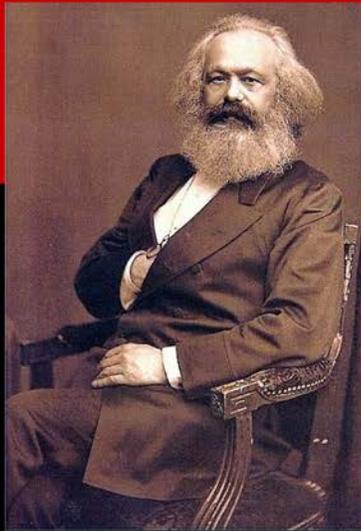




# **Natural Law and the Theory of Economic System Fluidity**

**Marx and Rand together in  
perfect harmony**



**Why what we use  
as Money Matters  
Volume VI**

**By David Mint**

# **Natural Law and the Theory of Economic System Fluidity**

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**Why what we use as Money Matters - Volume VI**

**By David Mint**

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Adaptation of a portrait of [Karl Marx](#) taken before August 24, 1875 from the [International Institute of Social History](#) in Amsterdam beside a photograph taken by [Michael Greene](#) of the [Atlas sculpture](#) by [Lee Lawrie](#) located in New York City superimposed over a representation of both the Anarcho-Capitalist flag and the flag of the Soviet Union.

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#### **Nature's struggle: An introduction**

The natural world strives daily to achieve a perfect state of balance. Events and occurrences that, taken by themselves, appear chaotic and devoid of meaning are together part of a constant rebalancing of the earth's delicate state. Each event is a splash of color across an oppressive gray sky that hints at a rainbow that will soon appear.

The natural world exists in a constant state of subtle agitation and violent quakes, yet each and every ebb and flow in the natural world is the physical expression of its desire to achieve a state that by definition will never be perfected:

Homeostasis.

Homeostasis, the tendency toward a relatively stable equilibrium between interdependent elements, is a state of being that all at once already exists and ultimately will never exist, for the natural world's constant striving towards this state ensures that a perfect balance can never be achieved.

Yet despite the seemingly constant struggles in the natural world, it is ultimately obedient to a firm set of rules. The clashes between immovable objects and irresistible forces, the interplay between predator and prey, and the aggregation of slow processes which unite to cause large scale natural spectacles and events, are themselves the living proof of the immutable natural laws that they are governed by.

Mankind, for all of its virtues, has tacitly adopted a large-scale delusion with regards to the natural world. The delusion is this, that all of nature's struggles, interplays, and slow processes can be tamed or manipulated to bring about a constant state of balance in which he can plan, build, and operate with a high degree of certainty.

The widespread belief in this delusion, while seemingly noble and painstakingly practical, has flourished and proliferated under the current monetary system, in which the monetary premium, the highest expression of value that can be attributed to a good, has been completely removed from the

natural world and is largely attributed to debt instruments, which ultimately rest on nothing more than the well intended promises of men.

Mankind's day-to-day activities, which are the result of the choices that each man or woman individually make, often unconsciously, are largely dedicated to obtaining control of a greater portion of the monetary premium. If this is true, it would hold that the activities of mankind, to the extent that they succeed in their pursuit of the monetary premium, serve to throw the natural world ever further out of its delicate balance, which in turn gives rise to nature's need to rebalance itself in order to comply with the incessant demands of natural law.

This volume, which forms the ideological basis for the previous five and all subsequent volumes in the [\*Why what we use as Money Matters series\*](#), deals with natural law and mankind's most suitable response to its many and varied demands, the capitalistic system.

It does so by presenting the tenets and benefits of the true capitalistic system, a system rooted in the principles of freedom and private property. It further examines the specific demands of natural law and mankind's failed response to it, which is the large-scale socialist system that is violently forced upon mankind through the mechanism of large-scale government. The concept of the large-scale socialist system is referred to throughout this volume as a product of the "might makes right," mentality.

Finally, it presents the Theory of Economic System Fluidity as the basis for understanding the tendency of mankind to pursue socialist ideals on a small scale while competing in the truly capitalistic system on a larger scale. The theory provides a coherent understanding of how economic harmony may be achieved in a world that on the surface appears to be gravitating towards the painful consequences of the ideological polarization demanded by strict adherence to either the virtues of capitalism or the socialist ideal.

The present day predominance of a large-scale socialist system has made possible the current monetary experiment in which central bank debt obligations have garnered an inordinate share of the monetary premium over the past forty years.

While mankind is a mere forty years into the present monetary experiment, the effects of the removal of the monetary premium from the natural world are already evident, and the staggering consequences are manifesting themselves in the natural world through a phenomenon that has taken on the label of climate change.

This label is woefully misleading, as the climate is not simply changing, rather, the whole of the natural world is becoming increasingly unstable as it desperately seeks to balance the activities of men, which previously worked in relative harmony with nature, with the immutable demands of natural law.

The current debt based monetary system and its tendency towards centralized planning and decision making has not only caused significant imbalances in trade and resource allocation, it is increasingly causing the earth itself to react more and more violently as it alone strives to comply with the demands of natural law. For mankind, once the earth's unwitting yet faithful custodian, has become its well-meaning adversary.

The root of this growing antagonism between man and nature is the forced misallocation of the monetary premium, and the only remedy is to return this premium to its rightful place in the natural realm. For so long as it rests solely on central bank debt instruments and digitally created currencies, the power of the monetary premium is in the employ of the most destructive force on the planet, the uninhibited hopes and dreams of mankind.

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## **A Tale of Two Responses to Anarchy**

In the current economic debate that rages between the productive virtues of what is referred to as capitalism and the humanistic virtues of the socialist ideal, it has become fashionable to assume that the virtues of one system, were its guiding principles put into action at once by all of the members of society, would eventually bring about the virtues promised by the other system in a peaceful manner.

This narrow, apologetic view taken by capitalists and socialists alike ignores the fact that the systems are wholly incompatible. It also ignores the fact that mankind is in a constant struggle to bring order to surroundings that are inherently anarchic in nature. The only laws that must be adhered to are natural laws, which are explored in [section II](#) of this volume.

For purists on either side of the ideological fence, compromise on any point is a slippery slope, and in the sense that the two systems are wholly incompatible, this extreme view is technically correct. However, most economists miss the fact that it is perfectly normal and beneficial for each

system to operate side by side. In fact, it is the only way in which mankind can reap the benefits of both systems at once.

All humans live and operate in both systems to some extent. The capitalist system is best equipped to organize resources on a grand scale and provide material goods for the greatest number of people, while the socialist system offers a refuge from the rigid and unrelenting demands of the capitalist system's incessant responses to anarchy and the demands of natural law. This refuge is commonly referred to as the family, and it can be observed operating the world over in all shapes and sizes.

The inescapable fact that capitalism and socialism are at once incompatible and completely reliant upon one another is the basis for the Theory of Economic System Fluidity.

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## **SECTION I - TRUE CAPITALISM**

### **The Tenets and Benefits of True Capitalism**

The Theory of Economic System Fluidity cannot be understood in a vacuum. Nor can it be understood as a unified appeal to natural law. It must be approached in a piecemeal fashion through an exploration of its lesser-understood components, namely, true capitalism and natural law.

In what on the surface may appear yet a further paradox, it is necessary to begin this volume not with an explanation of natural law, as logic may suggest, but with an exploration of the basis of the truly capitalistic system.

For the capitalist system, in its purist form, is a relentless attempt to bring the activities of mankind into compliance with the incessant and ever changing demands of natural law. It is in no way an overstatement to declare that the capitalist system is an expression of mankind's most adequate response to nature's demands. If anything, it is a gross understatement of the system's importance.

While most persons in the economic discipline readily grasp the concept of capitalism, the concept of natural law is elusive to the average economist. Its precepts are entwined with philosophy, metaphysics and many other disciplines that, like the charge of racketeering, cover a lot of ground. As this volume deals with natural law from a primarily economic perspective, the

shortest path to understanding natural law for the economist (and most laymen) is through the very lens of capitalism itself.

However, the capitalist system, as the label is understood today, is at best an incomplete and at worst a severely distorted expression of true capitalism. The term true capitalism is used in this volume to clearly differentiate the current day capitalistic system, which embraces many characteristics of socialism, from the truly capitalistic system that consists of mankind's most effective response to the demands of natural law.

### **What is true capitalism?**

True capitalism is man's most perfect expression of democracy

True capitalism enables Justice

True capitalism enables equality

True capitalism enables true widespread prosperity

True capitalism is born in and comfortable with Anarchy

True capitalism is radically trusting in people

When people refer to a breakdown of society, what they are often referring to is a general breakdown of trust. If there is to be hope for the future, mankind must collectively learn to trust each other again. True capitalism is a constant test of trustworthiness, and a betrayal of trust is quickly and harshly dealt with within its confines. Conversely, those who are found trustworthy stand to be richly rewarded in a truly capitalistic system. The system's meting out of natural rewards and consequences serves to increase general trustworthiness.

It then follows that True Capitalism works to improve society by carrying out the natural consequences of actions in a rapid and impartial manner. It encourages men and women to serve one another as they find that serving one another is in their mutual interest. In fact, it is in their rightly understood self interest (to quote Ludwig Von Mises) to serve one another.

### **What are the tenets of true capitalism?**

True capitalism is a radical respect for both life and private property. It is the recognition that the right of an individual to life and private property are inviolate and that individuals, assured that their life and property are not

endangered, will reap the fullest benefits of the division of labor and mutual cooperation which men and women on this earth are capable of.

Participation in the true capitalistic system is not voluntary, for true capitalism is not an idealistic concept, rather, it is an ultimate given (for this reason, socialism is not an alternative to true capitalism, it is a subsystem that operates within the framework of true capitalism). Apart from participation, however, all other actions and agreements that do not violate another's right to life or rightly acquired private property are completely voluntary.

Apart from being a part of the system, nothing done in the truly capitalistic system is obligatory. This is where true capitalism differs from what has come to bear the label known as "crony capitalism," the system in which most of the world currently operates which is full of random taxes, fees, regulations, and laws which require compulsion or coercion by a nation state in order to ensure compliance.

In the truly capitalistic system, actions such as paying an entity or observing a regulation may be strongly advisable to the point of being considered a necessity, but even these highly advisable actions are not taken under compulsion or the threat of violence by a nation state or another actor in the system.

In a truly capitalistic system, the best way to get ahead (obtain more opportunities, leisure, or whatever else one desires to pursue) is to make oneself useful to his or her fellow man or woman. The nature of the system is to reward those who best serve others. Those rewarded then find themselves able to consume goods and services freely produced by their fellow man by using the resources they have obtained by doing the same.

Voluntary adherence to the demands of the truly capitalistic system creates a virtuous feedback loop where he or she that is the greatest will be the servant of all.

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## **True Capitalism as Natural Law**

If one lifts the veil of the machinations of today's nation state to expose the inherent anarchy in which the nation states of the world operate, it is clear that true capitalism is more than an ideal, it is part of the operation of the very

natural laws to which adherence to the system enables mankind to adapt and react to.

Far from being radical ideas which float around on the fringe of public discourse, true capitalism and by extension, anarchy, are ultimate givens within which the current system of nation states are forced to operate. Upon further examination of these facts, it becomes clear that the nation states of the world have largely embraced an ideology that is best understood as "might makes right," a system where the most expedient way to get ahead is by resorting to violence to force submission to the will of the governing class.

The resulting arms race that is the logical outcome of adherence to the might makes right ideology is the antithesis of the striving to better serve one another which is the measure of success in the truly capitalistic system. The negative side effects of resorting to the extreme actions ultimately demanded by adherence to the might makes right ideology such as genocide and widespread famines are politely explained away by the apologists as "survival of the fittest."

Are not the protections of the nation state justified as a preferable state of being to that of mankind collectively facing their anarchic surroundings stripped of its protections? It is true that if the nation state were to immediately disband, anarchy would reign in its place. However, this condition will not persist, as an anarchic state demands an almost immediate collective response.

Unfortunately, many individuals believe that anarchy would lead to perpetual chaos. However, quite the opposite is true. For out of anarchy, the truly capitalistic system would organically emerge, and with it a new dawn for humanity, built on mutual interest and almost endless capital formation which will engender a spontaneous and dynamic social order; a society without borders that would enjoy freedom and prosperity that mankind cannot even imagine under current conditions.

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## **True Capitalism: Superior to and incompatible with the Nation State**

One's ability to act and react to the rapid changes in the current political and social structures, circa 2013, depends upon accepting and embracing true

capitalism as the basis for reality and learning to operate in the truly capitalistic system which organically emerges as mankind learns that mutual trust and cooperation are in its rightly understood self interests, and that he who is to lead must truly become the servant of all.

To truly embrace true capitalism, it is necessary to understand something about the nature of mankind. First and foremost, man, left to his own devices, is completely devoid of the ability to do the right thing. He doesn't have it in him. He is lazy, self-serving, and completely evil. He needs God and the encouragement of his fellow man to be able to do anything productive, altruistic, or remotely good. A full defense of this assertion is beyond the scope of this volume. It is sufficient to state that the evidence of man's moral decay is on display daily in the world's periodicals, if not in one's personal experience. It is mentioned here only to underscore the need for a framework within which mankind can avoid both self and mutual destruction.

There is only one reliable framework that has emerged to address the inherent problem of human nature and at the same time turn mankind's weaknesses into strengths. This framework is true capitalism. By allowing market forces to work with as little hindrance as possible, mankind can insulate itself from descending into chaos and catastrophe.

The previous chapter concluded with the following bold declaration:

*“The truly capitalistic system would organically emerge, and with it a new dawn for humanity, built on mutual interest and almost endless capital formation which will engender a spontaneous and dynamic social order, and a society without borders that would enjoy freedom and prosperity that we cannot even imagine under current conditions.”*

The greatest virtue of true capitalism is the speed with which it corrects human errors in judgment. Bad ideas, malinvestment, fraud, even violent and property crime are often quickly dealt with within its framework.

Why? The reason that true capitalism is able to quickly jettison mankind's less desirable tendencies is that the consequences of erroneous actions are left to fall squarely upon those whom have made the errors, and consequently do not weigh on those who have not. Conversely, those who have made them are allowed to enjoy the benefits of good decisions and actions. The education of men as to which actions are advisable and which are to be avoided is progressive and ongoing.

Who sets the rules? By definition, there are no rules apart from what has been mutually agreed upon by consenting parties. That said, it is easy to imagine how quickly a myriad of rules may spring forth in a truly capitalistic society. The key difference between the mutually agreed upon rules and those imposed by governmental decree is that compliance with the agreed upon rules under true capitalism is voluntary, making compliance far more likely. For to violate the rules of an agreement is to forfeit the advantage imagined to be gained by entering into the agreement.

Even the primordial requirements of the right to life and property would organically be honored, for they are primordial to all humans, whether they readily admit it or not. Being primordial, the securing of both life and property would be amongst the first series of contracts that any person would seek to enter into, whether directly or indirectly. Were society allowed to progress to such a point, it may take the form of tacitly understood mutual peace accords between every member of society. It is not so difficult to see, through this lens, that this myriad of small-scale peace accords would be preferable to reliance upon the fickle peace accords entered into by nation states with standing militaries.

Despite the ability to freely enter into agreements at one's own discretion, all of mankind is completely subject to natural (or divine, as one prefers) law. While all humans are subject to the demands of these immutable laws, it is true capitalism that allows for the fullest and most complete expression of the operations of natural law to guide the actions of men.

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## **The Nation State's campaign against True Capitalism**

To fight true capitalism, mankind's least flawed response to his surroundings, is to cause or submit to chaos and misery. Yet every nation on the planet is working to some degree towards hindering the natural operation of true capitalism within its domain.

Why would the current system of nation states act in opposition to a system that is beneficial to the whole of mankind? One reason for this is that the nation state, under the guise of being the most perfect expression of man's good intentions, today occupies the role as chief arbitrator between men. Another, perhaps more sinister reason, is that the existence of the nation state is portrayed as a sort of Robin Hood, a faceless bureaucracy which legitimizes

the otherwise indefensible action of taking from some and giving to others. While the poor imagine that they are receiving from the rich, the nation state more often than not operates in a manner that enables the rich to receive from the poor.

The role of both chief arbitrator and Robin Hood could be fulfilled in a much more efficient and just manner by allowing true capitalism to operate unhindered. However, the leap from the presumption of being protected from others to full trust in others is, for many, an impossible one to make.

As the system of true capitalism is essentially in direct competition with the nation state, it is only natural that the two systems would be the antithesis of one another. Where the nation state regulates by edict, true capitalism regulates by example. Where the nation state is rigid, true capitalism is pliable. Hence, where true capitalism will bend but never break, the nation state is repeatedly smashed to pieces when faced with change.

Moving to a more practical level, how can one be certain that true capitalism is best suited to form the basis society? The proof lies in the fact that nation states, the institutions which supposedly offer the best option to that of embracing true capitalism, are beginning to succumb to the punishments they have built up in their losing fight against it.

True capitalism is now trumping the nation state, and the phenomenon that is currently playing out in Greece and throughout Europe will play out in nearly every western democracy as the nation state is shattered under a mountain of debt and broken promises. When the nation states breath its last, true capitalism, the system that has been there all along, waiting patiently to be acknowledged, will rush in to fill the void left by its collapse.

Thankfully, natural law will not change, and one does not have to wait for the collapse of the nations to begin living in harmony with it. Rather than spending an inordinate amount of time and effort willfully complying with every bureaucratic whim of the nation state, one's time could be better spent understanding the immutable truths of natural law.

Understanding and working in harmony with natural law will not only assist in complying with the demands of the nation state when called for, it will prepare the adherent to operate in a world where the nation state no longer exists.

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## **True Capitalism vs. Might Makes Right**

True capitalism is the economic system that is mankind's most productive response to the state of anarchy in which it finds itself. Far from being an undesirable reign of chaos, anarchy, the absence of government, is the natural state of man. If anarchy is simply a natural state that cannot be altered, then it is man's response to anarchy that must be examined, not anarchy itself.

In response to this natural state, man has two options: He can choose to mutually cooperate with his fellow man, respecting both his fellow mans' right to live and his right to property, or he can choose to lay claim to his fellow mans' life and property through the use of force.

In other words, man may choose the path of true capitalism or might makes right. Ideologically, there is no middle ground. In practice, men live at various points on the spectrum between these two extremes.

In the previous chapter, it was shown that the system of nation states that is the basis of the current international system is incompatible with the truly capitalistic system. The reason for this incompatibility is that the ideological basis upon which all of the nation states on the planet have come into existence, the principal of might makes right, is the ideological antithesis of true capitalism. As such, the nation state's actions tend to hinder the efforts of its citizens to respond to the incessant demands of natural law.

No matter how much freedom a nation state may allow its citizens, it must be recognized that the nation state stakes its claim on the individual's life at birth, by declaring them a citizen and, in many cases, requiring either military service or registration to be conscripted into military service should the nation state deem it necessary. The nation state then stakes its claim on the individual's property through either taxation or a myriad of rules and regulations regarding the use of said property. More commonly, both methods of confiscation are employed.

Far from being an ultimate given, the nation state, at its basic level, is a created entity that provides varying levels of security and welfare services. What differentiates the nation state from other agencies providing security and welfare services (such as security firms and insurance companies) is that the nation state enjoys a geographic monopoly which it enforces by both the threat and use of violence against both foreign invaders as well as what may be accurately described as its captive audience, otherwise known as citizens.

This is the world today, and any sober look at the facts will lead one to conclude that mankind has chosen to pursue might makes right as the dominant response to its anarchic natural state.

Yet there is a better way. True freedom and prosperity can be found almost immediately by merely embracing true capitalism and abandoning the might makes right doctrine. In contrast to might makes right, the act of changing mankind's response to anarchy from the doctrine of might makes right to true capitalism cannot be achieved by resorting to violence, for by definition, resorting to violence is simply a furthering of the might makes right response, not a legitimate step towards a truly capitalistic society.

Rather, the only type of revolution that would naturally bring about a truly capitalistic society involves rejecting all aspects of the might makes right doctrine. It involves renouncing any and all choices which make use of violence, whether undertaken personally or by directing the nation state to use violence on one's behalf, to take the life or property of another while at the same time asserting one's rights to have their own life and property respected as inviolate.

In practice, this type of revolution would take place peacefully by adhering to the doctrine of non-resistance. This revolutionary doctrine is further expounded upon in the great works referenced in the [Appendices](#) of this volume, as well as in Volume IV of this series entitled [What is Truth? On the Nature of Empire](#).

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## **The Characteristics of a Truly Capitalistic Society**

What would a truly capitalistic society look like? On the surface, a truly capitalistic society may not look that different from the current structure of things. There may arise security and insurance companies that serve geographical areas in tandem in such a way that they closely resemble the current nation state structure. However, assuming that the paradigm is changed and man truly embraces truly capitalistic ideology, nobody will be compelled under the threat of violence to be a client of the security or insurance company. Rather, individuals who choose to hold property would be free to choose between defending and securing their own property and income streams or voluntarily contracting with the security and insurance companies for these services.

In a truly capitalistic society, the division of labor would flourish and the property and resources would quickly pass from unproductive hands to productive hands, organically balancing the competing goals of maximizing output and capital preservation.

Companies who abuse their clients would quickly be abandoned and weakened while those who deliver the best service and value to their clients would prosper and attract more clients. This rule naturally applies equally to security and insurance companies in stark contrast to the monopoly on these services currently claimed by the nation states of the world.

The lack of compulsion under the threat of violence is the key difference between the ideologies of true capitalism and might makes right. The doctrine of might makes right naturally engenders fear and evokes a response to others based on this fear. True capitalism engenders, encourages, and rewards trust and evokes a response of trust in others. It is upon this inherent basis of trust that a truly free and prosperous society blossoms.

The choice between true capitalism and might makes right is one which must be made. The world's anarchic state demands a response, and these two options are the only responses known to mankind. All other supposed choices are simply points on the spectrum between these extremes, but the choice of guiding ideology determines the direction that mankind and societies are gravitating towards along this continuum.

The ideologies of true capitalism and might make right are opposing magnets, and remaining at a point in between them on the continuum is not an option, for society is always being pulled in one direction or the other depending upon the dominant ideology adopted by the majority at any given time.

If mankind is to live in peace and toil successfully in response to the demands of natural law, the pull of the magnet of true capitalism must be the more powerful of the two in the hearts and minds of the majority. It is not simply a question of economic philosophy; it is a matter of life and death.

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## **SECTION II - NATURAL LAW**

**Natural Law: the transcendental importance of Supply, Demand, and Equilibrium Prices**

Before diving into the broad subject of natural law, a brief review of [section I](#) will greatly aid the context in which natural law is being approached in this volume.

In section I, it was established that anarchy, the lack of government, is mankind's natural state. It is an ultimate given, and a clear understanding of the current state of affairs depends upon grasping this inescapable fact.

In response to anarchy, mankind has two choices. He can choose to mutually cooperate with his fellow man, respecting both his fellow man's right to live and his right to property, or he can choose to lay claim to his fellow man's life and property through the use of force.

In other words, man may choose the path of true capitalism or might makes right. Ideologically, there is no middle ground. In practice, men live at various points on the spectrum between these two extremes.

True capitalism is the response which creates the greatest benefits to society in terms of peace, security, capital accumulation, and material prosperity while the ideology of might makes right, by definition, is the antithesis of true capitalism and consequently would create the greatest detriment to society.

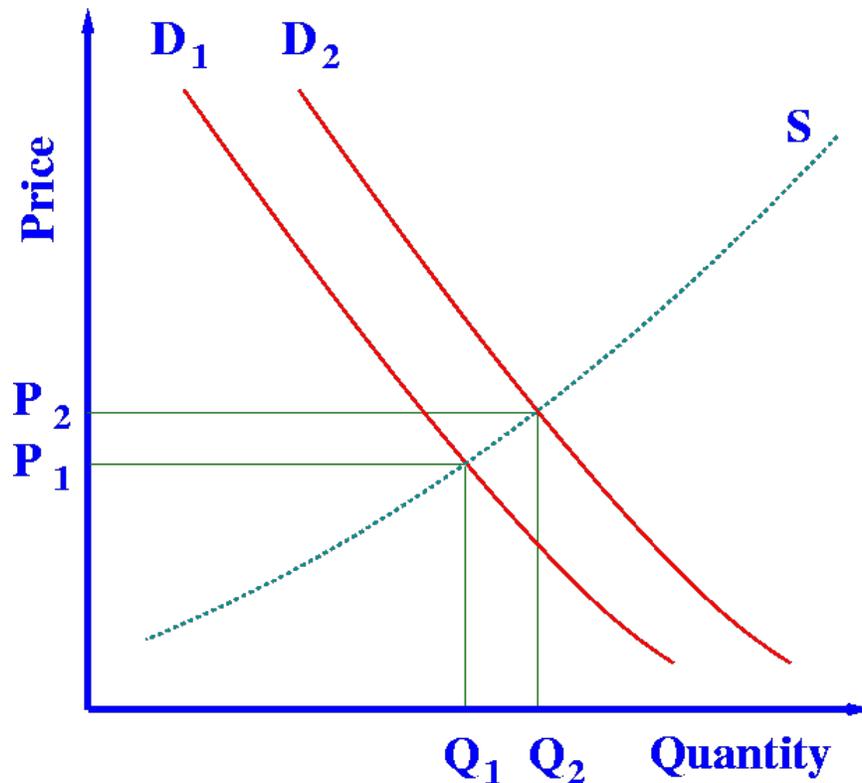
Ironically, all of the nation states in existence derive their power from the adoption of the might makes right ideology by a majority of the people. How, then, can one be certain that true capitalism is the proper response to anarchy if the majority has clearly embraced the doctrine of might makes right?

The proof of the superiority of true capitalism is that it allows man to best adapt and react to the inescapable demands of natural law. Like anarchy, natural law is immutable. It simply is. Mankind is bound to it whether the majority chooses to recognize it or not. It does not change, for its statutes are etched in the foundations of the earth itself. It is as [Ayn Rand stated](#): *"You can ignore reality, but you can't ignore the consequences of ignoring reality."*

For purposes of this exploration, the reality that Rand refers to in the above quotation is natural law. Natural law may be ignored, but ignorance always comes at a price.

The first of the two immutable natural laws with regards to economic systems is that of supply and demand. The law of supply and demand holds that supply of and demand for a good or service will tend to find a point of equilibrium at a certain price expressed in monetary terms. The price

relationship is referred to as the equilibrium price. On a graph the relationship looks like this:



A Graphical illustration of the price and quantity relationship embodied in the Law of Supply and Demand - Source <http://commons.wikimedia.org>, user: CSTAR  
<http://commons.wikimedia.org/wiki/File:Supply-demand-P.png>

In simple terms, the law of supply and demand is a way of expressing what most people intuitively know. When an item is increasing in price, one of two things is happening. Either people are demanding more of the good or service or the supply of the item at the previous equilibrium price point is diminishing.

Naturally, the opposite is also true. When an item is decreasing in price, one of two things is happening. Either people are demanding less of the good or service or the supply of the item at the previous equilibrium price point is increasing.

In either case, the change in the price of the item in monetary terms is providing crucial information to all of those either producing or consuming the good or service in question, for it serves as a guide for their inherent speculations.

**{Editors Note:** Speculation, far from being an illegal or immoral activity, is essential to everyday survival and without it, there is no hope of achieving equilibrium prices and therefore both production and consumption tend to either carry on at a suboptimal level or, in certain cases, cease altogether. It is important to clarify that the illegal or immoral speculation that is villainized in the media today is generally the act of investing the money of other parties in certain types of speculations without the knowledge or consent of the other party to do so.}

As a producer, if one sees the price of the good or service that one provides increase, the he or she will strive (or speculate, as it were) to either increase production to take advantage of the opportunity to profit and/or others will strive to produce the good or offer the service for which the price is seen increasing.

As a consumer, if one sees the price of the good or service that one consumes increase, the he or she will strive to either decrease consumption to mitigate the effects of the higher prices or others will strive to find a less expensive substitute for the good or service to offer in the place of the good or service for which the price is increasing.

As production increases and substitutes are brought to market, the law of supply and demand operates to counter these changes by locating a new equilibrium price based on the new dynamics of the supply of and demand for the good or service. The increase in production serves to increase supply that, as the natural law of supply and demand dictates, will eventually lower the equilibrium price as the corresponding demand is satisfied. Likewise the decrease in demand will have the same effect of increasing the available supply.

In either case, the individual decisions and speculations of both the producers and consumers serve to increase the available supply. The process occurs tacitly, and is an example of what [Adam Smith](#) famously called the invisible hand of the market.

To further sum it up in a phrase that may at first seem a paradox, the best cure for higher prices is higher prices.

There are no exemptions from the natural law of supply and demand, however, there are numerous examples of nation states, guided by the principal that might makes right, manipulating the pure message that the equilibrium price of an item is intended to send to producers and consumers.

This manipulation may be achieved in overt ways such as price controls that set the price of an item by way of a decree. However, most people understand that price controls are not beneficial. As price controls do not enjoy popular support, today's nation states commonly resort to other tactics to achieve similar ends. Amongst these tactics are taxes, subsidies, and the granting exclusive privileges to either buy or sell the good or service in question via regulating the purchase of or granting monopolies for its production.

Regardless of the tactic employed, the end result is always a manipulation of the equilibrium price for the good or service and as such, serves to distort the price signals that guide the speculations and ultimately the actions of all producers and consumers. The end result of price manipulations for society as a whole are always and in every case suboptimum outcomes when compared to those that would be achieved if the price signal were allowed to be transmitted in as purely as possible.

As taxes, subsidies, and tariffs are imposed by nearly every nation state in existence, one can only imagine the level of economic confusion occurring in the world today.

In the case of central banking and centralized currency controls, the nation state, in addition to the normal tools of price manipulation mentioned above, adds the further complication of manipulating the price of the monetary units that the equilibrium prices are expressed in. This further distorts the price signal that is universally relied upon to direct the actions of producers and consumers.

The true capitalist ideology, on the other hand, completely subjects itself to the law of supply and demand and, in return, provides producers and consumers with the best opportunity to obtain and act on the most accurate price information available.

To solve the problem of price manipulation via the price of the monetary units, a truly capitalist society quickly settles on a common currency (which is more often than not denominated in a set standard measure of gold and silver) and does not recognize the right of anyone to tax, regulate, or grant monopolies. As such, a truly capitalist society continually works to bring supply and demand into balance in the simplest, most efficient way possible: By relinquishing the illusion of control over economic activity to the market.

In a truly capitalistic society, inefficiencies are naturally wrung from the system as firms that depend upon the false price signals or special protections

or subsidies provided under the might makes right ideology quickly go out of business.

True capitalism not only quickly eliminates economic waste, it quickly directs the surplus capital into its most urgently needed employ, and it accomplishes this by way of obeying and embracing the natural law of supply and demand.

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## **The Golden Rule**

While society appears infinitely complex on the surface, the foundation is extremely, perhaps painfully simple once it is reduced it to its base elements. Any complexity that mankind experiences is not a product of an inherent complexity in natural laws, rather, it is a product of the human relationships and actions that are a result of mankind's choice of responses to the demands of natural law.

True capitalism is mankind's best response to the demands of natural law, for it tacitly operates to create the greatest benefits for the greatest number of people. The proof of the superiority of true capitalism is that it allows man to best adapt and react to the inescapable demands of natural law.

After the law of supply and demand, which deals with how to best make use of the scarce natural resources of the earth, there exists a second natural law with regards to economic activity that primarily governs human relationships. It is popularly called the Golden Rule, and it is designed to work in conjunction with the law of supply and demand.

The Golden Rule is articulated and exalted as an ideal in some form in nearly every society and religion on the planet. The Bible famously articulates the Golden Rule in the following way in the book of [Deuteronomy chapter 6](#), verse 5:

*"Love your neighbor as you love yourself"*

It is important to note that the Golden Rule is a positive declaration. It is a call to action. In many societies and religions the Golden Rule is stated in a negative declaration, and is adopted in the form of a command to abstain from action. An example of this can be found in Hinduism:

*“One should never do that to another which one regards as injurious to one’s own self.” - [Anusasana Parva, Section CXIII](#)*

This negative declaration is sometimes called the Silver Rule. It is important to understand that only the Golden Rule, the positive call to action, is natural law. Unlike the Golden Rule, the Silver Rule does not rise to the level of natural law; rather, it is a logical corollary to the Golden Rule.

Compliance with the Golden Rule, as with all natural law, is indispensable. It is ignored at one’s peril, for it operates regardless of one’s acceptance of its validity or not. The truly capitalistic society greatly facilitates and encourages compliance with the Golden Rule. Conversely, compliance with the Golden Rule is characteristically hindered in a society that has embraced might makes might as its preeminent response to mankind's anarchic surroundings.

The idea of the Golden Rule being natural law may be hard to grasp. This difficulty arises because the Golden Rule is largely ascribed to religious observances.

The essence of natural law is that it is universally true and applicable to all. The law of supply and demand, for example, can be ignored for a time. However, as [Ayn Rand's observation](#) alluded to earlier, every moment of ignorance causes the consequences of that ignorance to accumulate further until a final breaking point is reached.

The result of the failure to comply with the law of supply and demand is material scarcity and ultimately death. This fact is clear to most. However, it is less clear that the same is true of the Golden Rule. Every instance that the Golden Rule is ignored in the affairs of mankind causes the consequences of ignoring the Rule to accumulate further until a final breaking point is reached. In the case of the Golden Rule, the result of the failure to comply is by definition a failure to properly comply with the law of supply and demand as well, with the end result, as mentioned above, being material scarcity and ultimately death.

Compliance with the Golden Rule is a necessary prerequisite to compliance with the law of supply and demand, for the Golden Rule governs relationships in the purest sense. So broad are the implications of the Golden Rule that the origins of both the rule of law and more recently the concept of human rights can be traced to it.

What thrusts the Golden Rule out of the realm of being simply a good idea and into the realm of natural law is this: All attempts to comply with the Golden

Rule serve to coordinate the actions of men in such a way that the greatest number of human needs are met in the most efficient way. Any deviance from the Golden Rule, by definition, is a failure to meet human needs in the most efficient way. Again, by definition, failure to meet human needs in the most efficient way means that a greater number of human needs are simply not being met.

Far from being simply a moral standard, the Golden Rule is elemental in the determination of supply and demand. As the equilibrium price serves as the beacon of production for the law of supply and demand, the actions taken by men, governed by the Golden Rule, initially determine the supply and demand factors which, when combined, produce the equilibrium price. In this sense, the Golden Rule serves as the beacon for both supply and demand, the elements that allow an initial equilibrium price to arise.

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### **An Example of the operation of the Golden Rule**

Each human being has needs and wants which are sources of uneasiness. [Human action](#), to paraphrase economist and philosopher [Ludwig Von Mises](#), consists of men and women acting to dispel their most intensely felt uneasiness. If a man is hungry, he will direct his actions towards getting something to eat. Other tasks will be put on hold until this intensely felt uneasiness is relieved.

The operation of the Golden Rule, in the example of the man's need to alleviate his hunger, operates in the following way. First, a man feels hunger. Upon acknowledging this need, he has two options before him with which to fulfill this need. The first option open to him is to forage, hunt, fish, or perform any series of actions towards the end of fulfilling this need. The second option open is for him to voluntarily cede some of his production (or production for others via his contribution of labor) or appeal to the charity of someone else in return for something to eat. As the second option above is nearly always the most expedient, it is likely that a majority of people will elect this option.

Now reflect upon the Golden Rule: *“Love your neighbor as you love yourself.”* The person who chooses to comply with the Golden Rule will quickly understand that if he has the need to be fed, it is likely that his neighbor (in this sense, neighbor would mean anyone in the geographical

realm in which he is equipped to serve, up to every person on the planet if it is possible for him to serve them) is likely to have the same need to some degree. With this revelation, he unwittingly is on his way to discovering the crucial element of demand.

As he seeks to voluntarily fulfill this demand, he will need to either produce the supply of food himself. Alternatively, he may either voluntarily cede some of his production (or production for others via his contribution of labor) or appeal to the charity of someone else in return for a supply of food with which to provide his fellow man with something to eat. The aggregated action of any number of people matching their productive activities to meet the demand for food, if left unhindered, will serve to provide an adequate and relatively uninterrupted supply of food in optimal quantities for all who freely participate in exchange.

In this example, which could apply to any good or service desired by mankind, the information obtained by producers with regard to the needs of his fellow man via adherence to the Golden Rule will serve to guide their speculations as to where to best employ the limited time and capital of a society.

It is a simple example, yet its simplicity serves to highlight the operation of the Golden Rule and can apply to any situation regardless of the complexity. The Golden Rule, in modern business school lingo, is the origin of market research; it is the impulse for entrepreneurial activity, and it forms the basis for all subsequent human actions.

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## **The Question of Charity**

The prior chapter's explanation of the Golden Rule begs that the question of charity be briefly addressed. The question of charity is the following: Would not universal adherence to the Golden Rule quickly lead to widespread scarcity and bankruptcy as catering to everyone's preference to receive something for free would quickly deplete all available supplies and production?

The answer to the question of charity lies in the Golden Rule itself: "*Love your neighbor as you love yourself.*" Most persons are not keen to provide something to someone without the assurance or at least faint hope of receiving compensation, either directly or indirectly, for their actions.

As such, it would hold that only those who are in a position to give something away and are willing to do it would choose to engage in purely charitable giving. Further, if all members of society were striving to comply with the Golden Rule, the norms of charity would then fall under the governance of the law of supply and demand.

The beauty and perfection of the Golden Rule is that above all it demands balance in human relationships and by extension, balance in the supply and demand of material goods.

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### **True Capitalism Enables Compliance with the Golden Rule**

Another weakness of the might makes right ideology upon which modern nation states are founded is that it gives rise to the assumption that individual compliance with natural law is optional. While at best, might makes right may rely upon the Silver Rule to govern human relations, true capitalism completely subjects itself completely to the Golden Rule and, in return, most accurately directs human actions towards fulfilling the most urgently felt needs of the greatest number of people.

As stated above, true capitalism causes inefficiencies to be naturally wrung from the system at their source as errors are quickly corrected and information is quickly disseminated to all participants in a trade via equilibrium prices. The proper identification of demand, by default, leads to the most efficient allocation of scarce resources that is possible under current conditions. The tacit guarantees of respect for life and private property that are enabled by the truly capitalistic system allow mankind to supply this demand by employing their limited time and resources without unnecessary hindrances.

The Golden Rule may not provide everyone with what they expect or desire, but complete submission to the Golden Rule not only guides society towards the most efficient allocation of resources, it gives mankind the best available information on which to base their attempts to mutually cooperate in order to most efficiently attempt to fulfill what is a myriad of human desires.

More importantly still is the fact that adherence to the Golden Rule has the added social benefit of creating the greatest amount of harmony and goodwill possible in human relations.

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## **The Theory of Economic System Fluidity: Marx and Rand together in perfect harmony**

Despite the superiority of true capitalism as a response to the demands of natural law, it is clear from observation that socialism, the economic system implied as a result of the might makes right ideology, is widely championed and practiced at one level or another. Indeed, the fact that all nation states owe their existence to the principles of might makes right serves as proof that a majority of mankind holds to the belief that the world would be a better place were the socialist system to be widely adopted and adhered to by all of mankind.

In the realm of economic thought, there are two extremes. On one end of the spectrum sits the economic equivalent of Karl Marx's workers' paradise, known as socialism. On the other end sits the economic expression of Ayn Rand's rugged individualism, known as capitalism. As anyone who has studied these philosophical extremes can tell you, the operation of real world seems to constantly fall somewhere in the space between the two, making strict adherence to either both impractical and indefensible.

While apologists for these extreme positions do a wonderful job of explaining why complete adherence to their ideals by all would lead to an utopia on earth, a careful examination of the arguments, along with a quick glance at how things operate in the real world, lead one to conclude that evidence of both the socialist and capitalist ideals can be found in nearly any functioning economic system.

How can this be? If the extremes are both correct in their reasoning, they must be mutually exclusive of each other. However, as one looks at the world around, as well as into the depths of their own souls, they invariably find an uncomfortable coexistence of ideals that is difficult, if not impossible, to reconcile.

That is, until now.

The Theory of Economic System Fluidity serves to elucidate and reconcile this age old dilemma. The theory is simple: Socialism appears to work for and can be tolerated by local systems, while large scale systems are best served by embracing capitalist ideals.

**Socialism**, with its embrace of community property and centralized decision making, is in many ways a superior policy to that of capitalism for systems until they reach a certain critical mass. Part of the reasoning for this is that socialism unwittingly provides the framework in which society cares for its economically weaker members. It is a system which is entered into with the understanding that at least a portion of one's actions will take the form of altruism, that is, they will work for the benefit of others without the expectation of material compensation. In fact, socialism is the basis for the family unit through which a great deal of humanity enters the world.

Given the barbarities which are justified in the name of profit, it can be said that the basis for morality and human decency is most frequently observed and celebrated in a socialist setting. Given the inherent requirement of altruism, socialism is the system which constantly asks the individual to look beyond themselves. However, socialism on a large scale tends to bring out the worst in human beings, as the inevitable onset of poverty quickly diminishes any moral advantage that small scale socialism may have enjoyed.

The question of morality must be tabled for the moment to interject an insight with regards to the corporate legal structure. Corporations, entities which are generally held out as the bellweathers and champions of capitalism, are, in fact, socialist institutions. It is for this reason that employee wages do not fit well into free market pricing mechanism and instead lend themselves to the "[Labour theory of value](#)" which is a base concept of socialist philosophy.

The logical proof of this is the following: The employer/employee relationship is based on a set pay rate per time period of work performed. Once it has been agreed upon, the wage rate ceases to adhere to free market theory and becomes merely a component of the Labour theory of value. The top level managers in corporations that employ persons in an employee capacity become the centralized authorities in what is a defacto socialist realm.

Another further proof that corporations are socialist entities is found in the fact that any property which is held in the name of the corporation is generally cared for and used by employees to some extent. As such, corporate property, as its name would imply, is held in common by subjects who themselves have no property rights in said property. They may be offered shares in the corporation themselves, but this does not directly effect their day to day use of the corporation's (their employer's) real and personal property.

A majority of human beings alive today will find themselves employed by a socialist entity of some sort, be it a family, household, corporation, or

governmental employer (which, for purposes of analysis, behaves in a similar fashion to a corporation), and it is within these systems that a majority of mankind experiences most of its day to day interactions. It is understandable, then, that most people would see a form of socialism as the logical basis for a utopian ideal.

However, the members of these same socialist organizations which have direct interactions with actors outside of their corporate realm, the heads of household, CEOs, heads of government, members of boards of directors, salespeople, security personnel, customer service agents, and a host of others, well know that the “esprit de corps” which may exist in their organization is thrown aside in their dealings with the outside world. The outside world, where individual corporations collide in fierce competition, is marked by brutal self interest and the protection of private property rights which are the hallmarks of capitalism.

**Capitalism**, the system which honors private property rights and glorifies the pursuit of self interest, must be embraced and allowed to operate in an unhindered state as the basis for the interactions between the small scale socialist systems (families, corporations with employees, and those brave individuals who choose to face the anarchic system of the world alone.)

The reason that capitalism must be embraced by the smaller systems is that its principles, namely respect for life and private property, best enable mankind to confront the incessant demand of the natural laws of supply and demand and the Golden Rule. Compliance with the demands of these natural laws must be allowed dictate mankind's day to day activities so that the smaller systems can better adapt and survive in what is at its base a harsh, unforgiving, and anarchic environment.

However, apart from its invaluable contributions to understanding the material world, even hard core capitalists would agree that blind adherence to the capitalist creed may not only lead to the trampling of those less fortunate in society, but also the potential isolation of the individual from human warmth, feeling, and the concept of love.

For all of the virtues of capitalism, its potential frigidness at the individual level and lack of a clear moral compass make it largely unpalatable to the majority as an absolute ideal.

The Theory of Economic System Fluidity is the only rational way to understand the interplay between the systems that otherwise would give rise

to irreconcilable differences between the ideologies. The Theory of Economic System Fluidity holds that socialism tends to operate and thrive on a small scale, while capitalism operates on a large scale as a matter of necessity. As the theory of [biologos](#) attempts to bring harmony to the polarization of two views of the world's origins, the Theory of Economic System Fluidity allows the economist and politician to embrace both the virtues of the Socialist ideal as well as the Capitalist economic imperative.

Were this theory available to either Karl Marx or Ayn Rand as it is now to their modern day disciples who choose to accept it, one can envision a scene where Marx crosses the room and asks Rand to dance, she accepts, and suddenly, in the midst of their waltz, the world begins to make sense.

The final question which the Theory of Economic System Fluidity seeks to answer is the following: In terms of size, at what point is it appropriate for a system to cease to be predominantly guided by socialist principles and break up into units better able to cope with its anarchic surroundings? In other words, when must a socialist system cede its ideology to the dreaded the capitalist model not by choice but out of economic necessity?

The answer to this question naturally defines the size limitation of what may be called a functional socialist system. While there is no firm, numerical answer in terms of absolute or relative size, it is clear that a socialist system has reached its limit when it is corporately bankrupt and unable to fulfill its commitments, either morally or financially, to its members.

When a corporation reaches this point, it must adjust its productive activities and/or release either property or employees into the capitalist system until it finds a new point of equilibrium. The released employees would then find themselves, albeit for a moment, in what may be called the free market for labor. In it, they will either learn to compete perpetually in the capitalist environment and form their own small scale socialist entity, or link up quickly with another socialist entity, be it another corporation, state welfare, or the generosity of a family unit.

The fact that both families and corporations can accumulate wealth are proof that socialist entities can and do compete and thrive in a world where capitalist thinking and political structures are imperatives. Ultimately, it is the ability of each socialist unit to adapt and seize opportunities which determines their ultimate success or failure.

History has shown that when socialism is employed on a large scale, it loses both its ability to compete as well as any moral superiority which it may have enjoyed. When persons are thrust headlong into poverty, which is the logical economic end of large scale socialism, what were once moral imperatives are tossed aside in pursuit of what are purely capitalistic aims in a desperate attempt to survive.

Anyone who has lived such an event will attest that it is in these unfortunate circumstances that the rotten core of humanity is laid bare for all to see. While unbridled capitalism has its own faults, which are daily brought to light in the media as a reminder of when the ideology has been allowed to run too far, it is this collective consciousness, together with the innate human desire for mercy that are constantly at work to keep the evils of capitalism from dominating the human experience.

The beauty of the Theory of Economic System Fluidity is that the normal operation of each system keeps the proliferation of the other in check, so fluid is the interplay between the systems that any attempts by government or sovereigns to impose or preserve one system over the other will eventually end in either frustration or disaster.

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## **Conclusion**

It is increasingly important that mankind take adequate time to pause and reflect as to what ideology is being tacitly or actively pursued as a guide for its daily toils. As the collective efforts of mankind reach an effectiveness that was unimaginable a generation ago, the throws of human action are having a profound impact not only on an increasingly interconnected global economy, but also on the very earth which mankind has been entrusted with.

It is no longer a safe assumption that the natural world can perpetually work to unilaterally correct mankind's mistakes. A deep examination of each person's motives in light of the Golden Rule is desperately needed to ensure a prosperous future for many.

On one hand, the key to material prosperity is allowing mankind to tacitly coordinate his varied productive efforts by promoting the ideals of true capitalism in large scale dealings, for it is the ideology which best allows mankind to respond to the incessant demands of natural law. Yet the blind

pursuit of material prosperity promises a future in which the human experience degenerates into a state that is devoid of compassion and mercy.

On the other hand, an espousing of many facets of the socialist ideal at the most intimate levels of society is evidence that mankind is keenly aware of the need for human warmth and compassion. However, if human warmth and compassion is allowed to trump efficient efforts towards satisfying needs and wants, mankind will quickly run short of both warmth and compassion in a mad scramble to survive.

The key to understanding the virtues of both the socialist ideal and the much villainized but indispensable ideology of true capitalism lies in understanding that they are both incompatible with one another and at the same time can peacefully coexist. This same understanding can be found in the Theory of Economic System Fluidity, which explains how both systems are uniquely equipped to fulfill what on the surface appear to be competing human needs. The Theory of Economic System Fluidity allows for both true capitalism and socialism to be practiced in a peaceful equilibrium so long as persons are not hindered from voluntarily choosing the amount of time and resources they will dedicate to the pursuit of each system during their lifetime.

While both socialism and capitalism hold that their approach to satisfying the natural law of supply and demand is superior to and more just than that of the other, the Theory of Economic System Fluidity allows for the natural law of supply and demand to operate on the competing economic systems themselves, permitting mankind to seamlessly redirect its efforts towards the ideals of one system or another as their conscience and the incessant demands of natural law may dictate in a way that strict adherence to either the socialist or capitalist dogmas could never hope to replicate, even under the best of conditions.

Above all, mankind must abandon the might makes right ideology which is the ideological core of the modern nation state. For while the unhindered operation of true capitalism leaves ample room for socialist enterprises to operate within its structure, the might makes right ideology serves only to hinder the operation of both economic systems with the end result being a poverty stricken society devoid of human warmth and compassion. A world where might makes right is truly the worst of both worlds.

The ultimate virtue of true capitalism is that it allows both for mankind to collectively respond to the demands of the natural laws of supply and demand and the Golden Rule by means of tacit, peaceful cooperation. Within this

framework, mankind can then voluntarily form and disband units based on socialist ideals in a peaceful manner.

The Theory of Economic System Fluidity is the only way to understand the interplay between the systems that otherwise would give rise to irreconcilable differences between the ideologies. Socialism operates on a small scale, capitalism on a large scale, Marx and Rand dance a beautiful dance, and mankind waltzes its way towards the utopian ideal which is each system's high and noble aim.

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### **Epilogue: Is Atheism with regards to Government going Mainstream?**

An original version of this redacted essay first appeared on [The Mint](#) on July 12, 2012. It explores the observed drop in voluntary compliance with rules and regulations that is a normal symptom of a society that is breaking the ideological chains of the might makes right mentality.

We use the term "Atheism with regards to government" to describe the state of mind of the individual who has adopted the tactic of non-resistance in an effort to live at peace with their fellow man. The topic is explored in the [Appendices](#) of this volume and in a more thorough manner in [volume III of this series](#), which bears the slogan as its title.

### **Is Atheism with regards to Government going Mainstream?**

We recently came across an article at Forbes which made us gasp. It was written by [Jerry Bowyer](#) and as we read through it, one thought passed through our mind: Has our [manner of thinking](#) really gone mainstream?

Mr. Bowyer points out a number of examples of a general decline in voluntary compliance with things the government increasingly uses its superior force to mandate, such as taxes and environmental laws. The irony is that as a government's power grab via rules and regulations accelerates, voluntary compliance, from which all forms of government derive their power, declines.

If Mr. Bowyer is correct, then it would appear that Americans are taking the idea of Atheism with regards to government to heart.

It is clear, yet seldom acknowledged, that the absence of voluntary compliance is the most effective type of revolution which can be waged.

Mr. Bowyer also makes an important distinction. The lack of voluntary compliance is not a form of civil disobedience or act of aggression towards a government. Rather, it is the conscious choice to stop believing in the government and live one's life as if it does not exist as anything more than a lethal nuisance to be avoided. Mr. Bowyer eloquently describes this phenomenon via an amoeba metaphor:

*It's not civil disobedience that I'm talking about. It's the opposite: Civil disobedience is meant to be noticed. It is a price paid in the hope of creating social change. What I'm talking about is not based on hope; in fact, it has given up much hope on social change. It thinks the government is a colossal amoeba twitching mindlessly in response to tiny pinpricks of pain from an endless army of micro-brained interest groups. The point is not to teach the amoeba nor to guide it, but simply to stay away from the lethal stupidity of its pseudopods."*

*"The amoeba does not get smarter but it does get hungrier and bigger. On the other hand, we get smarter. More and more of our life takes place outside of the amoeba's reach: in the privacy of our own homes, or in capital accounts in other nations, or in the fastest growing amoeba avoidance zone ever created, cyberspace. We revolt decision by decision, transaction by transaction, because we believe deep down that most of what government tells us to do is at bottom illegitimate."*

You can read the entire article here at Forbes.com:

[July 4th Question, Part III: Americans Revolt Billions of Times a Day](#)

Everyday, more and more people are recognizing the insanity of attempting to comply with the onslaught of rules and regulations which allegedly protect them against others. They are realizing that the [Rules are building a prison](#) in which they themselves are incarcerated.

We conclude today's Mint with a quote from Ayn Rand which seems appropriate when considering an amoeba like government:

*"When you see that trading is done, not by consent, but by compulsion – when you see that in order to produce, you need to obtain permission from men who produce nothing – when you see that money is flowing to those*

*who deal, not in goods, but in favors – when you see that men get richer by graft and by pull than by work, and your laws don't protect you against them, but protect them against you – when you see corruption being rewarded and honesty becoming a self-sacrifice – you may know that your society is doomed."*

While we may have no confidence in government, we make up for it in an abundance of faith in God and our fellow men and women. Are you ready to come out of Babylon?

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## **Appendix A: The Doctrine of non-resistance, Required Reading for All Human Beings**

Leo Tolstoy, in his Christian-Anarchist work "[\*The Kingdom of God is Within You\*](#)," pays homage to Adin Ballou, an American preacher who was a colleague of William Lloyd Garrison, the great American Abolitionist. Ballou devoted 50 years of his life advocating for the doctrine of non-resistance. The basis for their belief in the doctrine is found in Christ's command given during the Sermon on the Mount,

*"Resist not evil"*

Such was Ballou's conviction to the cause of non-resistance that He drafted *the Catechism of Non-Resistance* for his followers. The final section of the Catechism, which Ballou entitled, "*Non-resistance is Salvation; Resistance is Ruin*," is especially moving, so much so that we consider it required reading for all human beings.



Adin Ballou, before 1891

*Non-resistance is Salvation; Resistance is Ruin.*

*It is incomparably less dangerous to act justly than unjustly, to submit to injuries than to resist them with violence, less dangerous even in one's relations to the present life. If all men refused to resist evil by evil our world would be happy.*

*Q. But so long as only a few act thus, what will happen to them?*

*A. If only one man acted thus, and all the rest agreed to crucify him, would it not be nobler for him to die in the glory of non-resisting love, praying for his enemies, than to live to wear the crown of Caesar stained with the blood of the slain? However, one man, or a thousand men, firmly resolved not to oppose evil by evil are far more free from danger by violence than those who resort to violence, whether among civilized or savage neighbors. The robber, the murderer, and the cheat will leave them in peace, sooner than those who oppose them with arms, and those who take up the sword shall perish by the sword, but those who seek after peace, and behave kindly and harmlessly, forgiving and forgetting injuries, for the most part enjoy peace, or, if they die, they die blessed. In this way, if all kept the ordinance of non-resistance, there would obviously be no evil nor crime. If the majority acted thus they would establish the rule of love and good will even over evil doers, never opposing evil with evil, and never resorting to force. If there were a moderately large minority of such men, they would exercise such a salutary moral influence on society that every cruel punishment would be abolished, and violence and feud would be replaced by peace and love. Even if there*

*were only a small minority of them, they would rarely experience anything worse than the world's contempt, and meantime the world, though unconscious of it, and not grateful for it, would be continually becoming wiser and better for their unseen action on it. And if in the worst case some members of the minority were persecuted to death, in dying for the truth they would have left behind them their doctrine, sanctified by the blood of their martyrdom. Peace, then, to all who seek peace, and may overruling love be the imperishable heritage of every soul who obeys willingly Christ's word, "Resist not evil."*

[ADIN BALLOU.](#)

The catechism can be read in its entirety in [Appendix B](#) of this volume.

The ultimate triumph of the doctrine of non-resistance may never be seen in a tangible fashion, for it takes the form of conquering not on a battlefield, but quietly, calling one soul at a time to peace with his fellow man. Non-resistance triumphs not through deployment of superior force or tactics, but through its marked refusal to meet violence with violence. The injustice of the "Might Makes Right" doctrine of Empire is best exposed not on the battlefield, but in those harrowing displays which take place when those who have claimed a monopoly on the use of force employ it against innocent victims, those who, in abandoning self preservation, claim the moral high ground for all to see.

When the Empire confronts non-resistance with force, it is the Empire that suffers the mortal blow, for the putrid truth of its nature is laid bare for all to see, and those persons with any shred of decency begin to distance themselves from it in earnest.

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## **Appendix B: The Catechism of Non-Resistance**

The Catechism of Non-Resistance, written by Adin Ballou circa 1846 is presented here in its entirety:

*Q. Whence is the word "non-resistance" derived?*

*A. From the command, "Resist not evil." (M. v. 39.)*

*Q. What does this word express?*

*A. It expresses a lofty Christian virtue enjoined on us by Christ.*

*Q. Ought the word “non-resistance” to be taken in its widest sense—that is to say, as intending that we should not offer any resistance of any kind to evil?*

*A. No; it ought to be taken in the exact sense of our Saviour’s teaching—that is, not repaying evil for evil. We ought to oppose evil by every righteous means in our power, but not by evil.*

*Q. What is there to show that Christ enjoined non-resistance in that sense?*

*A. It is shown by the words he uttered at the same time. He said: “Ye have heard, it was said of old, An eye for an eye, and a tooth for a tooth. But I say unto you Resist not evil. But if one smites thee on the right cheek, turn him the other also; and if one will go to law with thee to take thy coat from thee, give him thy cloak also.”*

*Q. Of whom was he speaking in the words, “Ye have heard it was said of old”?*

*A. Of the patriarchs and the prophets, contained in the Old Testament, which the Hebrews ordinarily call the Law and the Prophets.*

*Q. What utterances did Christ refer to in the words, “It was said of old”?*

*A. The utterances of Noah, Moses, and the other prophets, in which they admit the right of doing bodily harm to those who inflict harm, so as to punish and prevent evil deeds.*

*Q. Quote such utterances.*

*A. “Whoso sheddeth man’s blood, by man shall his blood be shed.”—GEN. ix. 6.*

*“He that smiteth a man, so that he die, shall be surely put to death...And if any mischief follow, then thou shalt give life for life, eye for eye, tooth for tooth, hand for hand, foot for foot, burning for burning, wound for wound, stripe for stripe.” —Ex. xxi. 12 and 23-25.*

*“He that killeth any man shall surely be put to death. And if a man cause a blemish in his neighbor, as he hath done, so shall it be done unto him: breach for breach, eye for eye, tooth for tooth.”—LEV. xxiv. 17, 19, 20.*

*“Then the judges shall make diligent inquisition; and behold, if the witness be a false witness, and hath testified falsely against his brother, then shall ye do*

*unto him as he had thought to have done unto his brother...And thine eye shall not pity; but life shall go for life, eye for eye, tooth for tooth, hand for hand, foot for foot.”—DEUT. xix. 18, 21.*

*Noah, Moses, and the Prophets taught that he who kills, maims, or injures his neighbors does evil. To resist such evil, and to prevent it, the evil doer must be punished with death, or maiming, or some physical injury. Wrong must be opposed by wrong, murder by murder, injury by injury, evil by evil. Thus taught Noah, Moses, and the Prophets. But Christ rejects all this. “I say unto you,” is written in the Gospel, “resist not evil,” do not oppose injury with injury, but rather bear repeated injury from the evil doer. What was permitted is forbidden. When we understand what kind of resistance they taught, we know exactly what resistance Christ forbade.*

*Q. Then the ancients allowed the resistance of injury by injury?*

*A. Yes. But Jesus forbids it. The Christian has in no case the right to put to death his neighbor who has done him evil, or to do him injury in return.*

*Q. May he kill or maim him in self-defense?*

*A. No.*

*Q. May he go with a complaint to the judge that he who has wronged him may be punished?*

*A. No. What he does through others, he is in reality doing himself.*

*Q. Can he fight in conflict with foreign enemies or disturbers of the peace?*

*A. Certainly not. He cannot take any part in war or in preparations for war. He cannot make use of a deadly weapon. He cannot oppose injury to injury, whether he is alone or with others, either in person or through other people.*

*Q. Can he voluntarily vote or furnish soldiers for the government?*

*A. He can do nothing of that kind if he wishes to be faithful to Christ’s law.*

*Q. Can he voluntarily give money to aid a government resting on military force, capital punishment, and violence in general?*

*A. No, unless the money is destined for some special object, right in itself, and good both in aim and means.*

*Q. Can he pay taxes to such a government?*

*A. No; he ought not voluntarily to pay taxes, but he ought not to resist the collecting of taxes. A tax is levied by the government, and is exacted independently of the will of the subject. It is impossible to resist it without having recourse to violence of some kind. Since the Christian cannot employ violence, he is obliged to offer his property at once to the loss by violence inflicted on it by the authorities.*

*Q. Can a Christian give a vote at elections, or take part in government or law business?*

*A. No; participation in election, government, or law business is participation in government by force.*

*Q. Wherein lies the chief significance of the doctrine of non-resistance?*

*A. In the fact that it alone allows of the possibility of eradicating evil from one's own heart, and also from one's neighbor's. This doctrine forbids doing that whereby evil has endured for ages and multiplied in the world. He who attacks another and injures him, kindles in the other a feeling of hatred, the root of every evil. To injure another because he has injured us, even with the aim of overcoming evil, is doubling the harm for him and for oneself; it is begetting, or at least setting free and inciting, that evil spirit which we should wish to drive out. Satan can never be driven out by Satan. Error can never be corrected by error, and evil cannot be vanquished by evil.*

*True non-resistance is the only real resistance to evil. It is crushing the serpent's head. It destroys and in the end extirpates the evil feeling.*

*Q. But if that is the true meaning of the rule of non-resistance, can it always put into practice?*

*A. It can be put into practice like every virtue enjoined by the law of God. A virtue cannot be practiced in all circumstances without self-sacrifice, privation, suffering, and in extreme cases loss of life itself. But he who esteems life more than fulfilling the will of God is already dead to the only true life. Trying to save his life he loses it. Besides, generally speaking, where non-resistance costs the sacrifice of a single life or of some material welfare, resistance costs a thousand such sacrifices.*

*Non-resistance is Salvation; Resistance is Ruin.*

*It is incomparably less dangerous to act justly than unjustly, to submit to injuries than to resist them with violence, less dangerous even in one's*

*relations to the present life. If all men refused to resist evil by evil our world would be happy.*

*Q. But so long as only a few act thus, what will happen to them?*

*A. If only one man acted thus, and all the rest agreed to crucify him, would it not be nobler for him to die in the glory of non-resisting love, praying for his enemies, than to live to wear the crown of Caesar stained with the blood of the slain? However, one man, or a thousand men, firmly resolved not to oppose evil by evil are far more free from danger by violence than those who resort to violence, whether among civilized or savage neighbors. The robber, the murderer, and the cheat will leave them in peace, sooner than those who oppose them with arms, and those who take up the sword shall perish by the sword, but those who seek after peace, and behave kindly and harmlessly, forgiving and forgetting injuries, for the most part enjoy peace, or, if they die, they die blessed. In this way, if all kept the ordinance of non-resistance, there would obviously be no evil nor crime. If the majority acted thus they would establish the rule of love and good will even over evil doers, never opposing evil with evil, and never resorting to force. If there were a moderately large minority of such men, they would exercise such a salutary moral influence on society that every cruel punishment would be abolished, and violence and feud would be replaced by peace and love. Even if there were only a small minority of them, they would rarely experience anything worse than the world's contempt, and meantime the world, though unconscious of it, and not grateful for it, would be continually becoming wiser and better for their unseen action on it. And if in the worst case some members of the minority were persecuted to death, in dying for the truth they would have left behind them their doctrine, sanctified by the blood of their martyrdom. Peace, then, to all who seek peace, and may overruling love be the imperishable heritage of every soul who obeys willingly Christ's word, "Resist not evil."*

ADIN BALLOU.

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## **About the Author**

First and foremost, David believes in [Jesus](#), with whom he has a personal

relationship. David is happily married with two children and lives in Portland, Oregon where he has worked since 2006. He has a Bachelors degree in Business Administration from [Colorado State University](#) and an MBA from the [Universitat de Barcelona](#), Spain with over 16 years of experience in Accounting, Finance, Treasury, and Information Systems Consulting positions both in the United States and Spain.

He is the creator of [The Mint](#), which presents fresh ideas on Economics, Monetary Theory, and Politics. You can read The Mint at <http://www.davidmint.com> and you may contact him at [davidminteconomics@gmail.com](mailto:davidminteconomics@gmail.com).

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~~~~~THE END~~~~~

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