



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

Capitalism and Collectivism

by Scott McPherson

A free market is one in which the “means of production” — real estate, industrial units, and other physical structures — machines, capital, and all types of property — are in *private* hands, to be used by individual owners at their *own* discretion and for their own ends.

Humans are unique animals that must produce in order to survive, and the free market respects our nature as thinking, productive beings. As Edward Hudgins wrote in the April 2006 issue of *The New Individualist*,

Our common nature imposes objective requirements on us all. We need to exercise the virtues of rationality and productivity if we are to survive and flourish as individual human beings. These are underlying *moral principles* to which we must adhere, *if* we wish to survive and flourish.

The human animal develops a code to guide the decision-making process on the basis of these twin principles of reason and production, called *morality*. But that is only part of the process. Building on that moral foundation, other principles are discovered; humans are recognized as unique, separate entities, each with the capacity and need to produce for himself. The logical conclusion is that everyone, to be fully human, must have control over his own life and property. The proper human structure then is based on those prerequisites, as expressions of the human desire to pursue values.

When two or more persons decide to coexist, they have to develop conventions to govern their behavior, to ensure that each person’s desires are equally respected. They accordingly apply their moral discoveries about personal autonomy to the sphere of *society* by acknowledging that all persons have *rights* — they require freedom of action *in the social setting* to fully develop their life’s plan. Ayn Rand said it best: “Individual rights are the means of subordinating society to moral law.”

Still, there is work to be done. Having established an ethical code for society — individual rights — a system of *government* must be found that properly enshrines and protects those

indispensable fundamentals. America's Founding Fathers and the Framers of America's constitutional republic followed the Anglo-American model and justification for government. Their views were strongly influenced by the writings of John Locke.

Locke, liberty, and government

Putting pen to paper — near the time that England's Glorious Revolution firmly established that the people exercise sovereign control over their own lives and property — Locke aptly wrote in the second of his *Two Treatises of Government*,

Though the Earth, and all inferior creatures, be common to all men, yet every man has a *property* in his own *person*. This no Body has any right to but himself. The labour of his body, and the *work* of his hands [his production?], we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his *labour* with, and joyned to it something that is his own, and thereby makes it his *property*. It being by him removed from the common state nature placed it in, hath by this *labour* something annexed to it, that excludes the common right of other men.

Locke later prescribes the reason and justification for government — the next logical step in human development:

If man in the state of nature be so free, as has been said; If he be absolute lord of his own person and possessions, equal to the greatest, and subject to no Body, why will he part with his freedom? Why will he give up this empire, and subject himself to the dominion and controul of any other power? To which 'tis obvious to answer, that though in the state of nature he hath such a right, yet the enjoyment of it is very uncertain, and constantly exposed to the invasion of others. For all being kings as much as he, every man his equal, and the greater part no strict observers of equity and justice, the enjoyment of the property he has in this state is very unsafe, very insecure. This makes him willing to quit a condition, which, however free, is full of fears and continual dangers: And 'tis not without reason, that he seeks out, and is willing to joyn in society with others who are already united, or have a mind to unite for the mutual *preservation* of their lives, liberties, and estates, which I call by the general name *property*.

The great and *chief end*, therefore, of men's uniting into commonwealths, and putting themselves under government, *is the preservation of their property*.

With this goal of preserving each person's property, making possible each one's unique human development, a government is brought into existence, to, as the Constitution's preamble

states, “establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity.”

Laws, crafted to protect individual rights, replace custom. A noble accomplishment, to say the least, and one worthy of our respect.

The varieties of collectivism

At the opposite end of the moral spectrum is the philosophy of collectivism. Collectivism is an attempt to replace individual autonomy with group control.

There are variations of collectivism. One is socialism, where the state literally owns the means of production. Socialism takes property out of individual hands and places it instead under the control of a central power. It is the antithesis of the system of private property. There is no private property, supply and demand, profit and loss, capital accumulation, or trade — only a government bureaucrat or commission that decides who will get what, and when. The Soviets experimented with this for seven decades, only to see their utopian ideal crumble under the dreary weight of its own injustice and inefficiency.

Socialism’s goals are unabashedly simple, as stated by Karl Marx in his *Communist Manifesto*, “The abolition of bourgeois individuality, bourgeois independence, and bourgeois freedom.”

In the late 1970s, socialist Britain “had to go cap in hand to the International Monetary Fund because its credit had run out,” writes James Bartholomew in his 2004 book, *The Welfare State We’re In*. Unknown numbers of North Koreans starve to death every winter because their Marxist government cannot produce enough food; were it not for regular aid from “evil” capitalist governments, things would be even worse.

Another variation of collectivism is fascism. Here the state is slightly weaker, allowing nominal private ownership and control of property — as long as it is used for ends acceptable to the ruling class. Under fascism, economic freedom is tolerated as a necessary evil; private initiatives are not an expression of individual desires, but rather the means to an end ultimately dictated by those in charge.

There are even subcategories of fascism, such as National Socialism, state corporatism, and the “European social model.” These are an attempt to create a hybrid of socialism and the free market that combines the productivity of capitalism with the alleged wisdom of central planners. Despite the makeover, however, they are no more moral or practicable than socialism. Nazi Germany and corporatist Italy, for example, went down in the flames of a war they started, fueled largely by anti-market policies. Today Britain’s welfare state is in a shambles, substandard “services” eclipsed only by extortionately high taxes.

Even Sweden, the crown jewel of welfare-statism, another variation of collectivism, is in decline. In last September’s general election voters threw out the ruling Social Democrats after

more than 60 years in power, angered by decades of economic decline, rising taxes, and a 15–17 percent unemployment rate, including the highest youth unemployment rate in Europe.

It was not luck that made Americans rich. Our system came closest to the ideal of individual freedom, so necessary for human development, ever witnessed in the history of civilization. Other countries that have similarly adhered to these principles are likewise home to the planet's wealthiest inhabitants.

The proper human structure recognizes and respects each individual's right to his life, liberty, and property. As we slip by varying degrees towards one form of collectivism or another, let us remember the moral principles that gave birth to our country and made it great, in the hope that one day soon our countrymen will recapture their founding principles, reject all forms of collectivism, and demand the blessings of a free and just society.

Scott McPherson is a policy advisor at The Future of Freedom Foundation.

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