

Chapter 2

THE BASICS OF CAPITALISM

CAPITALISM IS A WAY TO ORGANIZE THE MAKING, TRADING, AND OWNERSHIP OF **STUFF**. IN OTHER WORDS, IT'S AN **ECONOMIC** SYSTEM.

IT ISN'T THE BE-ALL AND END-ALL OF EVERYTHING, DESPITE HOW THINGS MAY LOOK AT **COSTCO** SOMETIMES.

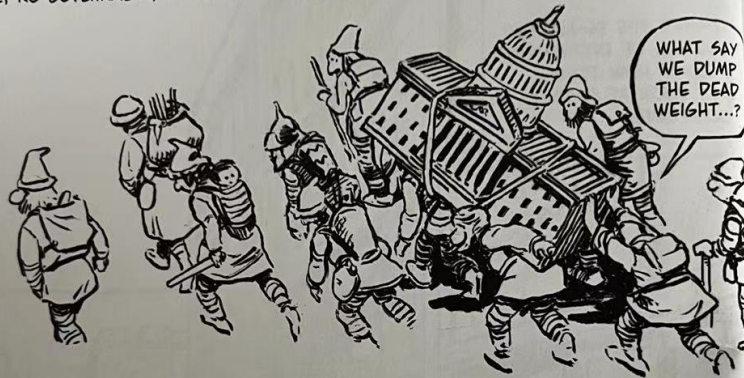


BEFORE SAYING
WHAT CAPITALISM IS,
WE SHOULD FIRST
SAY WHAT IT ISN'T,
NAMELY GOD-GIVEN
AND ETERNAL.
COUNTLESS SOCIAL
AND ECONOMIC SYS-
TEMS HAVE HELD
SWAY AS THE CENTUR-
IES RUMBLED PAST.



CAPITALISM, II
THE UNITED
SIDEWHISKER

FOR 99% OF HUMAN EXISTENCE, NEARLY EVERYONE LIVED BY FORAGING, WITH NO FIXED HOME, NO GOVERNMENT, AND FEW POSSESSIONS. PEOPLE TRAVELED LIGHT.



AS REALISTS
ARE, DRESSI
THESE DAYS
INSPECTING

ONCE FARMING BEGAN, SYSTEM-ORGANIZERS LET THEIR IMAGINATIONS RUN WILD, INTO **FEUDALISM** (PEASANTS ATTACHED TO A PIECE OF LAND RULED BY A LORD); **SLAVERY** (WORKERS OWNED PERSONALLY BY THE BOSS); AND THE NAMELESS WAY OF NATIVE NORTH AMERICANS, WHO HAD NO NOTION OF PRIVATE LAND OWNERSHIP WHATSOEVER.



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BY
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DI

CAPITALISM, IN FACT, IS A NOVELTY. IT CAME OF AGE IN INDUSTRIAL BRITAIN, EUROPE, AND THE UNITED STATES IN THE 1800S, WHICH EXPLAINS THE ICONIC CAPITALIST'S FIN-DE-SIECLE SIDEWISKERS, TOP HAT, AND TAILCOAT.



AS REALISTS, YOUR AUTHORS PREFER TO DEPICT MODERN CAPITALISTS AS THEY ACTUALLY ARE, DRESSED IN SWEATERS, SLACKS, TASSEL LOAFERS, AND MAYBE A TEE SHIRT OR HOODIE. THESE DAYS IT'S HARD TO TELL A TITAN OF FINANCE FROM ANYONE ELSE WITHOUT INSPECTING HIS LABELS.



A CAPITALIST LOOKS AT CAPITALISM

WHAT THEN IS CAPITALISM? TO EXPLAIN IT, WE'VE INVITED A GUEST NARRATOR, CAPPY FREEMARK, WHO HAS VERY FINE LABELS INDEED!



I CAN'T WAIT TO SEE THE LOOK ON THEIR FACES WHEN WE CRUSH THOSE LOSERS, HEH HEH-OOPS!



AHEM! (COUGH) OH HI! LET'S START WITH A LITTLE STORY...

ONCE UPON A TIME, IN A LITTLE COTTAGE NESTLED IN THE VILLAGE OF COTTAGEVILLE, LIVED A LITTLE OLD WOMAN NAMED BETTY BAKER WHO LIKED TO MAKE BREAD.



WELL, ACTUALLY, BETTY WASN'T REALLY THAT OLD OR THAT LITTLE, AND SHE DIDN'T CARE THAT MUCH FOR BREAD... BUT SHE DID HAVE A KEEN NOSE FOR OPPORTUNITY.



SMELLS LIKE MONEY...

SHE NOTICED THAT EVERY HOME IN THE NEIGHBORHOOD DID ITS OWN BAKING. THE AROMA WAS DIVINE, BUT ALL THE MEASURING, MIXING, KNEADING, PUNCHING, RISING, SHAPING, BAKING, AND COOLING TOOK HOURS OUT OF EVERYBODY'S DAY.



A WORSE TIME-SUCK THAN THE INTERNET...

BETTY MUSED THAT SHE COULD HELP PEOPLE SAVE TIME AND EFFORT BY BAKING EVERYONE'S BREAD HERSELF.



I'LL FILL A SOCIAL NEED!

AND I CAN TURN THAT BREAD INTO, UM, DOUGH...

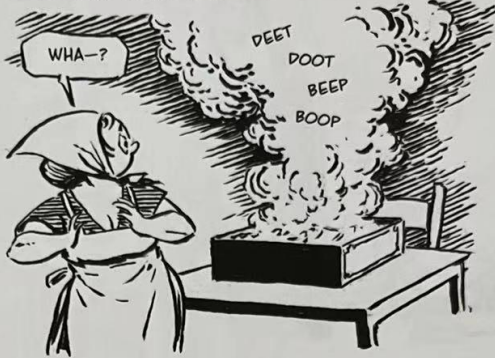
OW! A LOW PUN!

TO START A BAKERY, BETTY NEEDED TO BUY EQUIPMENT AND SUPPLIES, WHICH COST MONEY. LUCKILY, BETTY HAD SOMETHING SAVED FROM AN EARLIER VENTURE BUYING AND SELLING CONDEMNED COTTAGES.

THE MINUTE SHE DECIDED TO INVEST IT, THIS MONEY UNDERWENT AN UNCANNY CONCEPTUAL TRANSFORMATION.

EM!
OH,
LET'S
WITH
TLE
RY...

BUT NEVER MIND ABOUT THAT...



DN'T
DID

IT STOPPED BEING MERE MONEY AND SUDDENLY TURNED INTO CAPITAL.

GASP!
WHO ARE
YOU?

THE ENTREPRENEURIAL
SPIRIT!!

GO ON! MAKE A WISH!
MAKE THREE WISHES!
MAKE A HUNDRED!



I CAN'T
PROMISE TO
GRANT ANY
OF 'EM, BUT
IT'S GOOD TO
SET GOALS...

ME
E.



HOW ABOUT A HAND HERE?

NOT MY JOB, SORRY!

BETTY SPENDS SOME OF HER CAPITAL ON EQUIPMENT: AN OVEN, MIXERS, BOWLS, PANS, AND WHATEVER ELSE SHE NEEDS. THIS STUFF FORMS HER FIXED OR SUNK CAPITAL, MONEY THAT STAYS IN THE BUSINESS. PRESUMABLY, SHE CAN RECOUP THESE EXPENSES BY SELLING THE GOODS.

THIS DIAGRAM : INITIAL CAPITAL DIVIDED BETWEEN FIXED CAPITAL, REMAINS IN THE BUSINESS, AND THE OPERATING COSTS, WHICH

SHE ALSO HAS TO PAY OPERATING EXPENSES, THE COST OF FUEL FOR THE OVEN, FLOUR, YEAST, SALT, CLEANING SUPPLIES, AND ANYTHING ELSE USED UP IN MAKING BREAD OR MAINTAINING THE BAKERY.



ALWAYS BE CONFIDENT!

HE'S EVERYWHERE...

THE LITTLE SHOP OF ARROWS!

FOR THE BUSINESS VIABLE, INCOME OPERATING COSTS NEEDS SOME FOR HER OWN EXPENSES—FOR CLOTHES, A / THEN THERE'S SOMETHING / EXTRA MONEY MAKES CAPITAL

PRO

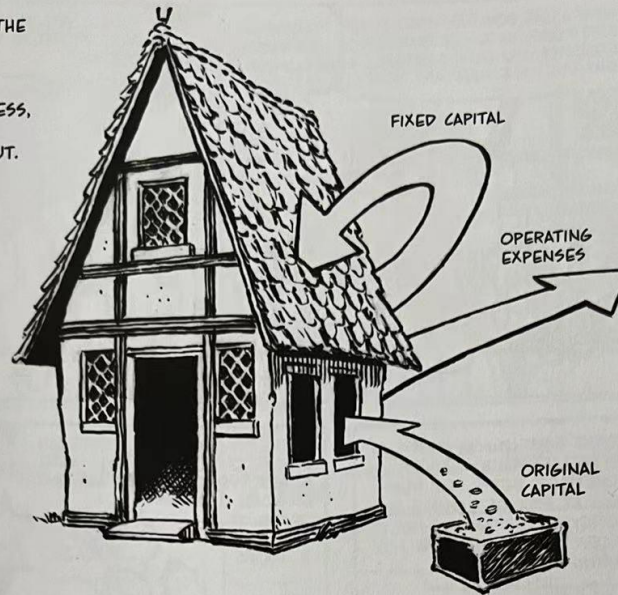


AT LAST, BETTY PUTS UP A SIGN, FIRES THE OVENS, BAKES A BATCH OF LOAVES, AND THROWS OPEN THE DOORS TO A HUNGRY PUBLIC. NOW MONEY STARTS COMING IN.

CONSUMER MONEY IN

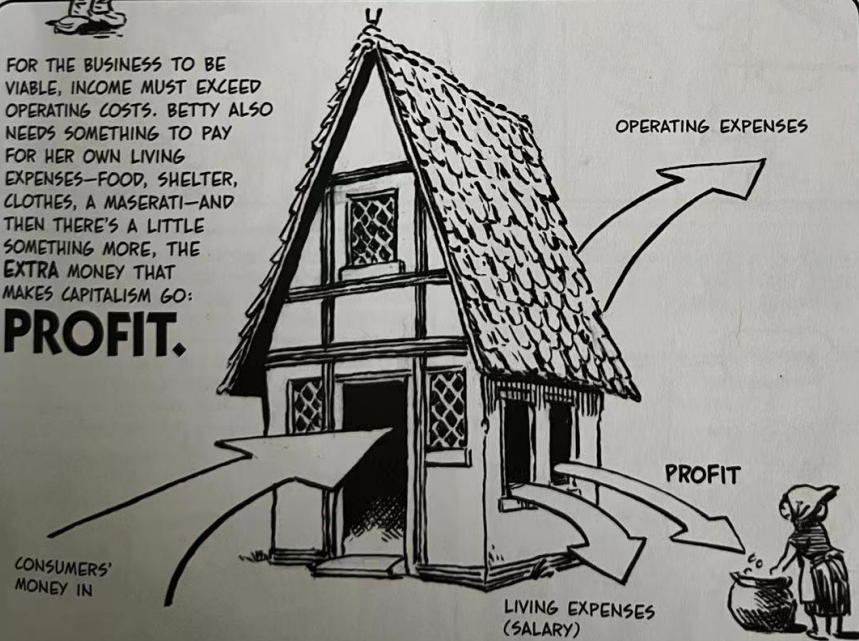
THIS DIAGRAM SHOWS THE INITIAL CAPITAL BEING DIVIDED BETWEEN THE FIXED CAPITAL, WHICH REMAINS IN THE BUSINESS, AND THE OPERATING COSTS, WHICH FLOW OUT.

THE LITTLE SHOP OF ARROWS!



FOR THE BUSINESS TO BE VIABLE, INCOME MUST EXCEED OPERATING COSTS. BETTY ALSO NEEDS SOMETHING TO PAY FOR HER OWN LIVING EXPENSES—FOOD, SHELTER, CLOTHES, A MASERATI—AND THEN THERE'S A LITTLE SOMETHING MORE, THE EXTRA MONEY THAT MAKES CAPITALISM GO:

PROFIT.



WHAT'S THE POINT OF PROFIT? IF BETTY CAN COVER THE BAKERY'S EXPENSES AND EARN A SALARY, WHY DOES SHE NEED ANY MORE?

YEAH... WITH-
OUT PROFIT, SHE
COULD CUT PRICES!!

TRUE... BUT THE POINT IS
THAT PROFIT IS SOCIALLY
USEFUL!!

SH! DON'T
BOTHR THE
NICE MAN!

HUM...
AND SO...

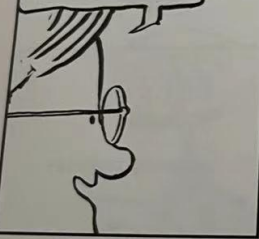


IN THE FIRST PLACE, PROFIT IS AN INCENTIVE TO INVEST. REMEMBER, BETTY PUT HERSELF AT RISK OF LOSING HER MONEY IF THE BAKERY FAILED. PROFIT IS HER REWARD FOR TAKING THAT RISK!

IN THE SECOND PLACE, PROFIT CAN BECOME CAPITAL FOR INVESTMENT IN NEW BUSINESS. PROFIT GENERATES ECONOMIC GROWTH!

HMM... IF IT'S SO SOCIALLY IMPORTANT, WHY DOESN'T SOCIETY OWN IT?

AFTER INTE
COTTAGEVIL
JOB TO ER



I'LL PRETEND
I DIDN'T HEAR
THAT!

SUPPOSE BETTY'S BUNS ARE SO POPULAR THAT THE BREAD RUNS OUT BEFORE EVERYONE IS SERVED.



SORRY!

WITH HER PROFITS, BETTY CAN EXPAND: BUY A NEW OVEN, MORE SUPPLIES, ETC. THIS WILL SATISFY MORE PEOPLE AND MAKE MORE PROFIT. EVERYONE WINS!

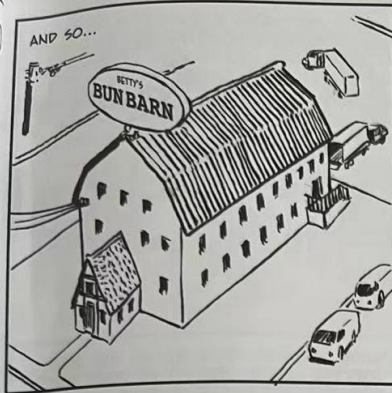
ON THE
ENOUGH
RAGS, AN
WASTE A



PROFIT MAKES
DREAMS COME
TRUE!

LATELY I'VE BEEN DREAMING
OF WORLD DOMINATION...
IS THAT HEALTHY?

A LIVING
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MIGHT C
THE CUS



AFTER INTERVIEWING HALF THE PEOPLE IN COTTAGEVILLE, BETTY OFFERS THE ASSISTANT JOB TO ERNIE WAGES.

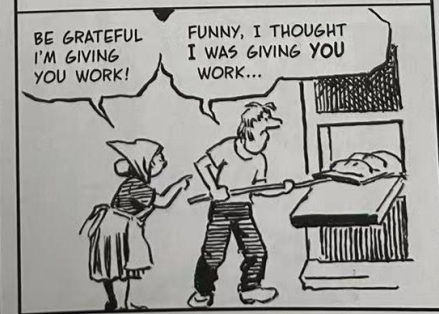


HOW MUCH DOES BETTY PAY HER NEW HIRE? HER SELF-INTEREST TELLS HER: AS LITTLE AS POSSIBLE.



ON THE ONE HAND, ERNIE HAS TO HAVE ENOUGH TO KEEP HIMSELF IN BREAD, BEANS, RAGS, AND A HOVEL. OTHERWISE, HE WOULD WASTE AWAY AND BE BAD FOR BUSINESS.

ON THE OTHER HAND, IF BETTY PAYS ANY MORE, HER PROFIT GOES DOWN, ALSO BAD FOR BUSINESS... AND SO, THERE BEING NO OTHER JOBS IN COTTAGEVILLE, ERNIE SIGNS ON FOR SUBSISTENCE WAGES.



WITH THE BUN BARN UP AND RUNNING, A NEW ISSUE ARISES:

COMPETITION

THE HEART AND SOUL OF CAPITALISM.



FOR SOME REASON, THEY CALL IT A "RAT RACE."



FOR EXAMPLE, BREAD BUYERS MAY COMPETE WITH EACH OTHER. WHEN BREAD IS IN SHORT SUPPLY, THEY BID UP THE PRICE.



ERNIE WAGES COMPETED FOR HIS JOB. WHEN JOBS ARE SCARCE, WORKERS BID DOWN THE WAGE THEY ARE WILLING TO TAKE.



THEN, ONE MOMENTOUS DAY, BETTY IS HORRIFIED TO DISCOVER A NEW BUSINESS, BOB'S BAGELBOX, OPENING ACROSS THE STREET. SUDDENLY, SHE ALSO FACES COMPETITION!



SUDDENLY THERE'S MORE BREAD, SO CONNIE SUMER, BETTY'S BEST CUSTOMER, STOPS BIDDING AND CROSSES THE STREET.

B-BUT-BRAND LOYALTY?

NOT MY ROLE HERE, BETS!

NOW BUSINESSES BID FOR CUSTOMERS. BOB SETS HIS PRICES BELOW BETTY'S, SO SHE HAS TO CUT HERS TO MATCH. PROFIT FALLS.

10% OFF everything

WELL, NOW...

BOB HITS BACK BY INTRODUCING NEW FLAVORS. AGAIN CONNIE CHEERS AND BETTY MOANS.

THIS AND THE THERAPY BILLS ARE KILLING ME...

OO! STRAWBERRY BACON!

AS THESE BUSINESSES GROW, SO DO OPPORTUNITIES FOR MORE BUSINESS. SOON COTTAGEVILLE SEES NEW FLOUR MILLS, TRUCKING FIRMS, BURLAP-BAG MAKERS, BUILDING CONTRACTORS, BANKS...

EVENTUALLY, THE NUMBER OF JOB OPENINGS OUTSTRIPS THE SUPPLY OF WORKERS, AND COMPANIES COMPETE FOR LABOR BY BIDDING UP WAGES.

I'LL PAY YOU \$10 AN HOUR!

\$12!

\$13!

\$16!

I'LL PAY \$11!

\$14!

IN SUM:

COMPETITION EXPANDS CONSUMER CHOICE, LOWERS PRICES, CUTS PROFITS, AND, IN A GROWING ECONOMY, RAISES WAGES.

WHY CAN'T EVERYONE ELSE COMPETE BESIDES ME?

TRULY, COMPETITION IS MARVELOUS...

... AS LONG AS IT DOESN'T GET OUT OF HAND, LIKE THE DAY BOB DECIDED TO INCREASE HIS MARKET SHARE BY SETTING BETTY'S BUN BARN ON FIRE.



WAY TO THINK OUTSIDE THE BOX, BOBBO!



BOB'S PYROMANIA HIGHLIGHTS THE NEED FOR RULES AND REFEREES IN THE CAPITALIST GAME, IN OTHER WORDS, LAWS AND GOVERNMENT. THE POLICE ARREST BOB AND TAKE HIM AWAY.

GOVERNMENT IS THE PROBLEM, NOT THE SOLUTION!!



GOVERNMENT'S ROLE IN CAPITALISM IS MORE COMPLEX AND DIFFUSE THAN THE SIMPLE SELF-INTEREST OF OWNERS, WORKERS, AND CONSUMERS. PAUL ITTICKS, MAYOR OF COTTAGEVILLE, HAS ALL SORTS OF GOALS AND DREAMS.

HI HOWAYA



MAKE PEOPLE HAPPY

BALANCE BUDGET

ENFORCE LAW AND ORDER

BOSS PEOPLE AROUND...

STIMULATE BUSINESS

SAVE THE WORLD

BE JUST AND MERCIFUL

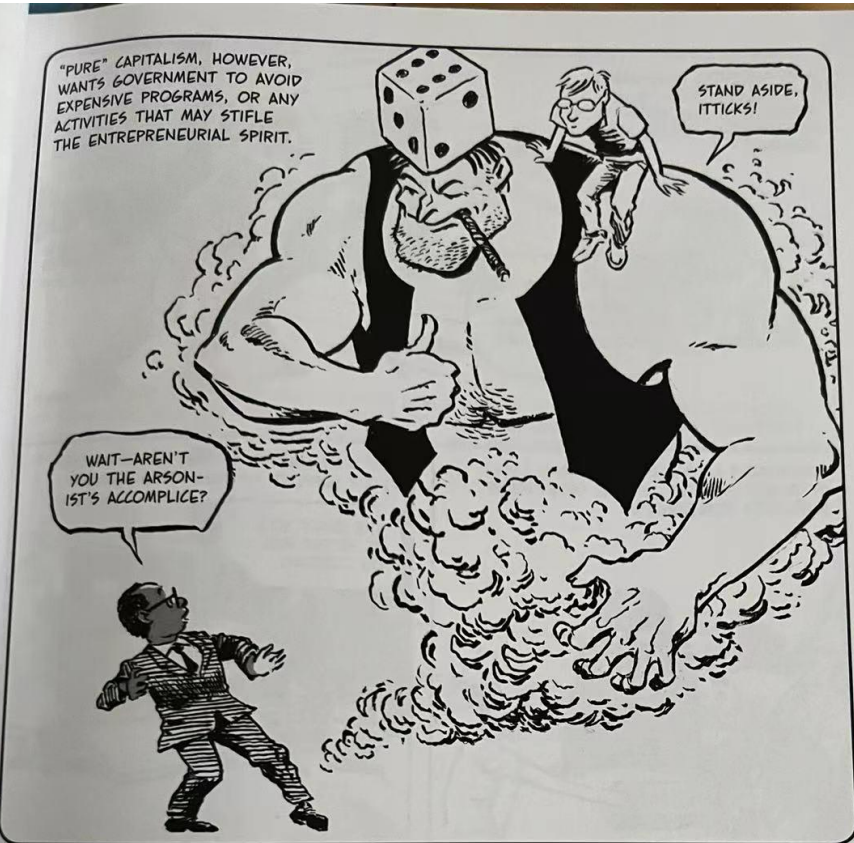
CRUSH MY OPPONENTS

BUILD SOMETHING HUGE AND VISIBLE WITH MY NAME ON IT.

"PURE" CAPITALISM, HOWEVER, WANTS GOVERNMENT TO AVOID EXPENSIVE PROGRAMS, OR ANY ACTIVITIES THAT MAY STIFLE THE ENTREPRENEURIAL SPIRIT.

STAND ASIDE, ITTICKS!

WAIT—AREN'T YOU THE ARSON-IST'S ACCOMPLICE?



NOT THAT CAPITALISM IS AGAINST SOCIAL WELFARE... BUT ITS MAIN CONCERN IS THAT GOVERNMENT SHOULD CONCENTRATE ON ENCOURAGING MORE CAPITALISM.

BECAUSE WHAT COULD GO WRONG?



WHAT ARE THESE CAPITALISM-FRIENDLY FUNCTIONS OF GOVERNMENT? ONE WE'VE ALREADY SEEN: PUTTING AWAY CRIMINALS.

DON'T YOU SEE? I'M STIMULATING THE ECONOMY BY INCREASING CONSUMPTION!

YOU DIDN'T JUST ROB A HOUSE, PAL, YOU ROBBED AN INSURANCE COMPANY.



GOVERNMENT ALSO ACTS AS THE FINAL JUDGE OF PRIVATE DISPUTES. THAT IS, GOVERNMENT ENFORCES CONTRACTS.



FOR INSTANCE, BETTY PROMISES TO PAY HER FLOUR SUPPLIER 30 DAYS AFTER DELIVERY.

THE CHECK WILL BE IN THE MAIL ON TUESDAY.

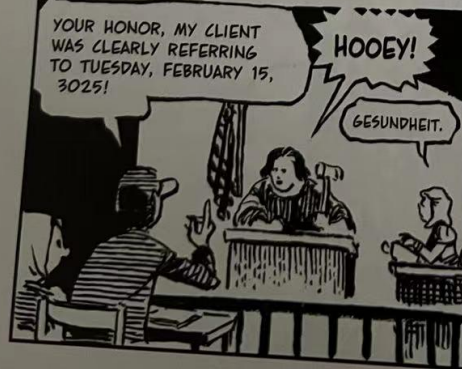


IF SHE DOESN'T KEEP HER PROMISE AND PAY, THE FLOUR COMPANY CAN TAKE HER TO COURT—A GOVERNMENT INSTITUTION.

YOUR HONOR, MY CLIENT WAS CLEARLY REFERRING TO TUESDAY, FEBRUARY 15, 3025!

HOOEY!

GESUNDHEIT.



IF THE JUDGMENT GOES AGAINST BETTY, GOVERNMENT CAN COMPEL HER TO PAY. IT CAN EVEN DRAW MONEY DIRECTLY FROM HER BANK ACCOUNT IF NECESSARY.

ALL IN THE INTERESTS OF FAIR PLAY!

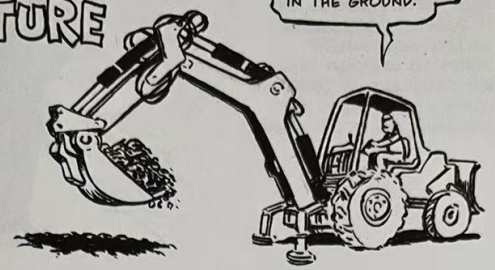


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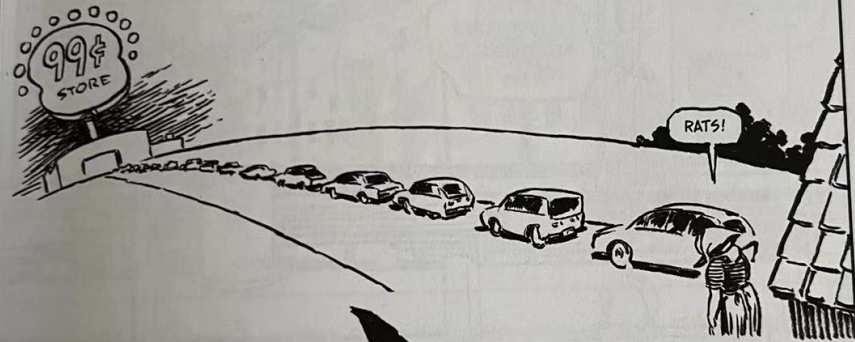
THE GOVERNMENT ALSO HELPS BUSINESS WITH

INFRASTRUCTURE

PROJECTS LIKE ROADS, BRIDGES, DAMS, ELECTRIC GRIDS, AND SEWERS. THESE JOBS ARE OFTEN TOO BIG OR UNPROFITABLE FOR PRIVATE BUSINESS, SO GOVERNMENT BUILDS AND MAINTAINS THEM.



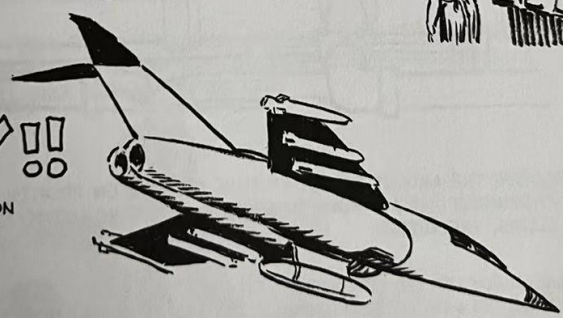
INFRASTRUCTURE DOES MORE THAN IMPROVE PUBLIC LIFE. IT ALSO AIDS THE CAPITALIST GOALS OF MORE COMPETITION AND OPPORTUNITY. ROADS AND CANALS ENABLE DISTANT BUSINESSES TO COMPETE WITH EACH OTHER, ALLOW WORKERS AND CONSUMERS TO MOVE MORE EASILY, AND CUT THE COST OF MOVING GOODS AND SUPPLIES.



AND LET'S NOT FORGET THE

MILITARY!!

BESIDES PROTECTING THE NATION FROM INVASION, GOVERNMENT'S ARMED FORCES ALSO SECURE ACCESS TO RAW MATERIALS, TRADE ROUTES, AND MARKETS FOR THE NATION'S BUSINESSES.



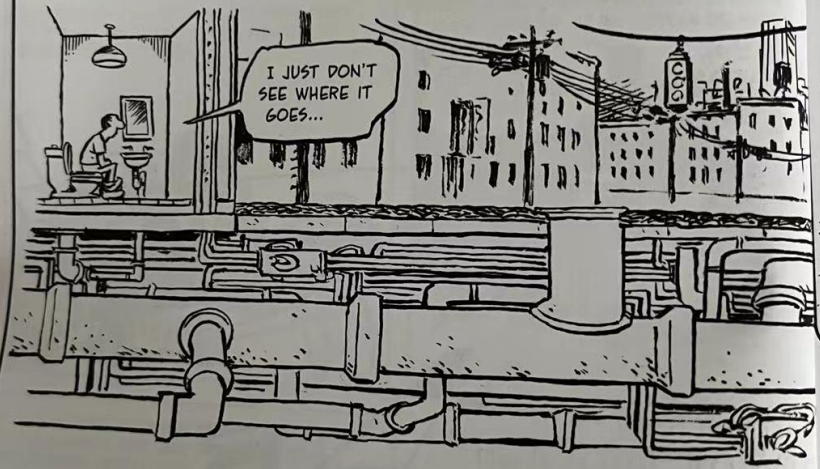
FOLLOW YOUR NOSE 'TIL YOU SMELL OIL...



DOING ALL THIS COSTS MONEY, SO GOVERNMENT MUST RAISE REVENUE. THIS IT DOES BY **BORROWING**—SELLING GOVERNMENT BONDS TO WHOEVER WILL BUY THEM—AND BY **TAXING**, COMPELLING CITIZENS AND COMPANIES TO GIVE IT CASH.



NOBODY LIKES HAVING MONEY TAKEN AWAY, SO EVERYONE COMPLAINS ABOUT TAXES DESPITE ALL THE BENEFITS.



BECAUSE THE AMOUNT OF TAX REVENUE DEPENDS ON PROFITS, PURCHASES, AND INCOME, GOVERNMENT HAS A STRONG INTEREST IN ECONOMIC ACTIVITY. THE MORE BUYING AND SELLING, THE BETTER!

"WE CANNOT LET THE TERRORISTS ACHIEVE THE GOAL OF FRIGHTENING OUR NATION TO THE POINT... WHERE PEOPLE DON'T SHOP."

—PRES. GEORGE W. BUSH





THESE, THEN, ARE THE FOUR BASIC ROLES IN CAPITALISM'S CAST OF CHARACTERS: BUSINESS OWNER-OPERATOR, CONSUMER, WORKER, AND GOVERNMENT.

OWNERS, CONSUMERS, AND WORKERS ARE SUPPOSED TO ACT PURELY IN THEIR OWN INDIVIDUAL SELF-INTEREST. IT'S THEIR JOB TO BE SELFISH AND COMPETITIVE.

I WANT THE GREATEST POSSIBLE PROFIT!

I WANT THE BEST POSSIBLE DEAL ON EVERYTHING!

I WANT TO MAKE THE BEST LIVING I CAN!

OWNER

CONSUMER

WORKER

GOVERNMENT IS DIFFERENT. ITS MAIN GOAL IS A ROBUST CAPITALIST ECONOMY, RUNNING ACCORDING TO THE RULES. GOVERNMENT SHOULD FOSTER COMPETITION AND OPPORTUNITY, MEANING THAT CITIZENS MAY ALL SEEK GAIN WITHIN THE LAW.

I WANT THE BEST POSSIBLE RAT RACE!

THIS CAPITALIST IDEAL WAS FIRST DESCRIBED BY SCOTSMAN

ADAM SMITH

(1723-1790), THE GRANDDADDY OF FREE-MARKET THEORY.



HIS CELEBRATED 1776 MASTERPIECE *THE WEALTH OF NATIONS* ARGUES FORCEFULLY FOR TWO PRINCIPLES, CONSIDERED HIGHLY DARING AT THE TIME.

1.

AN ECONOMY, IN FACT, A SOCIETY, DOES BEST WHEN PEOPLE ARE FREE TO ACT IN THEIR OWN **SELF-INTEREST**. CAPITAL'S PURSUIT OF PROFIT LEADS TO INVESTMENT IN THE MOST PRODUCTIVE AND USEFUL ACTIVITIES. IN SMITH'S FAMOUS PHRASE, THE INDIVIDUAL IS "LED BY AN INVISIBLE HAND TO PROMOTE AN END WHICH WAS NO PART OF HIS INTENTION... BUT PURSUING HIS OWN END, HE FREQUENTLY PROMOTES THAT OF SOCIETY MORE EFFECTUALLY."



STRANGE... I AM HAVING AN URGE TO INVEST IN TACO TRUCKS...

2.

COMPETITION IS GOOD. BUSINESS COMPETITION REDUCES PRICES, RAISES QUALITY, ENHANCES CHOICE, AND—WHEN COMBINED WITH POINT 1—FOSTERS GROWTH, WHICH IN TURN, RAISES WAGES. EVERYBODY WINS, EXCEPT FOR THOSE WHO FAIL BY MAKING STUPID INVESTMENTS IN SOCIALLY USELESS PURSUITS.



ADAM SMITH'S IDEAS SHOCKED MANY PEOPLE. AFTER ALL, HE WAS ADVOCATING **UNIVERSAL SELFISHNESS**. TO ACHIEVE PROGRESS, HE SAID, EVERYONE MUST STRIVE TO GET **MORE**: MORE PROFIT, MORE PAY, MORE STUFF FOR THEIR MONEY. THIS WAS UNHEARD OF, AGAINST COMMON SENSE, AND SURELY UNCHRISTIAN. HOW CAN GREED BE GOOD?

WHAT WOULD JESUS DO?

HIRE AN EFFICIENCY EXPERT.

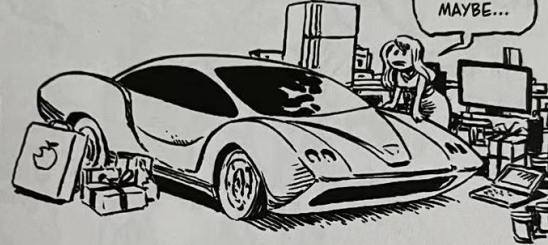


MANY PEOPLE STILL FIND IT A CHALLENGING THOUGHT. DOES HUMANITY'S WELL-BEING REALLY DEPEND ON MAXIMIZING ECONOMIC ACTIVITY?

HAPPY YET?



SORT OF... ALMOST... MAYBE...



YET, SHOCKING OR NO, ADAM SMITH'S IDEAS HAVE TAKEN HOLD. ECONOMICS DEPARTMENTS AND GOVERNMENTS, ESPECIALLY IN THE ENGLISH-SPEAKING WORLD, HAVE MADE THE WEALTH OF NATIONS THEIR BIBLE.

DON'T BE JEALOUS!



STILL, NO SYSTEM IS PERFECT, AND CAPITALISM DOES HAVE POTENTIAL FOR CONFLICT. BUSINESS OWNERS' INTERESTS IN SOME WAYS RUN AGAINST THE INTERESTS OF WORKERS AND CONSUMERS. BETTY WANTS TO MAXIMIZE PROFIT AND TO CHARGE THE HIGHEST PRICES THE MARKET WILL BEAR, WHILE ERNIE WANTS HIGH WAGES AND CONNIE WANTS LOW PRICES.

	OWNER WANTS	WORKER WANTS
WAGES	LOWER	HIGHER
PROFITS	HIGHER	LOWER

	OWNER WANTS	CONSUMER WANTS
PRICES	HIGHER	LOWER
PROFITS	HIGHER	LOWER

NO WO
MANY L
AND TH
HAVE C
FOR TI
WAY O
BUSINE

YOU WERE PERFECTLY WELL AWARE OF THIS, WEREN'T YOU, A.S.?



"THE INTEREST OF... DEALERS... IS ALWAYS IN SOME RESPECTS DIFFERENT FROM, AND EVEN OPPOSITE TO, THAT OF THE PUBLIC."

SMITH WOULD HAVE THESE CONFLICTS RESOLVED BY A WISE AND PRINCIPLED GOVERNMENT, DEDICATED TO MORE FREEDOM AND COMPETITION. ONLY ECONOMIC GROWTH, HE ARGUED, COULD BRING PROSPERITY FOR ALL.

"THE C
SET O
THEN
IS A C
CAPITA

IN THE YEARS SINCE HIS CLASSIC WAS PUBLISHED, CAPITALISM HAS SUCCEEDED SPECTACULARLY, LIFTING BILLIONS OF PEOPLE, FROM SEOUL TO BANGALORE, OUT OF POVERTY.



I'M SORRY I MISSED IT...

TH
SE
TH
YO

NO WONDER SO MANY LEADERS AND THINKERS HAVE CHEERED FOR THIS GREAT WAY OF DOING BUSINESS!



"A PEOPLE... WHO ARE POSSESSED OF THE SPIRIT OF COMMERCE, WHO SEE, AND WHO WILL PURSUE THEIR ADVANTAGES, MAY ACHIEVE ALMOST ANYTHING."

-GEORGE WASHINGTON

"THE ONLY WAY THAT HAS EVER BEEN DISCOVERED TO HAVE A LOT OF PEOPLE COOPERATE TOGETHER VOLUNTARILY IS THROUGH THE FREE MARKET."

-MILTON FRIEDMAN, ECONOMIST

"THE CAPACITY TO ENVISION A SET OF FUTURE EVENTS AND THEN ACT TO FULFILL THEM IS A CENTRAL SOURCE OF CAPITALISM'S STRENGTH."

-WILLIAM GREIDER, WRITER

"CAPITALISM HAS CREATED THE HIGHEST STANDARD OF LIVING EVER KNOWN ON EARTH."

-AYN RAND, WRITER

"I'VE ALWAYS BEEN A STRONG BELIEVER IN THE POWER OF THE FREE MARKET."

-BARACK OBAMA

"THE AMERICAN FREE ENTERPRISE SYSTEM HAS BEEN THE GREATEST ENGINE FOR PROSPERITY THE WORLD HAS EVER SEEN."

-TED CRUZ, SENATOR



THANKS FOR THE SNAPPY PRESENTATION, CAPPY... BUT AREN'T THERE SOME OTHER QUOTES YOU MIGHT HAVE MENTIONED?

HM?



YOU KNOW... WHAT ADAM SMITH WROTE IN THE WEALTH OF NATIONS ABOUT THE PITFALLS OF FREE ENTERPRISE!

OH... THAT...



ON HOW OWNERS BEHAVE:

"PEOPLE OF THE SAME TRADE SELDOM MEET TOGETHER, EVEN FOR MERRIMENT AND DIVERSION, BUT THE CONVERSATION ENDS IN A CONSPIRACY AGAINST THE PUBLIC, OR IN SOME CONTRIVANCE TO RAISE PRICES."

ON POLITICAL INFLUENCE:

"WHENEVER THE LEGISLATURE ATTEMPTS TO REGULATE THE DIFFERENCES BETWEEN MASTERS AND THEIR WORKMEN, ITS COUNSELLORS ARE ALWAYS THE MASTERS."

ON WHAT THAT INFLUENCE TENDS TO BE:

"A PROPOSAL OF ANY NEW LAW OR REGULATION OF COMMERCE WHICH COMES FROM [OWNERS] OUGHT ALWAYS TO BE LISTENED TO WITH GREAT PRECAUTION, AND OUGHT NEVER TO BE ADOPTED TILL AFTER HAVING BEEN LONG AND CAREFULLY EXAMINED NOT ONLY WITH THE MOST SCRUPULOUS, BUT WITH THE MOST SUSPICIOUS ATTENTION. IT COMES FROM AN ORDER OF MEN WHOSE INTEREST IS NEVER EXACTLY THE SAME WITH THAT OF THE PUBLIC, WHO HAVE GENERALLY AN INTEREST TO DECEIVE AND EVEN TO OPPRESS THE PUBLIC, AND WHO ACCORDINGLY HAVE, UPON MANY OCCASIONS, BOTH DECEIVED AND OPPRESSED IT."



THESE CAUTIONS SUGGEST THAT REAL-WORLD CAPITALISM MAY NOT BE THE PURE COMPETITION IMAGINED BY ADAM SMITH...

IN THE NEXT CHAPTER, WE LOOK AT HOW FAR CAPITALISM CAN BE FROM CAPPY'S LITTLE FOUR-CHARACTER FABLE... AND IN THE PROCESS, WE DISCOVER THE ANSWER TO THIS QUESTION: HOW DOES CAPPY FREEMARK MAKE HIS MONEY?

HEY! THAT'S MY BUSINESS!

