

## WAR & CAPITALISM

Whenever there is talk of war and peace, one still hears the old canard that "Capitalism equals Imperialism equals War." Any examination of the Capitalist system gives lie to this assertion.

### Peace & Capitalism

A free market economy (i.e., free enterprise or capitalism) requires peaceful cooperation. It bursts assunder when people turn from exchanging goods to fighting one another. What does a free trader care how large "his" country's boundaries are? There is nothing to gain by conquest that can't be obtained by mutual exchange through free trade (a definitional prerequisite of any capitalist system).

During the latter part of the 19th Century talk of peace began to be seriously considered. The 19th Century English liberals, gathered in the "Manchester School" held hope for a durable peace under free trade which they expected to bring prosperity to the freer nations. They realized that democracy was not all that was needed for peace. In addition, governments must act by the principle of *laissez faire*. These liberals were among the first to realize that free trade was a prerequisite for the preservation of peace. With no trade or migration barriers, there would be no incentives for conquest.

Unfortunately, the "Manchester School" could not stem the rising tide of collectivist thought and sentiments of those who considered trade "base" and conquest "noble". The resulting political dominance of totalitarianism produced the great world wars in the 20th Century.

### Interventionism & War

We may well ask why modern nations do prefer aggression and nationalism to international free trade? In a *laissez faire* world, causes of international conflict disappear. But in a world of government intervention, conflicts develop. In a system that sets pressure groups one against another, a system where one human being is told to sacrifice his good for that of others, a system where individual rights are not recognized—hostility and conflict take root and grow. Interventionism means economic nationalism and gives every citizen a direct interest in the size of his country's boundaries.

In a world divided into antagonistic nation-states, all anxious to intervene in the affairs of each other, conquest means relief from the domestic economic and social problems created by nationalism.

Interventionism diverts public attention from these problems and offers the prospect of raising living standards in one country by looting the wealth of other nations. If raising one's living standard and improving one's position within a nation is impossible because of stringent economic controls and elitism, then war and aggression offer the only prospects of a better life.

Thus the more regulated an economy becomes, the more citizens are taxed, the less one's material rewards have to do with productivity and the more they have to do with politics, the more likely it is that nations will engage in trade wars, interventionism and violent international conflict. This conflict of vital interests can be eliminated only by rejection of nationalism and collectivism, and embracing the philosophy of individual rights, free trade and non-interventionism. What the world needs in brief, is more capitalism, not more treaties, world government and collectivism.

### Consumer Sovereignty and War

What is it that the apostles of collectivism see as despicable about Capitalism? Perhaps it is the fact that consumers, not the government, direct the capitalist system. But consumers seek more comfort and a higher living standard, not more weapons and war.

Domestically, consumers maximize their welfare by specialization and free trade. Similarly internationally nations maximize their welfare by international division of labor (so each area produces what is most efficient and profitable) and world free trade. War upsets free trade and the international division of labor and forces nations to become to be more self-sufficient and lose access to more efficient foreign production.

It is thus not the interests of consumers which is served by war and the preparation for war. To the extent that consumers control their society and act in their self-interest, they will eschew war and embrace peace. Only the economic delusions fostered by government and political ends are served by war.

In past generations, war was always detrimental to the interests of society, but today it is potentially disastrous and completely intolerable. Modern weapons of mass destruction threaten not simply harm to society but its total obliteration. Thus in the 20th Century, peaceful cooperation between nations is not simply beneficial but absolutely essential. We can no longer afford to have politicians dictating war and peace.

The attempt by one nation to impose its will upon another (nationalism and international economic barriers to trade)—not capitalism—are the cause for war. As the eminent economist, Dr. Ludwig von Mises sums it up: "Interventionism generates economic nationalism and economic nationalism generates bellicosity."

### Competition, Statism & War

Some people point to competition in the capitalist system and assert that this naturally leads to "dog eat dog" and war. Competition, it is claimed, breeds aggression.

However this contention presupposes that in seeking riches one necessarily impoverishes others. This assumes that the amount of wealth in the world is static and that Capitalists are really ill-disguised looters (like collectivists). In fact the amount of wealth in the world is not static but a dynamic function of human productivity: wealth is a product of human thought and effort applied to the raw materials of nature. In a free society, wealth is produced not by decreasing what others have but rather by transforming comparatively less valuable raw materials of nature into forms more valuable to human beings. This process decreases the wealth of no one, increases the goods available to everyone, and does not involve looting in any form. As the free market economist David Friedman has commented. "Socialism tried to divide up the social pie, with everyone getting ever-smaller pieces. Capitalism bakes new pies for everyone."

What kind of society is dedicated to looting? Not one based upon productivity and free trade, but rather societies based upon the redistribution of wealth and regimentation of men. In other words, it is socialism and collectivism that are dedicated to and based upon looting. These societies regard men as natural resources, to be used and taxed and regulated according to the will of the leaders for the supposed benefit of society as a whole. A society which regards men as objects obliterates human rights. A society which violates the rights of its own citizens can hardly be expected to respect the rights of citizens of other countries. The principle upon which collectivist and socialist societies operate is looting; whether that looting is domestic or international is merely a matter of detail.

Capitalist societies have nothing to gain by war. Even the United States—which has an economy which is a mixture of socialism and capitalism—has nothing

to gain by aiding aggression by other countries or by engaging in war itself. Subsidizing foreign arm sales and expending the wealth of this nation upon foreign adventurism merely robs U.S. taxpayers while contributing to the devastation of the world.

Only the socialist elements in the U.S. economy—subsidized corporations and political factions seeking to increase their power over the American people—benefit by war. Only complete distortion of the essential nature of freedom and capitalism could enable one to claim that corporations which now rely upon government subsidies and arms contracts are examples of free market capitalism.

### The Free Society & War

A society based upon respect for individual rights and complete free market capitalism is in principle and in practice fundamentally opposed to war.

In the first place, a society based upon respect for individual rights has an inherent bias against the violation of any person's rights, regardless of where they live.

Secondly, participants in a free market have no incentive to loot since they can attain all of their material objectives far better through cooperation and trade. War and anything else that threatens that process is no value to men in a free society.

Third, in a free society, the costs of war would be borne by private citizens directly. And no one citizen could ever hope to recoup through war, victorious or not, what he lost through taxation or voluntary assessments. It is only in statist countries which uphold that principle that it is proper to redistribute the wealth of others, that one could hope to profit from aggressive war.

Capitalism holds markets through competition. Statism holds victims through legalized aggression. Of what use is a war-conquered territory unless one hopes to receive special privileges from the vanquished by force?

The foreign policy of capitalism is quite simply free trade: ending barriers to commerce, tariffs and special government privileges.

### Government & War

It is government that allows "pull" that encourages war profiteers. Every subsidy, every special license, every benefit government's favored war manufacturers get is at the expense of competing corporations in particular and taxpayers as a whole. Such special privileges are not justified by capitalism out rather by the statists who uphold the concept of "public interest" in the first place.

Who took the U.S. in the World Wars? Not the businessmen who were smeared as isolationists and "America Firsters". It was rather the collectivist reformers, the "do-good" moralizers. Each war meant more totalitarianism and less freedom, hardly benefits to advocates of economic freedom.

The system which benefits from war is that system which advocates unlimited power for the state, the establishment of social governing elites, and the denial of individual rights. In word it is collectivism.

Advocates of free market capitalism do not have to apologize for their system's alleged tendency to encourage war. Such charges are simply not true. Historically international aggression mounted as the libertarianism and capitalism of the 19th Century waned, as is logically inevitable.

Capitalism does not promote war. Rather war is a consequence of the collectivist ideologies which proclaim: "Good can be achieved through political power, the freedom of the individual must be subordinated to the goals of society, and the ends justify the means."

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*Dr. Murray N. Rothbard  
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