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## Capitalism: Why on the Defensive?

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In every country under Socialist rule the result is always the same in varying degree—sabotaged production, inefficiency, deprivation for the mass of people and an abysmally low standard of living which does not improve much over the years.

This is true under total socialism, as in the U.S.S.R. and China, or under partial socialism, as in India, Indonesia, etc.

On the other hand, in free-enterprise countries the standard of living has increased spectacularly. Witness Japan, Hong Kong, West Germany, France, the U.S., etc. Yet despite this plain record, capitalism is on the defensive and socialism spreads. Why?

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There may be many answers, but I would suggest one basic reason is people's skepticism or downright disbelief in the "justice" of capitalism. Many are uneasy about capitalism's "fairness." In other words they are unhappy about capitalistic *ethics*.

This being so, two chapters in a new book by Henry Hazlitt should be required reading for every student and observer. "The Ethics of Capitalism" and "The Ethics of Socialism" are two brilliant essays in a masterful book entitled, "The Foundations of Morality" (D. Van Nostrand Co.).

Attacks on the ethics of capitalism stem from a number of sources. First of all, there is the word "capitalism" itself. Socialists have spread the smear that capitalism is an economic system run exclusively for capitalists. This of course is plainly false, since only under capitalism have the masses become prosperous and free.

Also, there has been spread the idea that the wealth of the rich is the cause of the poverty of the poor. This is another piece of nonsense. The wealth of the rich consists of capital, and capital investment in more and improved tools of production is the only way of improving the living standard of the masses.

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It is society itself which places a dollar value on everyone's contribution—not the individual who produces the goods and services. To be sure there are individual inequities, but just as long as there is free competition, compensation is roughly as fair as a free society can make it. Another false assertion is that a free competitive society is one of "dog eat dog," "warfare," etc.

But it should be plain that competition in producing more and better products and services has nothing in common with competition in killing. As Hazlitt points out, "social cooperation," not warfare, is the basic element of a free competitive society. In doing his best to earn more, the individual not only benefits himself but all society.

Another chapter in Hazlitt's book pertaining to our current economic thinking is entitled "Rights." This essay explains much about confusion in the public mind which results from mis-calling an aspiration or a hope a definite

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# Fertig's Way

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economic "right." For instance, two of President Franklin D. Roosevelt's Four Freedoms (or "Rights") are not rights at all, but aspirations.

These are "Freedom from Want . . . everywhere in the world" and "Freedom from Fear . . . everywhere in the world." No individual and no government can enforce these rights as they can enforce legitimate rights such as "Freedom of Speech" or "Freedom of Assembly."

Ideas, it has often been said, are weapons. False ideas can undermine a country. Hazlitt's brilliant book does much to clarify the fuzzy ideas about ethics which prevail in many quarters today.

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In any discussion of capitalistic ethics Eugene Lyons' fascinating biography, "Herbert Hoover" (Doubleday & Co.) deserves special attention. It is ironic that capitalist Herbert Hoover, representing the capitalistic United States, was called upon to save millions of lives in Socialist Russia during the early 1920s, when Stalin and his commissars caused starvation by their cruel and bungling economic policies

Hoover understood the importance of *voluntary* action by individuals instead of government coercion to achieve a

better society. For instance, when we entered World War I, food was essential to win the war. Europe had tried to control food on a strictly regimented basis.

As Lyons points out, Hoover insisted that "We can solve this food problem for our own people and our allies by *voluntary* action." The result was a surplus of food and Europe was saved.

Voluntarism is the basis of a free society, and Hoover understood this more profoundly than anyone of his era.

Hoover's personal ethical concepts have always been the highest, and he also maintained an abiding faith in the ethics and efficiency of capitalism. Unfortunately, during his years as President he was overwhelmed by the cyclonic effects of a world depression

This absorbing biography places Hoover in proper perspective. Today he is one of the best-loved figures in the United States.

Ethics—or moral conduct—is a powerful force in people's judgment of political leaders as well as economic systems.

## Husky Raises Price

Husky Oil Canada Ltd., has increased by .095 cents a barrel the price the company will pay for clean crude oil delivered to its Lloydminster refinery.