

A Capitalist Manifesto: Understanding the Market Economy and Defending Liberty by Gary Wolfram



Reviewed by Victor Quiroz

In order to understand the science of politics it is important to have an understanding of how the economic system works. In *A Capitalist Manifesto* Dr. Gary Wolfram provides clear explanation of how free market systems work in society. The book immediately grabs your attention by explaining how recent events like the Occupy Wall St. Movement demonstrate that our society has failed to teach our citizens how a free market economy provides opportunity for prosperity. In the first half of the book Wolfram provides a brief explanation of how demand, supply, equilibrium, and profits work. He further proves his points by drawing sharp contrasts with socialism. A market economy has three fundamental advantages:

1. It allocates resources efficiently
2. consumers ultimately determine wages and distribution of income is generally fair in a market economy and
3. it is the only method of organizing society to allocate resources that is consistent with individual liberty

In a socialist or planned economy none of the above is possible as the state controls the allocation of resources and a planner can never know the vast amount of information needed to manage economic production. An economic system cannot function when it is consciously controlled by the state. Instead it must provide incentives for individuals to act according to their own self interests. Wolfram continues to debunk two beliefs held by those who oppose free market systems:

1. Producers and business owners control the system and dictate outcomes to consumers.

In a market economy consumers determine the price of products and resources. No one can force you to purchase a product and others are free to produce any good or service. Essentially where you choose to vote your dollars determines the outcomes.

2. Markets are cut throat systems where object is to destroy the wealth of others

In reality, markets are cooperative systems. All producers rely on other producers for inputs. Wolfram points out that the development of the market system allowed for specialized labor resulting in greater output. This specialization is only possible in a system based on cooperation.

Wolfram also dives into several characteristics of a free society. This part of the book really resonated with me, especially his explanation of individual responsibility. That is in a free market economy if we are free to decide what to do then we must live with the consequences of our actions. A free society offers choices, but entails no guarantees other than the freedom to make your own choices. These points strongly mirror the views detailed by Milton Friedman in his book *Free to Choose*.

Overall, I thought this was a great read and that Dr. Wolfram clearly demonstrates throughout the book the importance of private property, limited government, and individual freedom and the power of free market economies.