

Freedom Matters

A Weekly Newsletter

Dane County, Wisconsin

Vol. 3, No. 3

Friday, January 17, 2002

We are a free people in a republic, under a constitution which limits the powers of government to those necessary to secure the unalienable rights of each person to their life, liberty and property. Yet, when a legislature is in session, no one's life, liberty or property is safe. It's the curse of a democracy. That's why we have a republic instead. *Freedom Matters* dedicates itself to the fight to restore our republic. Most of the press and courts fail to do so. They've forgotten that freedom matters.

Decapitalizing America Part 3. Capitalism Is Our Only Choice

A Review by Bob Bowman

As noted in Part 2 of this review, De Soto says, in his book *The Mystery of Capital*, that capitalism has no viable rival, so nations have no rational economic choice but to use it. Unfortunately, many Americans fail to see this. Many of our voters act as if socialism and good intentions are all we need for a viable society, and that we can act with impunity to hamstring our economic base via stultifying regulations, our own civil sabotage, and welfare.

Hence, *the necessity of capitalism must be emphasized*, because the political trend in America is acting to destroy it. If we do not maintain the system that created our wealth, we will lose our wealth. We are getting just a taste of that truism now. Wisconsin has about a \$3 billion biennial budget deficit. Think of it. We are the richest, most affluent, most prosperous nation on earth, and our share of it, our state government, is \$3 billion in the hole. Clearly, we as Wisconsinites are doing things wrong.

As you know, we are not alone. Many states in America are in budget deficit. Consider some of the parameters. About 12% of Wisconsin works for the government (federal, state and local combined). Those same governments own 20% of Wisconsin land and consume over 40% of its wealth via taxes. Those numbers show that things are out of balance.

On top of it, Wisconsin exports our wealth. Other states import wealth (i.e., they import Wisconsin's wealth). Why should that be? Why should our state bear the costs that are run up by other states? How much of our \$3 billion deficit is the result of our state subsidizing the economies of other states?

Simplistic, yes, but it illustrates our problem. Redistribution of wealth by government fiat is a counterproductive solution to the problems it is meant to

address. It is anti-capitalistic. I will not here address the argument that it is also immoral.

The biological basis of capitalism is the incentive system, embodied in the act of free exchange between buyer and seller. For exchange to be free, there must be competition. That constitutes the free market, and that, plus capital, constitutes capitalism. Therein lies the only economic system that creates prosperity.

De Soto's book addresses only one of these factors, namely, the nature of capital itself, and how societies can create capital. However, his observation that the redistributionist systems (communism and socialism) are economic failures, is a holistic one.

An observation is **fact**, not theory. When a biologist observes African wildlife and reports, "Lions prey on zebras," we do not say, "That's merely theory."

So why belabor the **fact** that capitalism is our only choice? Because too many Americans fail to know it. They live in nice houses, drive nice cars, dine well, and act to destroy the system that creates their prosperity. A few are knowingly trying to destroy it, but most who work against it do so without stopping to see that they cook their own goose.

Capitalism is like an engine. The more we make it pull, the slower it goes, and if we try to make it pull too much, we kill the engine. When our affluent Wisconsin is suffering a \$3 billion budget deficit, we know we are trying to make government pull too much.

Some say, "Raise taxes. Give the engine more fuel." But, **taxes come out of capital**. Government spends capital. It does not create it. The more capital government takes, the less there is to run the engines of prosperity. Example: the Argentine government takes so much capital, it has bankrupted their nation. Example: in Germany, the economic engine is failing under the burden of regimentation and middle class welfare. That same failure, as a budget deficit, is also showing itself here, in our beloved Wisconsin.

More, in part 4.

Readers' Bulletin Board. e-mail us your comments. Include your name, for publication by *Freedom Matters*

*** Published by Freedom Matters, Inc., Cross Plains, WI. 53528, Michael Byrne, Editor ***
To subscribe or unsubscribe, e-mail to rebshar@chorus.net, or call Bob at (608) 831-6653.
Our e-mail subscriber list is confidential. We will not sell it or reveal it.

**Back Issues of Freedom Matters
are available, as e-mail.**