

## The Meaning of Capitalism

CAPITALISM, or "the free market economy," as it is defined in classical texts, has never existed in pure form on a large scale. Our economic system of recent centuries has fallen so far short of ideal freedom that it is under needless attack, because both attackers and defenders make the mistake of talking as though existing conditions represented the theoretical definition. "If this is freedom," say the social planners, "let's have security, instead,"—and they might be right—IF . . .

Because Liberty's champions have rarely dared to trust her fully, they succumbed to defeatism reaching a low extreme (we have not yet begun to realize) in misuse of the slogan, "you can't do business with Hitler." No one can do business with a crook, but everyone believed, "Free enterprise can't do business *against* Hitler and drive him bankrupt—because centralized government is more efficient than freedom."

Attackers of the "profit system" forget that in a fair exchange, both parties "profit"; but equally forgetful are the industrialists seeking government protection lest they, without apron-strings, be worsted in trade.

Subsidies, tariffs, land grants, discriminatory charters, rate differentials; patents, strategic locations and natural resources owned untaxed and withheld from use; obstructive state inspections, taxes, licenses and barriers to new competitors; Robinson-Patman or Miller-Tydings trade practice acts; silver and other price-pegging measures; government finance corporations—these did not originate with the New Deal. (It is interesting to note that *Fortune Magazine*, the business publication, has recommended the gradual abolition of many such measures.)

Seekers of any artificial aid to business indulge the same fallacy as share-the-work opponents of machinery, who feared general unemployment if horse-and-buggy industry gave way to new competitors.

Capitalism ought to mean: New resolutions all around, never (or someday never!) to ask any governmental interference with free competition. Because, in its debates with hostile "isms," it does mean that, I am for capitalism.

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