

Contact: michael@defendersofcapitalism.com
michael@altiusfinancial.com

2016-2017 Introduction to the Defenders of Capitalism Project™:

The Defenders of Capitalism Project™ is designed to introduce you to and/or deepen your understanding of a radical idea: that people should be free to choose how they live, work and play. LPR provides a framework and opportunity to *rediscover* the principles of America's Founders. These principles established the framework for a socio-economic system that came to be known as Capitalism which does not exist in practice today. Because these principles, the base of our freedom and prosperity, have been attacked, it's crucial that future leaders have an understanding of Capitalism and learn to articulate its intellectual, historical and moral defense.

Competition for the Title:

We have a competition for the title, Defender of Capitalism™ Award. This prestigious award is earned by demonstrating your grasp of the moral superiority of capitalism. There will be at least 3 written quizzes, class participation and multiple opportunities to demonstrate your integration of the materials, a final written exam and an invitation-only oral exam/presentation.

Defender of Capitalism™ Award Winners are recognized and honored at their graduation, LPR events, as well as the induction of new class members at the Governor's Mansion the following year. They are invited to special events & forums and asked to represent DoC to the general public.

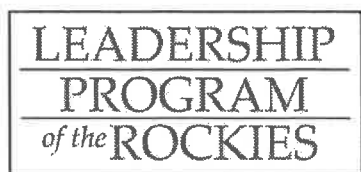
Primary Source Material:

Required reading & provided by LPR:
reading:

Leonard Read – *I, Pencil*
Ayn Rand - *Atlas Shrugged*
Henry Hazlitt – *Economics in One Lesson*
Jefferson, Madison and Founders -
The Declaration of Independence
The Constitution of the United States
Selections from Federalist Papers

Not required but helpful supplemental

Dr. Yaron Brook & Don Watson –
Free Market Revolution
Burton W. Folsom -
The Myth of the Robber Barons
Ayn Rand –
Capitalism, the Unknown Ideal
Frédéric Bastiat – *The Law*



Schedule, Assigned Readings and Pacing -readings should be done before class. **Finish by end of March.** Here is a suggested pacing schedule in the readings:

	Atlas Shrugged	Economics in One Lesson	I, Pencil
Friday, October 13, 2017	Books Handed Out	Books Handed Out	Essay Handout
Friday, November 10, 2017	Through Page 217	Through Page 49	
Friday, December 8, 2017	461	90	
Friday, January 12, 2018	701	152	
February 2018 (no class - Retreat)	963	177	
Friday, March 9, 2018	1168 Finished	214 Finished	
Friday, April 13, 2018	Essay Exam Handed Out		
Friday April 21, 2018	Exam Due by Midnight		
Friday, May 11, 2018	Finalists for Defenders Award Announced		
Week of May 18 th	Defenders Presentations with Panel		
June 8, 2018	2017 Defender of Capitalism™ Award Announced		

***Aside from the Final Exam, there will be at least 3 quizzes and/or assignments due as the class progresses. Look for emails with these assignments.

Defining Our Terms

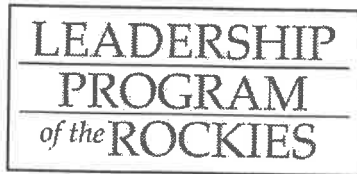
Because capitalism is so misunderstood today, it's important to have clarity about what it is and is not as well as several other key concepts.

Capitalism – a social system based on the recognition and protection of individual rights, including property rights and where all property is privately owned.

- Property rights, the rule of law, freedom of contract, free speech
- Free trade in capital, goods and labor (including immigration)
- Gold standard and free banking
- Very limited taxation (if at all) and spending (see original 4 cabinet departments)
- Strong national defense

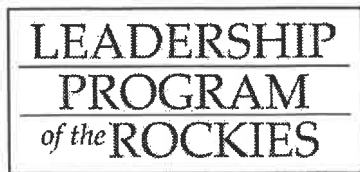
Using the same basic categories to characterize **Statism**:

- No absolute property rights, non-objective law, arbitrary regulations
- Protectionism, tariffs, quotas, wage/price controls, restrictions on immigration
- Fiat paper money and a central bank
- Confiscatory tax rates, burdensome government spending, cabinet ministries for every sector of the economy
- Military inclination to attack innocent nations

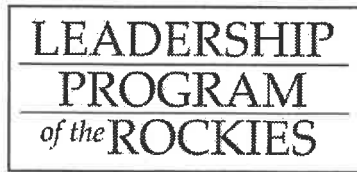


Key Concepts:

1. **Altruism** – the idea that man has no right to exist for his own sake, that service to others is the only justification for his existence, and that sacrifice to others is his highest moral duty.
2. **Comparative Advantage** – an economic principle where it is beneficial for two people to trade even if one may be more efficient at all production. This dynamic is equally applicable to international trade.
3. **Democracy** – rule by the people, a form of government where issues are decided by popular vote.
4. **Division of Labor** – an aspect or characteristic of a free market, where each person specializes. Individuals earn a living at what they do best by trading with others doing the same. This naturally increases efficiency of output.
5. **Economics** – a derivative or sub-branch of politics that studies the production, distribution and consumption of wealth.
6. **Ethics** – the branch of philosophy that provides a code of values to guide man's choices and actions which determine the purpose and course of his life.
7. **Free trade** – having voluntary exchange of goods and services as well as free movement of labor and capital with no government intervention or coercion.
8. **Government** – an institution having exclusive power to enforce certain rules of social conduct in a given geographic area.
9. **Invisible Hand** – Adam Smith's mystical metaphor to explain how when individuals pursue their own selfish ends, by consequence, also promote the general good of the community.
10. **Looter** – a character archetype in Atlas Shrugged: one who uses force to seize the wealth of disarmed citizens, be they common criminals or looters by law – those who have historically been aristocrats of the sword, by birth or of the bureaucracy.
11. **Money** – a frozen form of productive energy, both as a store of value, a tool of saving (permitting delayed consumption) and a medium of exchange.
12. **Moocher** – a character archetype in Atlas Shrugged: one who uses guilt and tears to seize wealth – those who have historically been "the poor or downtrodden" or likely, their self-appointed representatives.



13. **Morality** – a code of values accepted by choice.
14. **Politics** – the branch of philosophy that studies the principles of a proper social system.
15. **Price system** (functions) – the going rate of exchange between buyers and sellers in a market that transmits information, provides incentives, and distributes of income.
16. **Producer** – a character archetype in Atlas Shrugged: one who is a net producer or creator of wealth – those who have historically been business people, inventors, artists, scientists, traders, industrialists.
17. **Rational Self Interest** – the ethics of selfishness, with man's life as the standard of value defining self-interest and rationality as the primary virtue defining the method of achieving it. (see also Egoism)
18. **Republic** – a political system restricted to the protection of rights through the rule of law – to secure an impartial and exact execution of the laws.
19. **Rights** – moral principles defining and sanctioning a man's freedom of action in a social context.
20. **Say's Law** - there can be no demand without supply.
21. **Socialism** – a social system based on the ownership or control of the means of production, capital, land, etc. in the community as a whole.
22. **Supply and Demand** – basic economic laws that describe, explain, predict the price and quantity of goods and services sold in free market conditions.
23. **Statism** – a form of government or economic system that involves significant state intervention in personal, social and economic matters.
24. **Trader Principle** – the principle of attaining value from other people through mutually beneficial trade rather than force, fraud, or parasitism
25. **Value** – that which one acts to gain and or keep.



Key Myths or Falsehoods about Capitalism

Causes of Great Depression – Popular myth blames the Great Depression on the failure of the free market. The failure, however, was the government's misguided monetary policy and interventionist practices.

Child Labor/Industrial Conditions – the idea that capitalism needed to be tamed by regulation since it created sweatshops and unsafe working conditions due to greedy business people. In actuality, capitalism inherited poverty and much worse working conditions from feudalism. Prior to industrial revolution, children had to work to be fed, mainly in the agricultural fields. See improvement in mortality rates and the improvement in machinery that made work safe and ultimately unnecessary for children.

Competition (dog-eat-dog) – Popular myth likens competition to the struggle of animals for fixed quantity of resources. In actuality, man's distinctive nature is to explore and change his environment and to *produce* wealth. Economic competition is about ongoing creation of superior values. Entrepreneurs are not competing for a fixed number of customers; they are competing for customer's dollars and unlimited ability to create value.

Competition (perfect) – Statist proponents falsely assert that perfect competition occurs where no producer or consumer has the market power to influence prices, and therefore "excess profits" are unattainable. Claiming to support capitalism these interventionists posit market deficiencies, justify regulation and state coercion.

Labor Theory of Value – This false theory defines the value of an exchangeable good or service as equal to the amount of physical labor required to produce it. In actuality, it is intelligence, innovation, management and leadership that determine most of the value of wealth produced.

Primacy of Consumption – Much of the focus of economic analysis today is on "consumer" behavior and demand, ignoring the axiom that wealth (values) must first be produced.

Robber Barons – This pejorative term describes successful 19th century entrepreneurs as exploiters and thieves. In truth, they were among the greatest benefactors of mankind, creating wealth for themselves while investing, innovating and building. Their efforts raised the health and living standards for everyone else in America for generations.

Wars Contributing to Nations Economic Wellbeing – On a net basis, wars are the most destruction activity – destructive of people, material and relationships. The more statist an economy is, the more it needs war to survive by looting. Free countries do not need war since they survive by production. (This is not to say that free countries should be pacifist or not defend themselves or avoid having a strong military).

