

Capitalism – a Condensed Version

SUMMARY

- Capitalism is the only economic system that preserves individual freedom while raising living standards.
- The industrial revolution, and the consequent rise in prosperity, would never have taken place under either the medieval guilds or state socialism.
- Inequality is a necessary result of allowing people to advance as individuals in the market. Measures to enforce equality slow down progress and innovation, harming everyone.
- Individual property rights provide incentives for owners to conserve and improve their assets. Collective or 'public' ownership leads to neglect and the waste of resources.
- Market prices enable the collection and exploitation of scattered knowledge about people's preferences. Socialist central planners have no comparable device for obtaining this information.
- Rationing by price has many advantages over political rationing. So-called 'free' services, such as the National Health Service, induce waste and mutual impoverishment.
- Capitalism puts man's long-term interest as consumer above his interest as producer. In contrast, state socialism puts jobs before services and governments tend to favour organised producer interests over consumers.
- For capitalism to yield its best results, the political process

must be confined to organising the minimal duties of the state, such as defence, where the market may not be able to operate. The living standards of the West are still restrained and unnecessarily unequal because the political process has too many beneficiaries.

- The welfare state has largely destroyed the voluntary provision of services, such as education and health, which preceded it. In the absence of the market, quality of service has suffered, producer interests have triumphed and the Victorian culture of 'self-reliance' has been undermined.
- A world of capitalist countries is more likely to be peaceful than a world of socialist states. Individuals and private firms, including multinationals, trading in an international market, have a clear vested interest in favour of world peace.