

Capitalism, Fascism and Socialism

I received an e-mail from a supporter of ObamaCare, who wrote, “Capitalism (heavily regulated) is okay but capitalism unregulated and in charge of governments ...is fascism.”

What nonsense there is in that statement!

Capitalism is an economic system with a free market and open competition. Goods are produced and services are performed for profit, labor is performed for wages, and the means of production are privately owned. Capitalism is the most efficient economic system in the world, as evidenced by the fact that it made the United States the most prosperous nation in history. Capitalism is also the most *moral* economic system, because all actions within it are voluntary. No one forces you to buy a certain product or service (well, at least until ObamaCare), you are free to negotiate wages and prices, and no one forces you to work in a job you do not like. Hundreds of thousands of people emigrate to the United States each year, both legally and illegally, and they certainly do not do so in search of more miserable lives.

We need not “mess with a good thing,” but that is precisely what is intended by the statement that “heavily regulated” capitalism is “okay.” The problem of course is that if the system is “heavily regulated” it is no longer capitalism or a free market; it is a “mixed economy,” with some elements of capitalism and some elements of government coercion... with the amounts of each decided by the government through the use of force.

And to say that “capitalism unregulated and in charge of governments ... is fascism” is absurd on its face. Capitalism cannot, by its nature, be in charge of government; it would then no longer be capitalism.

People make such statements because they misunderstand the nature of both capitalism and government. But they also make them because by its nature capitalism does not guarantee success; it only guarantees the *possibility* of success. And because it is difficult for people to accept responsibility for their own failures, they distort the reality of capitalism and place the blame there. Voila! “It’s not my fault... the odds are stacked against me... there’s no way I can get a fair shake...” and any of hundreds more excuses.

In the most common distortion, the individual blames capitalism for the failures of government. People often blame high prices on monopolies, and in turn blame those monopolies on “the evils of capitalism.” But it is only *government* that can maintain a monopoly. For example, high cable television prices are the result of government, *not* business, because the local community officials grant the power of the monopoly to the cable company. Competition would lower prices and improve service, but the local government prevents competition by granting special privileges to one company. In a free market, no company can long maintain a monopoly and abuse the customers; it would quickly be faced with competition from new companies that know they can win those customers with lower prices and/or better service.

An example of a “small monopoly” might be a hardware store in a small town. If it is the only hardware store within 20 miles, the owner likely will charge slightly higher prices than those charged by a large “big box” store in an urban area. But, having a monopoly does not prompt that hardware store owner to charge exorbitant prices. He does not do so because at some point the consumer will consider it worth his while to drive 20 miles to get a lower price. No monopoly will last if it abuses its advantages; it will quickly face competition and be driven out of business. (Of course, there are people who would argue, “How dare the local hardware store charge \$12 for a \$10 hammer!”—as if there were a constitutional right to a \$10 hammer. The proper response to such an argument is, “No one is forcing you to buy that \$12 hammer. Make your own if it is so easy.”)

Consumers complain about high prices for housing and automobiles, but keep in mind that those are two industries where unions are powerful—and government regulations are strict. But it is government intervention in the economy that grants special privileges to labor unions, protecting their workers from the competition that would result in lower prices for everyone, and the government that imposes those regulations that add to the cost of automobiles and housing. Wherever you see distortions in the marketplace, the government is involved.

Government regulations do little except protect stupid people from the consequences of their own actions. The rest of us do not need them. I do not need the government to put labels on automobile batteries warning me not to drink the acid inside. I do not need the government to tell me that eating fast food for 21 meals each week is unhealthy. I do not need the government regulating the size of my toilet or telling me how often I may flush it, or that I must replace incandescent light bulbs with fluorescent bulbs. (You can bet that the regulators and Al Gore have been stockpiling incandescent bulbs.)

For those who are tempted to bring up names like Bernie Madoff as “proof” that capitalism does not work, let me state that Madoff is *not* a capitalist, he is a criminal—just as Charlie Rangle is not a statesman, he is a crooked politician. When the CEO of a large corporation refuses to fight government rules and regulations that will cripple his business, he ceases to be a capitalist; he instead becomes a “useful idiot” and pawn of the state. When the CEO of General Electric agrees to support ObamaCare not because it is good for the country (it is not) or the right thing to do (it is not), but because he can make a fortune selling the government the electronic systems needed to maintain illegal federal control over the private health care records of all Americans, he is not a capitalist... he is a traitor to capitalism and the United States of America. (GE also supports Obama’s ludicrous “cap and trade” legislation only because it stands to make money on “carbon trading” and selling wind turbines. Again, that makes the GE CEO a traitor, not a capitalist. He is selling out his country by supporting unconstitutional and unjustifiable legislation in order to pad his wallet.)

Returning to the accusation that “capitalism unregulated and in charge of governments ...is fascism,” note that fascism is a system in which a too-powerful government exerts excessive control over citizens through censorship, and excessive control over businesses

through rules, regulations, and taxes. That censorship and control is maintained through the force of government, *not* from power obtained at the grocery store checkout counter. Socialism is the next step after fascism, where the government not only controls the means of production, it also owns it.

The scheme is simple: Over the years the leftists slowly gain power; they increasingly enact regulations that destroy businesses and harm the economy; they then argue that capitalism is the cause of those economic problems—as an excuse to enact even more controls; as the economic problems worsen the government engages in actions like censorship and martial law to control the angry population; the government then takes complete control over industries after they claim that the free market failed. (Of course it failed! It was not permitted to function!) It is an evil but terribly effective scheme that works because it takes place gradually and most people are too stupid to see it coming.

Many people in the Tea Party see it coming. That is why they oppose higher taxes even if those taxes are only imposed on those who are wealthier than they are. (When a person who earns \$50,000 per year opposes raising taxes on someone who earns \$250,000 per year you can be certain that he understands the “master plan” of the politicians.) The Tea Party activists understand how the leftists slowly take control, moving society from a free market, to a mixed economy, to fascism, and then to socialism. The process is gradual, with socialism and fascism taking over portions of the society and the economy at different levels and paces. Federal ownership of the automobile industries is socialism; the federal government owns General Motors and Chrysler. The federal takeover of the health industry is fascism; the federal government does not own the insurance companies or the physician practices, but it now controls them as though they did have complete ownership.

Those who argue that “socialism is left-wing” and “fascism is right-wing” are wasting their time—and missing the point. Socialism and fascism are merely different degrees of the same thing: *government control over the citizenry*. The Obama administration is engaging in some socialist activities and some fascist activities. We need not waste time charting the percentages of each; we should spend that time resisting his actions.

After all, does it matter to a physician that the Obama administration has only taken ownership of General Motors but has not claimed ownership of his private medical practice? That doctor’s actions and livelihood will now be controlled almost entirely by the Secretary of Health and Human Services. Does it matter that his office lease was signed by him and not Kathleen Sebelius?

We would all be better off spending less time discussing what label to use when the government is abusing its power and more time discussing what to do about it. It is clear from the actions of government over the last few decades—and the last 14 months in particular—that if we do not act soon to protect our liberties we may not even be free to hold those discussions.

In the long run it does not matter whether Obama is a socialist or a fascist if that discussion takes place behind the bars of a federal internment camp.

Don Fredrick

April 2, 2010

Copyright 2010 Don Fredrick