertainty which is now placed on them because they now must consider, in addition to all the other factors involved in making investments, how much money they will lose due to the $999 million rule if they invest in one stock or another? But without this invested money, many businesses will once again fail and close. And if we are to make an exception for this kind of investment, so that investment in businesses which provide products that are deemed "vital" to the public who would use the extra money which has been redistributed to them to purchase these products, who is to decide which products are vital and which are not? This also would be a completely arbitrary decision, and thus subject to endless quarreling, bickering, and lack of resolution, unless we are to institute a totalitarian system in which no dissent whatsoever is allowed, and in which such dissent when it does happen is severely punished. But presumably Sanders does not wish us to live in such a society, and presumably neither do the majority of those who defend socialism. But still, even if we do make exceptions to the $999 million rule for certain types of investment or investment in certain industries, this would in any case have the consequence of further lowering the amount of money which can be confiscated and redistributed, potentially by a lot, and would thus make the redistribution effort itself that much less useful to those who would receive the redistributed money.

What about dividends? We might try to avoid the problems just discussed regarding the fluctuation of value in stock by deciding that for the income or net worth related to stock investments we should only confiscate any *dividends* which take an investor's total income or net worth above $999 million for the year. But

even in this case there are problems. Dividends are issued to stockholders either as stock dividends or as cash dividends. Stock dividends are just more stock in the company, and so would be subject to the same problems we discussed earlier regarding fluctuations in the value of stock. Cash dividends, so long as they are not reinvested, will not fluctuate in value in this way, and so are not subject to the fluctuation problem. But given that the typical dividend payout annually, either stock dividend or cash dividend, is 2-5% of an investor's holdings,[491] this makes both stock and cash dividends subject to the problem of being much too small in total for a redistributionist effort to be useful in any sort of lasting way to the massive numbers of people this money would need to be split between; and this is especially true if, in order to avoid the fluctuation problem, we remove stock dividends from consideration and just confiscate cash dividends. Note also that even if we included stock dividends, the benefit of doing so, which is that we have added at least some money to what we have decided to confiscate and redistribute, would be diluted by *stock dividend dilution*,[492] which is a way of saying that with stock dividends even though the number of shares has increased, each share is worth less than it was before, because the total amount of money invested by the investor is now spread across a larger number of shares, without having increased itself. If at the time the payout is made to the investor the government confiscates some or all of the stock dividend and then sells it in order to obtain the cash from it to redistribute, the government will be obtaining less cash than it would have if it had confiscated and sold the same number of shares just prior to the payout. In either case, stock dividend or cash dividend, the benefit to each individual who receives a part of the redistributed money of confiscating these sources of income beyond the $999 million mark would be negligible.

The idea that any amount of wealth beyond a particular number should be 100% confiscated by the government from those who have it and redistributed to those who do not is nothing but a rehashing of the old socialist argument, with trivial modifications, that equality of wealth distribution as such is a good thing. But as we have seen, this argument is based mostly on, and often on nothing but, anger at and jealousy of those who have more, and is riddled with flaws. Some wealth is acquired by arbitrary infringement on the person or property of others, and therefore we can consider this wealth as having been acquired immorally, but this is not the case with all acquisitions of wealth, and there is no specific number for the amount of wealth such that wealth beyond this number or point must have been acquired by immoral means. Sanders is advocating arbitrary infringement,

491 https://www.investopedia.com/terms/s/stockdividend.asp, referenced on **7/22/23**.
492 *Ibid.*

under the guise of freedom and equality. Tyranny comes in many forms. Perhaps Sanders is not interested in harming freedom – on the surface, at least, it would seem that he is interested in helping people. Perhaps he makes the $999 million argument out of the goodness of his heart, and out of his desire to help those in need – again, on the surface at least it does seem this way. But his argument that such massive confiscation and wealth redistribution would be beneficial to society is flawed, and such a redistribution effort would set a dangerous precedent for further large-scale arbitrary government infringement on freedom and private property. Anger at and jealousy of those who have more is not a sound basis for making policy decisions. The only sound basis for policy decisions is a rational understanding of the socioeconomic context and history of the society in which the decisions are made, and obtaining this understanding is, admittedly, often much more difficult and less emotionally gratifying than giving in to anger and jealousy, but such understanding is the only basis upon which the health and continued existence of freedom in society have a fighting chance in the long term.

The final item we will address is the idea of government intervention as it relates to climate change. We will assume here that climate change in modern times, e.g., the past 50-100 years, is real, and is human-caused either entirely or to a substantial degree as a result of our use of fossil fuels, with the caveat that, as mentioned earlier in the book, there are credible scientific voices that disagree.[493] Note that the conclusions of the following discussion are generally applicable, and do not depend on the validity of the climate change or human-caused climate change ideas or of specific claims made by their proponents; rather, in the discussion that follows we use these climate change ideas to illustrate the general nature and limits of government action across generations.

If sustained over enough time, climate change in the long run affects everyone. But because such change is gradual, at least at present, it is very easy for those who stand to lose the most from a broader acknowledgment of the idea that climate change is happening and that it is human-caused to feel incentivized to propagandize against this idea. When a truth is unpleasant, we, as humans, tend to avoid it if possible. And when it is both unpleasant and very easy to avoid, because, say, the damaging consequences of this truth will, if not stopped or reversed, only affect future generations, then anyone who, for their own benefit, plays on the desire to avoid this truth is sure to win many adherents. What is the government's role here, if any? We can ask this question in the more general con-

493 https://www.msn.com/en-us/weather/topstories/manufactured-climate-consensus-deemed-false-by-climate-scientist-the-time-for-debate-has-ended/ss-AA1fk6Hk?ocid=msedgdhp&pc=U531&cvid=77f128619e454908b775507ceddeb98a&ei=43#image=2, referenced on **8/16/23**.

text, by asking what is the role of government in helping humanity think more rationally about longer-term or more distant negative consequences for society of actions it is taking now from which, at present, it benefits? But the government's role here is no different from its role in any other circumstance, viz., to establish and maintain a backdrop for free socioeconomic activity to take place, and to continue to take place. The government's role, as we have discussed, is to ensure the prevention of and punishment for any arbitrary infringement on person or property. Beyond this, it has no function. Beyond this, individual private citizens should be free to develop their own potential and find their own happiness.

But then, is it not true that continuing to advocate present activities which will cause more substantially impactful climate change forty or fifty years from now, when our children are fully grown, is an arbitrary infringement on the person and property of our children? And the same is true for subsequent generations beyond our children's generation. Any fixed cutoff point would be arbitrary. It is human nature to see the near-term as much more important than the far-term – such near-term or short-term thinking is often necessary for survival, which thinking and decision-making may need to be done in a matter of a few seconds or, say, between two or more things which are right in front of us for only a short period of time. This is an evolutionarily-inherited animal tendency, built up by hundreds of millions of years of, one might say, evolutionary survival training.[494] But, however necessary this tendency is today, still the fact that our minds place such importance on the near-term world and near-term circumstances makes us discount the legitimacy and significance of the far-term, often *qualitatively*. Often, in other words, we do not simply consider the far-term as somewhat less important to us but still important in essential ways, but rather as not important at all, or not important in any essential ways. This qualitative differentiation in personal importance to us as individuals makes us conclude that, as with the $999 million argument from Bernie Sanders, "beyond a certain point" there is some sort of qualitative difference between infringement by us and our actions on us now and infringement by us and our actions on future generations, however ill-defined and ill-thought-out the nature of this difference is. In other words, we superimpose a personally-felt and personally-desired qualitative difference onto all of society and the world, and then erroneously conclude that this qualitative difference applies to society or to the world just as much as it applied to us in our personal lives; in such cases we often even argue, not out of the truth of this supposed applicability but rather in order to ensure that others see *us* in the best

494 Tongue in cheek here to an extent, though. The evolutionary process of accumulation of change in organisms is different in important ways from the accumulation of knowledge or experience in the mind of an individual human.

possible light, i.e., out of selfishness, that, in fact, there is no personal benefit to us at all in arguing this way, but rather we make this argument because we are solely interested in the well-being of others – which cannot be the case anyway, because no matter how empathetic and altruistic a person is (and we are talking here about genuine empathy and genuine altruism, not fake or false expressions of these), if there was actually no benefit of the empathy or altruism to the individual who is being empathetic or altruistic, the person would not feel in any way the desire or interest to be so, and would not be empathetic or altruistic in the first place. Altruism and empathy can only be fully explained and understood *in the context of selfishness*, not as things which are fundamentally opposed to or distinct from selfishness.[495]

The fact is that there is no such qualitative difference. However, there are often *practical* differences, which all reduce to the fact that the future is much less certain than the present, since we do not have as much information about future events as we do about present or past ones.[496] So it is that much more difficult for, say, a government to determine which present actions do, in fact, amount to arbitrary infringement on future generations, and the further out into the future we project, the less certain we can be. Furthermore, if we do feel like we have enough information in the present to project at least into the next generation, it is important that we make our choices about the government's role in protecting the person and property of the next generation rationally, without blindly giving into emotional impulses. Emotional impulses are valuable, and they are, in fact, the sole guiding force in our minds which make us interested in doing anything, including surviving. Without emotions, this entire discussion would be moot – it is emotions and their idiosyncrasies in our minds which *define* what we call the patterns of human nature. But it is important to realize that immediate emotional impulse often makes us draw wrong, flawed, or illogical conclusions, even if the emotional impulses which make us draw these conclusions help us survive in the moment or in the short-term. And we simply need to acknowledge this, and acknowledge the fact that when the two conflict, and when immediate short-term survival is not at stake, it is better for the purpose of solving our problems to side with the deeper, more context-based rational understanding than with the emotionally-driven one.

Government in a free society, however the details of it are arranged or constructed, has, among others, the role of leadership and guidance. This is not the

495 This topic will be one of the components in a future writing on the general nature of morality and religious belief.

496 Not counting those very distant past events whose traces have been eroded by the ravages of time, or those past events, many much more recent, whose traces have been destroyed by the damage which human societies and groups have inflicted on each other, such as the burning of the Library of Alexandria.

kind of leadership and guidance which a government would provide in a tyrannical system, which would consist of leading and guiding the masses always back to subservience. Rather, in a free society it would consist of leading and guiding the citizenry toward thoughts, beliefs, and actions which *preserve freedom*, and which keep the possibility of the rise of tyranny in society minimized. The government is not the only entity which provides leadership and guidance in this way. Each individual in society, in fact, is free to provide these things, through the press, through actions to create and sustain businesses in an open market, through the purchase of or refusal to purchase a product sold on an open market at the price asked by the seller, through the election, in one way or another, of government officials, through the reading of works of previous generations which advocate freedom and the societal and economic institutions necessary for the maintenance of freedom, through the teaching of the knowledge gained from these works and from independent thought about the ideals of freedom to future generations, and through many other means. But it is the unique role of government that society has invested it, or rather, the people of which it is concretely composed, with specific authority to non-arbitrarily infringe on the person or property of others in order to preserve societal freedom. And this investment reflects itself in the types of action the government takes, and in the types of action which the government is expected to take by the other members of society.

In this context, what is the role, if any, of governmental apparatus in ensuring that the person and property of future generations are not arbitrarily infringed on by the subset of our present actions which are responsible for climate change? Keep in mind that the government, and the society as a whole, of the present cannot possibly know what all the threats will be to future generations, and so without a reasonably accurate set of information about the trends and patterns of our present actions, it is impossible for any of us, government included, to take informed action to prevent the possibility of such infringement; or, at best, the actions we take would prevent future arbitrary infringement coincidentally and unpredictably. But in those cases in which we do at present have a reasonably accurate set of information about these trends and patterns, such as we have to an increasing degree with climate change, what is the government's role here? There is no reason why the government cannot, for example, use some of the tax money it collects to partially fund businesses which develop alternative energy technologies, if such development does not yet have enough public support for the businesses to be profitable. In fact, if the government is representative, that is, if it is subject to the will of the people rather than the other way around, then the measures which the government passes will, to a large degree, be based on the inter-

ests and desires of the people anyway, which, in turn, will mean that the businesses and industries which the government chooses to invest in will have at least some public support already. This is no reason to conclude that *any* government investment in or subsidy for *any* business is or must be a good thing. It is important to remember that *all* factors must be considered, and that context is essential. Such investment or subsidy would need to be based on a reasonably sound understanding of what is in store for the next generation if we do not remove our dependence on fossil fuels. Furthermore, it is important to see this entire effort on the part of the government to invest in businesses which develop alternative energy technologies in a *rational* light, which will allow us to see it as a *temporary* measure to stimulate such development and to stimulate public interest, and to do so only if, where, and when necessary. But when public interest is stimulated enough, by the existence of various alternative energy companies and their products which would not exist otherwise or would not exist to as great a degree otherwise, or would not be developed as quickly otherwise, and there has been a great enough spread of accurate knowledge about climate change and its causes by the press and other private individuals in a *free* society, then the efforts by those who would suppress alternative energy sources must lose substantial ground, since the public under such conditions would be well aware that they themselves will *personally* benefit from the spread of alternative energy sources, including, and especially, free energy sources such as zero-point energy, even if it is true that the more obviously damaging consequences of climate change will only affect their children's generation and beyond without such measures. It is also the government's role, as leader and guider, to help spread accurate information about climate change and its causes. Carbon taxes can also be beneficial, because while they may not force the actual halting of operations of net carbon producers, it does make it harder for them to operate as net carbon producers. Such taxes can with some justification be viewed as *non-arbitrary* infringement, because we do appear to have enough practical knowledge today to know that the carbon production itself, if not stopped, will arbitrarily infringe on future generations,[497] and so the carbon tax itself would appear to be no different from infringement which becomes necessary for the purpose of self-defense, or the non-arbitrary infringement of the police officer on the person or property of someone in order to arrest them after they have arbitrarily infringed, or to prevent them from arbitrarily infringing when it is obvious that they are about to do so. But, as mentioned, it is

497 And is arbitrarily infringing on many even today, in fact, as a result of the effects of the increase that has already happened in average global surface temperature on weather in various parts of the world and everything connected to and influenced by it.

very important to always be aware of the distinction between arbitrary and non-arbitrary infringement, and to actively apply this distinction to all actions taken by government which are aimed at helping to end human-caused climate change, as well as to actions taken by government, and by all individuals in society in general, which are for the purpose of anything and everything else, so that we can minimize the chance that government action to support climate change, and indeed to do anything else, will cross the line between non-arbitrary and arbitrary infringement. We should also be aware that once there is enough public acceptance of the reality of climate change, businesses which are in the alternative and free energy technologies industries will *become* profitable, because the public will be more willing to pay amounts of money for their products which will *make* them profitable, and at this point the government's role in stimulating the alternative energy industries or stimulating the development of free energy technologies will be limited to continuing to spread accurate knowledge about climate change, as necessary, and there will be no further need to inject money into the alternative /free energy industries, or to apply non-arbitrary infringement measures such as carbon taxes. One important thing to note here is that this is the general case with intervention – government intervention in economic activity which is non-arbitrary and therefore justified will, so long as society continues progressing toward greater freedom, become less and less useful over time, since such intervention is limited to correcting the damages of past arbitrary interventions, which damages themselves continue to reduce in number as they are corrected, and limited thus to helping society maintain and strengthen freedom across generations.

One final thing to note, which was noted briefly earlier, is that there is a certain semantic quality at play here, and it centers on the use of the terms "intervention," "interventionism," "interventionary," etc., but this semantic quality is minor and does not in any essential way detract from the validity of the main point. "Intervention" and related terms as used in this appendix are used in both the immoral and intrusive sense as well as the moral and justified sense, and there is a certain amount of overlap, though the overlap has been minimized through the use of proper wording, descriptions, and examples, between the two uses because of how the nature of government intervention changes over time in a society which progress from tyranny to freedom. We must remember that a human society is an evolving, dynamic thing, especially as it seeks to break free from tyranny, as well as to maintain itself in freedom. The more the injustices of past arbitrary interventions are corrected, the less the government needs to take actions of the interventionary sort in order to help ensure the existence and strengthening of freedom in society. In general with the progression toward a society which is

mature in freedom, the use of government action which is interventionary in nature progressively gives way to the broadening scope of the freedom of the individual private citizen. In this way, government action which is non-arbitrary, but which is interventionary in nature or character, not to mention arbitrary government action or intervention, comes to be *minimized* in a society which is mature in freedom.

If we did not have a sound understanding of the underlying ideas, of, specifically, the key differences between capitalism, socialism, syndicalism, and anarchism, then it would be extremely difficult, if not impossible, to properly and accurately determine which governmental measures regarding climate change amount to arbitrary infringement and which do not. It is often not easy to do this even *with* a sound understanding of the ideas. *Not* having a sound understanding, however, makes the situation considerably worse, and is much too often the same as having no understanding at all.

# CAPITALISM AND SOCIALISM IN THE 21ST CENTURY

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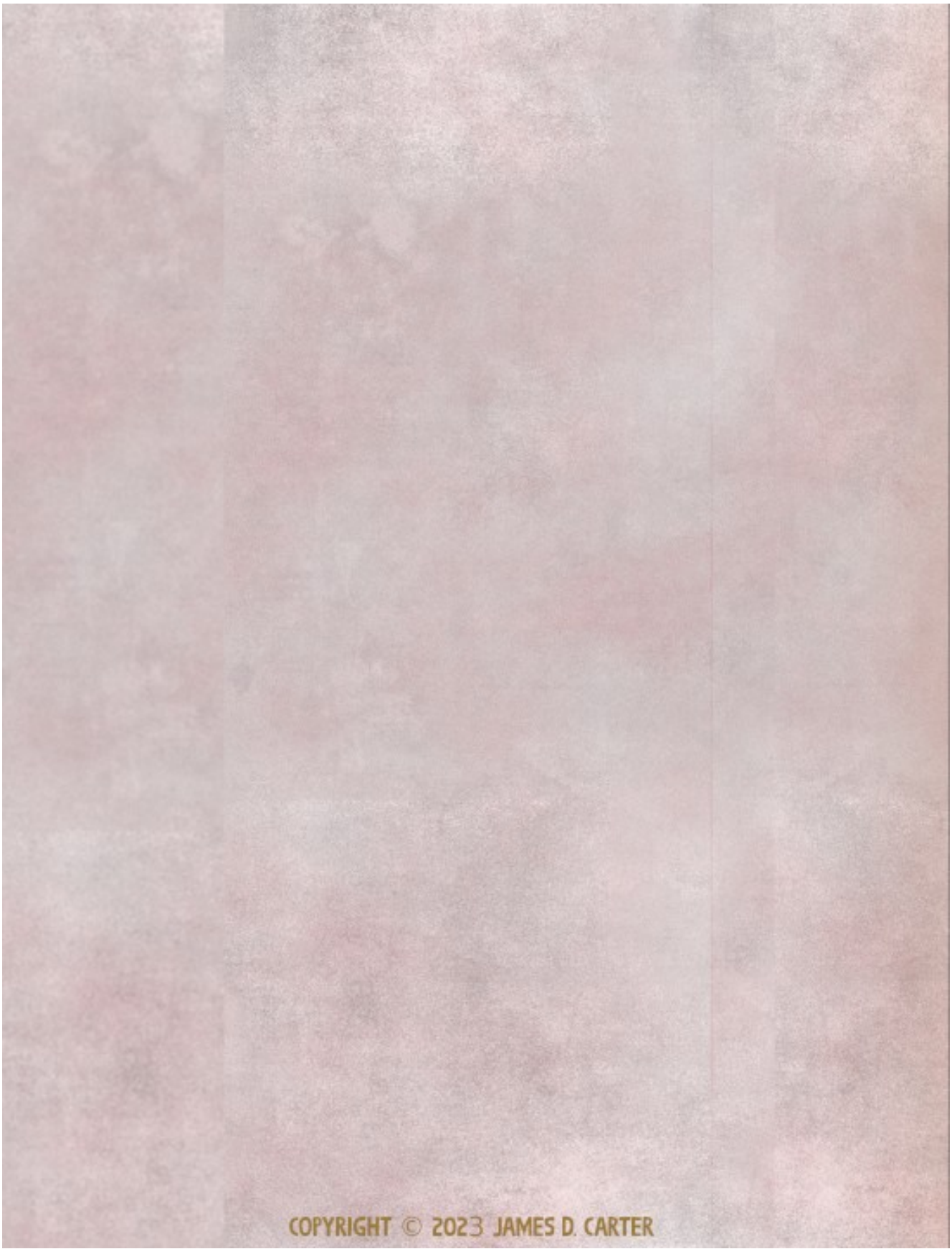
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