



In

DEFENSE  
of *Capitalism*



Co-Authors  
& Co-Editors

Richard M. Ebeling  
Timothy G. Nash  
Keith A. Pretty



# The Miracle and Morality of the Market

by Dr. Richard M. Ebeling

Published: Notes from FEE, December 2003

**H**ave you ever stopped to think about how much of the world around us we take for granted? How often do any of us reflect on the law of gravity that keeps the moon revolving around the earth, or on the chemical workings of our internal organs after we have eaten a meal? Yet whether we think about or even understand the law of gravity or the processes of chemical reactions, the moon continues to travel around the earth and the food we normally eat continues to be digested. These physical and biological processes operate whether or not we think about or understand them.

If the wonders of the physical world and the complexities of our own biology often seem miraculous to us, we should be no less awestruck at the miracle of the marketplace. Just as the forces of gravity and the internal chemistry of our bodies operate without conscious human intervention and control to direct or regulate them, so too the market brings together the actions of multitudes of producers with the desires and demands of an equivalent multitude of buyers with no central directing and commanding hand overseeing the processes at work. Just as most of nature and much of human biology are “self-regulating,” so too is the greater part of our economic activities in society.

## THE MARKET KNOWS MORE THAN WE CAN EVER MASTER

Day in and day out we give little thought to the vast and complex array of economic processes which, if they were to stop or severely malfunction, would mean hardship or even disaster for many of us. The supermarkets are daily replenished with wide varieties of fruits, vegetables, meats, canned and packaged goods, dairy products, and many other items. We crowd the shopping malls and find them filled with practically every conceivable commodity we can imagine, with each of them offered in attractive and diverse varieties. Just

think of the wide spectrum of shoes and clothes placed at our disposal in those malls as an example of this. And if we do not want the inconveniences and irritations of crowded shopping areas, a growing number of us now do an increasing amount of our shopping over the Internet with the mere click of the “mouse.”

Even if we wanted to fully understand how all those goods are actually brought to the marketplace for our various wants and desires, virtually none of us would be able to trace through all the intricate ways by which our demands are satisfied. Back in 1958, Leonard Read, the founder of FEE, wrote a famous essay titled “I, Pencil.” He outlined a history of manufacturing a simple old-fashioned wooden pencil, from a tree being cut down in a forest and the mining of the graphite in a faraway country, to its assembly and finished form so that it might be readily available for purchase by any of us in some neighborhood store. Read’s central insight was to remind us that no one individual or even wise and informed group of us possesses all the knowledge or information that has gone into that pencil’s manufacture.

Furthermore, it is not necessary for anyone to fully understand the processes involved in making that pencil for it to be available to us and our uses for such a writing instrument. Indeed, if it were required for some mastermind to know all that is needed to know to make all of the goods offered to us everyday on the market, the variety of goods available to us would be both fewer in number and poorer in quality.

## MARKET COMPETITION AND THE PRICE SYSTEM

How are the activities of an increasingly larger group of individuals successfully coordinated so that all the multitudes of demands and supplies are brought into balance and harmony? The Austrian economist and



Nobel Laureate Friedrich Hayek showed how all of the knowledge and information in society can be encapsulated in the price system of the free-market economy. In our roles as both consumers and producers, we communicate to one another what we think goods, resources, capital, and labor services are worth to us in their various and competing uses through the prices we are willing to pay for them. These “price signals” serve as the means for all of us to decide and coordinate what we want and are willing to do together with other members of society.

Thus, and indeed quite miraculously, it is not necessary for an “economic czar” to rule over and command us in our everyday market activities to assure that a vast quantity of food gets to the supermarkets or that thousands of different varieties of goods are constantly available in the shopping malls or other stores and businesses throughout the land. Each individual finds his own corner of specialization—guided by those opportunities and expressed in market prices that seem to offer the greatest likelihood of earning an income that will enable him to buy from others all of the goods he himself desires.

Competition in these voluntary interactions of the market helps us to discover where each of us can best serve our fellow men within the system of division of labor while pursuing our own personal interests. The competitive process tests us through the reward of profits and the penalties of losses. Profits lure us into those production activities that our neighbors, as consumers, want us to do more of. Losses warn us that we have undertaken production actions that those same neighbors think are not worth the costs of continuing to do them in the same way.

No overseer’s whip is needed to prod people to do more of some things and less of others. No paternal-

istic planner is needed to assure that everything that is wanted is produced and in the most economically cost-efficient way. No restraining regulations and controls are needed to hamper the free choices and actions of the multitudes of millions in society, other than the crucial and general legal rules against murder, theft, and fraud in our dealings with one another.

Mutual agreement and voluntary consent are the bases of these market relationships. It is not the police power of the government, with its use or the threat of violence and force, that compels the cooperation and collaboration of humanity.

### THE MORALITY OF MARKET RELATIONSHIPS

There is also an important moral element in this functioning free-market economy. There are none who are only masters and others who are simply servants. In the market society we are all both servants and masters, but without either force or its threat. In our roles as producers—be it as men who hire out our labor for wages, resource owners who rent out or sell our property for a price, or entrepreneurs who direct production for anticipated profits—we serve our fellow men in attempting to make the products and provide the services we think they may be willing and interested in buying from us.

“Service with a smile” and “the customer is always right” are hallmarks of the seller’s deference to those to whom they offer their supplies. What motivates such attitudes is the fact that in an open, competitive market no one can compel us to buy from a seller who offers something less attractive or more costly than what some rival of his is presenting to us for our consideration. And why are we interested in not offending or driving away some potential customer into the arms of our rival suppliers? Because only by successfully making the better and less expensive product can we hope to



earn the income that then enables us to re-enter the market in the role of consumer and demander of what our neighbors are offering to sell to us.

As consumers, we become the “masters” who those same neighbors attempt to satisfy with newer, better, and cheaper products. Now those whom we have served defer to us. We “command” them, not through the use of force but through the attraction of our demand and the money we offer for the goods they bring to the market. By how much we can “command” the service of others in the market in our role as consumer is directly related to the extent to which we have been successful in our service to our neighbors as reflected in the money income we have earned from satisfying their wants and desires.

In a free society, no man is required to do work or supply any good he considers morally wrong and ethically questionable. He may earn less from choosing to supply something that is valued less highly in the market, but he cannot be forced to produce anything that God and/or conscience dictates to be wrong. On the other hand, we cannot prevent others from supplying a good or service we find morally objectionable. The ethics of liberty and the free market require that we use only morally justifiable means to stop our neighbors from demanding and supplying something that offends us. We must use reason, persuasion, and example of a better and more right way to live.

Unfortunately, too many of our fellow men want to preserve or extend a return to a form of a slave society—regardless of the name under which it is presented. Too many want to dictate how others may make a living, or at what price and under what terms they may peacefully and voluntarily interact with their fellow human beings for purposes of mutual material, cultural, and spiritual betterment.

## **MORAL COURAGE FOR WINNING FREEDOM**

Our task, for those of us who understand and care deeply about human liberty, is to reawaken in our fellow men an awareness of the miracle and morality of the market. The task, I know, seems daunting. But it must have seemed that way to our American Founding Fathers when they heralded the truth of the unalienable rights of man for which they fought and then won a revolution, or when advocates of economic freedom first made the case for the free market.

The world was transformed by these ideals of the morality of free men in free markets. What is most important is that each of us understands as best we can the miracle and the morality of the market economy. Too often the friends of freedom allow the advocates of various forms of government regulation, control, and redistribution to set the terms of the debate. Freedom will not win if we do not put those proponents of political paternalism on the defensive.

By what moral right do they claim to tell other men how to peacefully go about their private and market affairs—as long as those men do not use murder, theft, or fraud in their dealings with others? By what ethical norm do those political paternalists declare their right to take that which others have honestly acquired through production and trade, and redistribute it without the voluntary consent of those from whom it has been taken? By what assertion of superior wisdom and knowledge do they presume to know more than the individual minds of all the members of society about how the market should go about the business of manufacturing all the things we want, and matching the demands with the supplies?

Defenders of individual freedom and the market economy have nothing to be ashamed or fearful of in advocating the free society. The American system of



limited government, personal liberty, and free enterprise liberated the individual creativity and energies of many millions of people. It provided the greatest opportunity for individual betterment and the highest standard of living ever experienced in human history. It also generated the most charitable and philanthropic society in the world. Therefore, it should be the critics and opponents of this system of individual freedom that should have to justify their continuing calls for reducing our liberty.

It was clear thinking and moral courage that won men liberty in the past. Liberty can triumph again if each of us is willing but to try. We need to take to heart the words of the Austrian free-market economist Ludwig von Mises, "Everyone carries a part of society on his shoulders; no one is relieved of his share of responsibility by others. And no one can find a safe way out for himself if society is sweeping towards destruction... What is needed to stop the trend toward socialism and despotism is common sense and moral courage."

## What It Means to Be an American: Let Freedom Reign!

by Dr. Richard M. Ebeling

Published: The following is abridged from a speech delivered at "Evenings at FEE" in Irvington-on-Hudson, New York November 2003

In the early 1950s, Leonard E. Read, the founder and first president of the Foundation for Economic Education (FEE), began publishing a bimonthly newsletter with the title "Notes from FEE." He wanted to share with friends of FEE ideas on the meaning and importance of human freedom.

He considered this to be especially important for Americans because the United States was such a shining example of what a society of free men could achieve. The great American experiment, which began with the Declaration of Independence and the Constitutional order established by the Founding Fathers, had produced a special country the likes of which had never been seen anywhere or at any time in human history.

America! For more than two hundred years, the word has represented hope, opportunity, a second chance, and freedom. In America, the accident of a man's birth did not serve as an inescapable weight that dictated a person's fate or that of his family. Once a newcomer stepped on American soil he left the political tyrannies and economic barriers of the "old world" behind. A willingness to work hard and to bear the risks of one's own decisions, the possession of a spirit of enterprise, and a little bit of luck were the keys to the doors of success in their "new world" home.

Visitors from Europe traveling to America in the 19th century, Frenchmen like Alexis de Tocqueville and Michel Chevalier, marveled at the energy and adaptability of the ordinary American. An American paid his own way, took responsibility for his actions, and



showed versatility in the face of change, often switching his occupation, profession, or trade several times during his life, and frequently moving about from one part of the country to another.

What's more, individual Americans demonstrated a generous spirit of charity and voluntary effort to assist those who had fallen upon hard times, as well as to deal with a wide variety of common community services in their cities, towns, and villages.

Those foreign observers of American life noted that no man bowed to another because of the hereditary accident of birth. Each man viewed himself as good as any other, to be judged on the basis of his talents and abilities as well as his character and conduct as a human being.

Even the scar of slavery that blemished the American landscape through more than half of the 19th century stood out as something inherently inconsistent and untrue to the vision and conception of a society of free men laid down by those Founding Fathers. The logic of liberty meant that slavery would eventually have to end, in one way or another, if the claim of freedom for all was not to remain confronted with a cruel hypocrisy to the ideal.

What a glorious country this America was. Here was a land of free men who were able to pursue their dreams and fulfill their peaceful desires. They were free men who could put their own labor to work, acquire property, accumulate wealth, and fashion their own lives. They associated on the basis of freedom of exchange, and benefited each other by trading their talents through a network of division of labor that was kept in order through the competitive processes of market-guided supply and demand.

In this free marketplace, the creative entrepreneurial spirit was set free. Every American was at liberty to try his hand, if he chose, to start his own business and devise innovative ways to offer new and better products to the market, through which he hoped to earn his living. No man was bonded to the soil upon which he was born or tied to an occupation or profession inherited from his ancestors. Every individual had an opportunity to be the master of his own fate, with the freedom to move where inclination led him, and choose the work that seemed most profitable and attractive.

### **THE TURN TOWARD COLLECTIVISM**

Then something began to happen in America. The socialist and collectivist ideas that were growing in influence in Europe during the last decades of the 19th century began to spread over to the United States. Two generations of young American scholars went off to study in Europe, particularly Germany, in the 1880s, 1890s, and early 1900s. They became imbued with socialist and state paternalistic conceptions, especially the interventionist and welfare statist ideas that were being taught at the universities in Bismarck's Germany.

These scholars came back to the United States enthusiastic about their newly learned ideas, convinced that the "negative" idea of freedom dominant in America—an idea of freedom that argued that government's role was only to secure each individual in his life, liberty, and property—needed to be replaced by a more "positive" notion of freedom. Government should not merely protect citizens from violence and fraud. It should guarantee their health care and retirement pensions; it should regulate their industry and trade, including their wages and conditions of work. The government needed to secure the members of society from all the uncertainties of life, "from cradle to grave"—a phrase that was first popularized during this time.



These European-trained students and academics soon filled the teaching positions in the colleges and universities around the country; they occupied a growing number of jobs in the federal and state bureaucracies; they became the fashionable and “progressive” forward looking authors of books and magazine articles; they came to dominate the culture of ideas in America.

How did they sway an increasing number of Americans? They asked people to look around them and observe the radical changes in technologies and styles of life. They pointed to the rapid shift from the countryside to growing urban areas. And they asked, how can such a transformed and transforming society remain wedded to the ideas of men who had lived so long ago, in the 18th century? How could a great and growing country be tied down to a Constitution written for a bygone era?

The Constitution, these “progressives” argued, had to reflect the changing times—it had to be a “living” and “evolving” document. Progress, for these proselytizers of Prussian paternalism, required a new political elite who would guide and lead the nation into a more collectivist future.

### RESULTS OF COLLECTIVISM IN AMERICA

The fruits of their work are, after a century, all around us. At the beginning of the 20th century all levels of government in the United States took in taxes an amount less than 10 percent of the people’s wealth and income. Now all levels of government extract over 50 percent of our earnings, in one way or another.

One hundred years ago, government hardly regulated and controlled any of the personal and commercial affairs of the American citizenry. Now, government’s hand intrudes into every corner of our private, business, and social affairs. Indeed, it is hard to find one

area of our daily lives that does not pass through the interventionist sieve of state management, oversight, restriction, and command.

Perhaps worst of all, too many of our fellow Americans have become accustomed to and, indeed, demanding of government protection or subsidy of their personal and economic affairs. We are no longer free, self-supporting individuals who solely make our ways through the peaceful transactions and exchanges of the marketplace. We have become collective “interest groups” who lobby and pressure those in political office for favors and privileges at the expense of our neighbors.

And the political officeholders are only too happy to grant these political gifts to those who supply campaign contributions and votes as the avenue to their own desires for power and control over those whom they claim to serve.

It is sometimes said, “But we are still the freest country in the world. Our wealth and standard of living are the envy of tens of millions all around the globe. We should be proud of what and who we are.”

### THE STANDARD FOR JUDGING AMERICA

Our present greatness in terms of these things, however, is only relative to how much farther other countries have gone down the path of government paternalism and regulation during these past one hundred years. The benchmark of comparison should not be America in relation to other countries in the contemporary world. The standard by which we should judge our freedom should be how much freer the American people were from the stranglehold of government more than one hundred years ago, before those proselytizers of paternalism began to change the political and cultural character of the United States.



By this standard, today's American people are extremely unfree. We have all become wards of the state. And like the convict who has spent so many years in prison that he is afraid of being released and no longer having his jail keepers to tell him what to do and how to live, we are fearful of even the thought of a life without government caring for us, protecting us, subsidizing us, guiding us, and educating us. Too many in the older generation in America have lost their understanding of what freedom means and why constitutionally limited government is both necessary and desirable. And the vast majority of the young have never been taught in our government-run schools the ideas, ideals, and political institutional foundations upon which this country of ours was created. They have been taught to think that there are no absolute truths or any important insights from long human experience concerning why individual freedom is a valuable and precious thing.

What those earlier German-trained political and cultural relativists set out to do in America at the beginning of the 20th century has been to a great extent accomplished. We are threatened with becoming a rootless people who have no sense of an invariant nature of man, and who possess no idea of those values and attitudes in the human character so necessary for preserving freedom and prosperity.

The Founding Fathers were not unaware that "times change." But in the whirlwind of life they saw that reason and experience could and had demonstrated that

there were unchanging qualities to the human condition. They understood the various mantles that tyranny could take on, including the cloak of false benevolence. They established a Constitutional order that was meant to guard us from the plunder of violent and greedy men, while leaving each of us that wide latitude of personal and economic freedom in which we could find our own meanings for life, and adapt to new circumstances consistent with our conscience and concerns.

This is what made America great. This is what made a country in which individuals could say without embarrassment or conceit that they were proud to be Americans.

#### **OUR TASK**

The task for those of us who have not yet lost that true sense of the meaning of freedom is to dedicate ourselves to restoring and refining that noble American ideal of individual liberty. Let us work together to be the stewards of liberty so that freedom may once again rekindle its consistent and bright torch in the America of the 21st century.

In the pursuit of this goal, let us use as our motto and inspiration the words of George Washington, "If to please the people, we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and the honest can repair. The rest is in the hands of God."



# The American Spirit of Enterprise

by Dr. Richard M. Ebeling

Published: *The Freeman: Ideas on Liberty*, October 2007

## Unending Growth of the Interventionist Welfare State Threatens America's Greatness

America has been the land of opportunity and free enterprise, an example and a hope for tens of millions of people around the world. In America, both the industrious worker and the creative entrepreneur have been hailed as the complementary producers of prosperity and rising standards of living.

Class and caste were meant to play no part in the life of the hardworking individual, with neither political privileges for some nor artificial burdens for others. A Swedish immigrant in the 1880s, for example, could write home that his "cap [is not] worn out from lifting it in the presence of gentlemen. There is no class distinction between high and low, rich or poor, no make-believe, no 'title-sickness' or artificial ceremonies... Everyone lives in peace and prosperity."

And just as the humble hardworking laborer was treated with dignity and respect, so too was the innovative businessman. He was not cast as the social villain or the economic exploiter. In 1886, Walter R. Houghton, professor of political science at Indiana University, published a 620-page book titled *Kings of Fortune, or The Triumphs and Achievements of Noble, Self-Made Men*. Houghton referred to these individuals as men "Whose brilliant careers have honored their calling, blessed humanity, and whose lives furnish instruction for the young, entertainment for the old, and valuable lessons for the aspirants of fortune."

Houghton added, "The chief glory of America is, that it is the country in which genius and industry find their speediest and surest reward. Fame and fortune are here open to all who are willing to work for them. Neither class distinctions nor social prejudices, neither differences of birth, religion, nor ideas, can prevent the man of true merit from winning the just reward of his

labors in this favored land. We are emphatically a nation of self-made men, and it is to the labors of this worthy class that our marvelous national prosperity is due."

In his studies of many of the successful businessmen of this time, Houghton went out of his way to emphasize that genius and fame were not defined by him only in monetary terms. He also recounted the stories of men who did not always amass great wealth but who had made lasting contributions to their chosen vocations. However, he clearly did not think these people more noble or worthy of attention merely because they had not accumulated money. In his histories of the lives of "noble, self-made men," wealth was nothing to be ashamed of. Instead, accumulated wealth was the mark of a man who had applied his intellectual abilities, and, through honest, dedicated, and disciplined effort, had made his fortune by revolutionizing the manufacturing or marketing of the goods and services available to masses of the American people in the free market.

The United States was the first country founded on the principles of commerce, trade, and the primacy of peaceful, voluntary exchange. In the 1830s, a French traveler named Michel Chevalier spent two years exploring American life. He returned to France and published a book recounting his journey. (The volume was translated and published in English in 1839 under the title *Society, Manners, and Politics in the United States*.) He explained to his readers:

The American is a model of industry... Figure to yourself an Irish peasant, who at home could scarcely earn enough to live on potatoes, who would look upon himself as a rich man if he owned an acre of ground, but who, on stepping ashore in New York, finds himself able to earn a dollar a day by the mere strength of his arm. He feeds and



lodges himself for two dollars a week, and at the end of a fortnight he may have saved enough to buy ten acres of the most fertile land in the world. The distance from New York to the West [Ohio] is great, it is true; but the fare on the great [Erie] canal is trifling, and he can easily pay his way by work of his hands. It is also true, that the poorest Irishman would not think of buying so little as ten acres; the least that one buys in the West is eighty. . . .

Chevalier also described the character and the spirit of these nineteenth-century Americans:

The manners and customs are altogether those of a working, busy society. At the age of fifteen years, a man is engaged in business; at twenty-one he is established, he has his farm, his workshop, his counting-room, or his office, in a word his employment, whatever it may be. He now also takes a wife, and at twenty-two is the father of a family, and consequently has a powerful stimulus to excite him to industry. A man who has no profession, and, which is the same thing, who is not married, enjoys little consideration; he, who is an active and useful member of society, who contributes his share to augment the national wealth and increase the numbers of the population, he only is looked upon with respect and favour. The American is educated with the idea that he will have some particular occupation, that he is to be a farmer, artisan, manufacturer, merchant, speculator, lawyer, physician, or minister, perhaps all in succession, and that, if he is active and intelligent, he will make his fortune. He has no conception of living without a profession, even when his family is rich, for he sees nobody about him not engaged in business. The man of leisure is a variety of the human species, of which the Yankee does not suspect the existence, and he knows that if rich today, his father may be ruined

tomorrow. Besides, the father himself is engaged in business, according to custom, and does not think of dispossessing himself of his fortune; if the son wishes to have one at present, let him make it himself!

This is the spirit that made America great. The government at all levels—federal, state, and local—kept almost completely out of the way. Government's primary function was to protect the life, liberty, and property of the individual. Did the government sometimes interfere in the marketplace and busy itself with scandalous wastes of money on public-works projects or subsidies to enterprises run by men close to those who controlled the public purse? Yes, it did. But these were invariably considered evil examples of political corruption and almost always economic disasters. The hallmark of the American system was freedom of enterprise and an open road for the risk-taking speculator and entrepreneur.

### **GOVERNMENT'S UNENDING GROWTH**

Compared to much of the world, it is certainly true that America still today represents that example of a spirit of enterprise. But the unending growth in the interventionist welfare state during the last 100 years has eaten away at the image of America that so impressed Michel Chevalier in the early 19th century and inspired William Houghton in the 1880s to write about the country's "kings of fortune."

In the *World Almanac* of 1868, the entire listing for all the bureaus, agencies, and departments of the federal government fit on one page, and that included all the U.S. ambassadorial postings around the world as well. Today the federal government's departments, agencies, bureaus, and commissions number around 400 and the listing goes on for pages in the 2010 *World Almanac*.



Wherever we turn, the hand of the government regulates, controls, redistributes, prohibits, subsidizes, influences, and manipulates. At the same time too many Americans consider privileges, favors, and handouts from government to be as reasonable and as legitimate as income earned honestly and openly in the marketplace.

Our task, therefore, is to remind our fellow citizens about what made America so inspirational for so many around the globe. We must work to restore the spirit of individualism and self-responsibility that made America unique.

## The Real Meaning of Thanksgiving: The Triumph of Capitalism over Collectivism

by Dr. Richard M. Ebeling

Published: This article originally appeared on the Northwood University's blog, "*In Defense of Capitalism and Human Progress*," November 2009

**T**his time of the year, whether in good economic times or bad, is when we gather with our family and friends and enjoy a Thanksgiving meal together. It marks a remembrance of those early Pilgrim Fathers who crossed the uncharted ocean from Europe to make a new start in Plymouth, Massachusetts. What is less appreciated is that Thanksgiving also is a celebration of the birth of free enterprise in America.

The English Puritans, who left Great Britain and sailed across the Atlantic on the Mayflower in 1620, were not only escaping from religious persecution in their homeland, they also wanted to turn their back on what they viewed as the materialistic and greedy corruption of the Old World.

In the New World, they wanted to erect a New Jerusalem that would not only be religiously devout, but be built on a new foundation of communal sharing

and social altruism. Their goal was the communism of Plato's Republic, in which all would work and share in common, knowing neither private property nor self-interested acquisitiveness.

What resulted is recorded in the diary of Governor William Bradford, the head of the colony. The colonists collectively cleared and worked land, but they brought forth neither the bountiful harvest they hoped for, nor did it create a spirit of shared and cheerful brotherhood.

The less industrious members of the colony came late to their work in the fields, and were slow and easy in their labors. Knowing that they and their families were to receive an equal share of whatever the group produced, they saw little reason to be more diligent in their efforts. The harder working among the colonists became resentful that their efforts would be redistributed to the more malingering members of the colony.



Soon they, too, were coming late to work and were less energetic in the fields.

As Governor Bradford explained in his old English (though with the spelling modernized):

“For the young men that were able and fit for labor and service did repine that they should spend their time and strength to work for other men’s wives and children, without recompense. The strong, or men of parts, had no more division of food, clothes, etc. then he that was weak and not able to do a quarter the other could; this was thought injustice. The aged and graver men to be ranked and equalized in labor, and food, clothes, etc. with the meaner and younger sort, thought it some indignant and disrespect unto them. And for men’s wives to be commanded to do service for other men, as dressing their meat, washing their clothes, etc. they deemed it a kind of slavery, neither could husbands brook it.”

Because of the disincentives and resentments that spread among the population, crops were sparse and the rationed equal shares from the collective harvest were not enough to ward off starvation and death. Two years of communism in practice had left alive only a fraction of the original number of the Plymouth colonists.

Realizing that another season like those that had just passed would mean the extinction of the entire community, the elders of the colony decided to try something radically different: the introduction of private property rights and the right of the individual families to keep the fruits of their own labor.

As Governor Bradford put it:

“And so assigned to every family a parcel of land, according to the proportion of their number for that end . . . This had a very good success; for it made all hands very industrious, so as much more corn was planted then otherwise would have been by any means the Governor or any other could use, and saved him a great deal of trouble, and gave far better content. The women now went willingly into the field, and took their little-ones with them to set corn, which before would a ledge weakness, and inability; whom to have compelled would have been thought great tyranny and oppression.”

The Plymouth Colony experienced a great bounty of food. Private ownership meant that there was now a close link between work and reward. Industry became the order of the day as the men and women in each family went to the fields on their separate private farms. When the harvest time came, not only did many families produce enough for their own needs, but they had surpluses that they could freely exchange with their neighbors for mutual benefit and improvement.

In Governor Bradford’s words:

“By this time harvest was come, and instead of famine, now God gave them plenty, and the face of things was changed, to the rejoicing of the hearts of many, for which they blessed God. And the effect of their planting was well seen, for all had, one way or other, pretty well to bring the year about, and some of the abler sort and more industrious had to spare, and sell to others, so as any general want or famine hath not been amongst them since to this day.”



Hard experience had taught the Plymouth colonists the fallacy and error in the ideas that since the time of the ancient Greeks had promised paradise through collectivism rather than individualism. As Governor Bradford expressed it:

“The experience that was had in this common course and condition, tried sundry years, and that amongst the Godly and sober men, may well convince of the vanity and conceit of Plato’s and other ancients;—that the taking away of property, and bringing into a common wealth, would make them happy and flourishing; as if they were wiser than God. For this community (so far as it was) was found to breed confusion and discontent, and retard much employment that would have been to their benefit and comfort.”

Was this realization that communism was incompatible with human nature and the prosperity of humanity to be despaired or be a cause for guilt? Not in Governor Bradford’s eyes. It was simply a matter of accepting that altruism and collectivism were inconsistent with the nature of man, and that human institutions should reflect the reality of man’s nature if he is to prosper. Said Governor Bradford:

“Let none object this is man’s corruption, and nothing to the curse itself. I answer, seeing all men have this corruption in them, God in his wisdom saw another course fitter for them.”

The desire to “spread the wealth” and for government to plan and regulate people’s lives is as old as the utopian fantasy in Plato’s Republic. The Pilgrim Fathers tried and soon realized its bankruptcy and failure as a way for men to live together in society.

They, instead, accepted man as he is: hardworking, productive, and innovative when allowed the liberty to follow his own interests in improving his own circumstances and that of his family. And even more, out of his industry result the quantities of useful goods that enable men to trade to their mutual benefit.

In the wilderness of the New World, the Plymouth Pilgrims had progressed from the false dream of communism to the sound realism of capitalism. At a time of economic uncertainty, it is worthwhile recalling this beginning of the American experiment and experience with freedom.

This is the lesson of the First Thanksgiving. This year, when we sit around our dining table with our family and friends, let us also remember that what we are really celebrating is the birth of free men and free enterprise in that New World of America.

The real meaning of Thanksgiving, in other words, is the triumph of capitalism over the failure of collectivism in all its forms.



# A Declaration of Independence from Big Government

by Dr. Richard M. Ebeling

Published: This article originally appeared on the Northwood University's blog, "In Defense of Capitalism and Human Progress," July 2010

**T**he Declaration of Independence, signed by members of the Continental Congress on July 4, 1776, is the founding document of the American experiment in free government. What is too often forgotten is what the Founding Fathers argued against in the Declaration—the heavy and intrusive hand of big government.

Most Americans easily recall those eloquent words with which the Founding Fathers expressed the basis of their claim for independence from Great Britain in 1776:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness – That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed – That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness."

But what is usually not recalled is the long list of enumerated grievances that make up most of the text of the Declaration of Independence. The Founding Fathers explained how intolerable an absolutist and highly centralized government in faraway London had become. This distant government violated the personal and civil liberties of the people living in the 13 colonies on the eastern seaboard of North America.

In addition, the king's ministers imposed rigid and oppressive economic regulations and controls on the colonists that was part of the 18th-century system of government central planning known as mercantilism.

"The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States," the signers declared.

At every turn, the British Crown had concentrated political power and decision-making in its own hands, leaving the American colonists with little ability to manage their own affairs through local and state governments. Laws and rules were imposed without the consent of the governed; local laws and procedures meant to limit abusive or arbitrary government were abrogated or ignored.

The king also had attempted to manipulate the legal system by arbitrarily appointing judges that shared his power-lusting purposes or were open to being influenced to serve the monarch's policy goals. The king's officials unjustly placed colonists under arrest in violation of writ of habeas corpus, and sentenced them to prison without trial by jury. Colonists often were violently conscripted to serve in the king's armed forces and made to fight in foreign wars.

A financially burdensome standing army was imposed on the colonists without the consent of the local legislatures. Soldiers often were quartered among the homes of the colonists without their approval or permission.



In addition, the authors of the Declaration stated, the king fostered civil unrest by creating tensions and conflicts among the different ethnic groups in his colonial domain. (The English settlers and the Native American Indian tribes.)

But what was at the heart of many of their complaints and grievances against King George III were the economic controls that limited their freedom and the taxes imposed that confiscated their wealth and honestly earned income.

The fundamental premise behind the mercantilist planning system was the idea that it was the duty and responsibility of the government to manage and direct the economic affairs of society. The British Crown shackled the commercial activities of the colonists with a spider's web of regulations and restrictions. The British government told them what they could produce, and dictated the resources and the technologies that could be employed. The government prevented the free market from setting prices and wages, and manipulated what goods would be available to the colonial consumers. It dictated what goods might be imported or exported between the 13 colonies and the rest of the world, thus preventing the colonists from benefiting from the gains that could have been theirs under free trade.

Everywhere, the king appointed various "czars" who were to control and command much of the people's daily affairs of earning a living. Layer after layer of new bureaucracies were imposed over every facet of life. "He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our people, and eat out their substance," the Founding Fathers explain.

In addition, the king and his government imposed taxes upon the colonists without their consent. Their income was taxed to finance expensive and growing projects that the king wanted and that he thought were good for the people, whether the people themselves wanted them or not.

The 1760s and early 1770s saw a series of royal taxes that burdened the American colonists and aroused their ire: the Sugar Act of 1764, the Stamp Act of 1765, the Townsend Acts of 1767, the Tea Act of 1773 (which resulted in the Boston Tea Party), and a wide variety of other fiscal impositions.

The American colonists often were extremely creative at avoiding and evading the Crown's regulations and taxes through smuggling and bribery (Paul Revere smuggled Boston pewter into the West Indies in exchange for contraband molasses.)

The British government's response to the American colonists' "civil disobedience" against their regulations and taxes was harsh. The king's army and navy killed civilians and wantonly ruined people's private property. "He has plundered our seas, ravaged our Coasts, burnt our towns, and destroyed the lives of our people," the Declaration laments.

After enumerating these and other complaints, the Founding Fathers said in the Declaration:

"In every stage of these Oppressions We have Petitioned for Redress in the most humble terms: Our repeated Petitions have been answered only by repeated injury. A Prince whose character is thus marked by every act which may define a Tyrant, is unfit to be the ruler of a free people."



Thus, the momentous step was taken to declare their independence from the British Crown. The signers of the Declaration then did “mutually pledge to each other our Lives, our Fortunes and our sacred Honor,” in their common cause of establishing a free government and the individual liberty of the, then, three million occupants of those original 13 colonies.

Never before in history had a people declared and then established a government based on the principles of the individual’s right to his life, liberty, and property. Never before was a society founded on the ideal of economic freedom, under which free men may peacefully produce and exchange with each other on the terms they find mutually beneficial without the stranglehold of regulating and planning government.

Never before had a people made clear that self-government meant not only the right of electing those who would hold political office and pass the laws of the land, but also meant that each human being had the right to be self-governing over his own life. Indeed, in those inspiring words in the Declaration, the Founding Fathers were insisting that each man should be considered as owning himself, and not be viewed as the property of the state to be manipulated by either king or Parliament.

It is worth remembering, therefore, that what we are celebrating every July 4 is the idea and the ideal of each human being’s right to his life and liberty, and his freedom to pursue happiness in his own way, without paternalistic and plundering government getting in his way.