

# Capitalism and Socialism

by Ken Casper

“What is socialism?”

Socialism is a socio-economic system in which the state owns or controls the main means of production in order to redistribute resources from the rich to the poor to ensure social justice, that is, equal outcomes.

The United States was established on the principles of capitalism, that the individual has the right to buy and sell freely, accumulate wealth and pass it on to their heirs. The government plays no active role in any of these transactions, except to provide a level playing field through legal recourse for contract violations.

In a capitalist society wealth is the accumulation of what's left over after you pay your bills, more commonly known as profit. Under the natural law of supply and demand, prices go down when there are more goods and services than willing buyers, and prices go up when demand exceeds availability. Consumers are the final arbiters of value, however; they decide what they are willing to buy and what price they are willing to pay. In any exchange of goods or services there are two parties: the buyer and the seller.

Under capitalism, an entrepreneur may fail in an enterprise and lose everything, but he may also succeed in accumulating unlimited amounts of wealth, which he then spends in consumption of goods and services or puts to work in interest-bearing stocks, bonds and savings accounts, thereby spreading his wealth. Consequently capitalism is not a zero-sum game.

Capitalism is essentially a self-regulating, consumer-driven and therefore bottom-up process, which is why it is uniquely compatible with our political system, where the focus is on the freedom and independence of the individual, not the lock-step progress of the collective.

In contrast, socialism is a top-down process, in which the state “directs” the economy by decreeing what goods and services will be produced as well as the price of each, based on the state's definition of equality and social justice. In any transaction there are three parties: the buyer, the seller and the state regulator. Legal prices are more likely to remain (artificially) stable, regardless of the availability of goods and services. A black market with higher prices fills the void between actual supply and demand. A state-controlled, zero-sum economy offers little or no incentive or reward for improvements. Inventors and innovators are seen by the establishment as challengers to the status-quo and trouble-makers. Likewise severe penalties are not imposed for failure (to meet quotas or quality inspections), since unsuccessful people are easier to manipulate and browbeat than ambitious, efficient workers—and unsuccessful people pose no existential threat to the establishment.

Socialism has never been successfully established anywhere in the world. It failed in the Soviet Union, Communist China and in the eastern bloc countries of Europe following WWII. It has failed in Cuba, North Korea, Mozambique and most recently and dramatically in Venezuela.

Given this record, why does anyone embrace a demonstrably unworkable system like socialism? While the reasons are many and complex, the most significant is that the concept of equality is emotionally appealing. The apparent morality of “social justice” lends itself easily to self-deception by people who don’t know history and to demagoguery by manipulators who do. The people at the bottom of the economy see it as a path to greater prosperity, while those at the top of the power structure endorse it as a means of control. This concentration of power in an impersonal bureaucracy breeds corruption and a two-class society: the haves and the have-nots, permanently separated by distrust, envy and contempt.

How do we break this vicious cycle of dependency and subjugation? Education is the key. The left knows knowledge is the enemy of emotional blackmail in social and economic matters. That is why they have captured the field of education, from pre-school through post-graduate. It will take at least one generation to break their hold. The place to start is at the local school board.

Over the past century, especially in the last forty years, our educational system has been corrupted by politics and money. School budgets revolve around meals, sports and administrative costs instead of academic excellence. We’ve dropped cursive writing and distorted subjects like history and civics, leaving students misinformed about how our government works and what American Exceptionalism means. It is time for critical thinking, for open discussions and debates between liberals and conservatives, between socialists and capitalists.

“And the truth shall set you free.” If we believe that—I do—we must not just embrace diversity, we must employ the empirical method. Intentions don’t count. Results do. Let’s take an honest, long-term look at where we are and where we are headed.

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