

An American Memorial Day in Charlotte

Tuesday, June 01, 2010 by Jason Riddle

I truly hope that over Memorial Day everyone took a few minutes to reflect on the American men and women who have fought for our nation, and those that gave their life, so we can enjoy freedom in America. I was fortunate enough to be able to spend Memorial Day weekend with a few close friends in Charlotte, NC. I'm not an avid NASCAR fan, but race weekend in Charlotte is one of my favorite weekends of the year. The entire spectacle of the Coca-Cola 600, one of the biggest NASCAR events of the season, is an unrivaled embodiment the American spirit. Even if you are not a NASCAR fan, going to a race in person is an experience worth having at least once.

On Sunday, we celebrated a beautiful day of tailgating with 200,000+ race fans. Among the NASCAR first-timers in our group was a friend from France, a friend from Italy, a friend from Switzerland, and a friend from Australia. Judging by their reactions before, during, and after the race...I have no doubt they loved the experience. What an introduction to America!

As I was looking out over the sea of people, cars, RVs, and vendors towards the massive one and a half mile track of Charlotte Motor Speedway, I couldn't help but think about what makes it all possible. For centuries, the majority of human civilization lived a basic hand-to-mouth existence; gathering, hunting, or farming the goods needed for survival. Today, in America we enjoy a standard of living that allows us to fly in planes or to drive automobiles from around the country to make a weekend trip to watch over forty 750+horsepower vehicles race 600 miles around a track surrounded by an enormous stadium with a capacity well over 140,000.

The possibilities of today were not conceivable, much less possible, a century ago. Everything we enjoy is the direct result of saved capital. American prosperity was not the result of an edict from a king, decree from a pope, or redistribution of some static wealth from the haves of the Old World to the have-nots of a new nation. American prosperity was created; created by individuals homesteading new land, producing to the best of their ability, and exchanging goods and services voluntarily to mutual benefit. American prosperity was created by hard work and real savings. Real savings, and only real savings, permits capital investment without frustrating consumer demand. Capital investment enables an economy to produce more by exponentially augmenting its wealth production capabilities.

America was able to amass real savings and invest in capital because our political and economic system respected the rights of the individual more than any other society in the history of the world. Specifically, the American system respected the individual's right to justly acquire, use, and dispose of private property. While the concept of individual rights has never been upheld in full consistency, having a sense of security that wealth would not be confiscated by the ruling class allowed a new breed of producer to flourish – the American Industrialist. As a direct result of a political system that respected individual rights and an economy that allowed for the formation of capital, in just over 200 years enough real wealth has been created in America to allow even the poorest citizens to enjoy luxuries not available to kings a short time ago.

Many of the luxuries we enjoy today are taken for granted. Our standard of living has risen so quickly as a society that many people assume these luxuries are basic necessities to which everyone should be entitled. We justify explicit human rights violations as noble progress in the area of social justice. Essentially, many Americans today have replaced the cause with the effect. We are able to enjoy consuming luxuries because we produced; we did not produce wealth by means of reckless consumption.

For something to be counted as wealth it must be a real value that satisfies a consumer need. Wealth must be created - it cannot be fabricated using a printing press or by writing a new bill (however, fiat fabrication and interventionist legislation are effective ways to expropriate wealth from the producers and redistribute wealth to the politically connected). We forget that a social system that respects individual human rights - and only a system that respects individual human rights – makes production of these luxuries even possible. This fact is beyond argument, both in theory and in fact. Compare the standard of living in America to Soviet Russia, Hong Kong to China, or South Korea to North Korea.

Everything we enjoy today is the direct result of men following a **philosophy of reason**. Reason shows us that individuals have a **right** to their own life and the right to justly acquire, use, and dispose of private property. A social system that respects individual human rights and property rights is the only system conducive to economic advancement of society – namely by encouraging real savings and capital investment. In any voluntary exchange, by definition, both parties are better off. A is A.

The concept of individual rights is still very new to human civilization and is still not fully understood by most people. The primitive, irrational philosophies are still deeply ingrained in Western culture. If we wish to avoid returning ever closer to the hand-to-mouth existence of our ancestors, it is the political system of expropriation, rooted in a philosophy of irrationality, that must be fought.

Before the start of the race, as the final notes of the National Anthem sounded, four F-15 Eagles flown by pilots from the 333rd Fighter Squadron shook the souls of every person in Charlotte Motor Speedway. I can only hope that others felt the same sense of admiration and respect for the men and women who have fought bravely for the freedoms we enjoy as Americans – the freedoms that make everything we enjoy possible – the freedoms that we are slowly giving away. Our freedom is not being taken by any foreign invader but rather being eroded by a series of **unprincipled compromises** against the protection of individual human rights.

The only political system that is conducive to a prosperous society is one that respects **individual human rights**. The only economic system that respects individual human rights is one that operates by mutually beneficial voluntary exchange; not compulsive force. **A = A is the only formula to save America**. There is no other.

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[The Structure of Production Is Important](#)

Thursday, June 01, 2010 by Jason Riddle

In my last post, [An American Memorial Day in Charlotte](#), I explained *the* reason America is the wealthiest nation in the history of the world. Our standard of living catapulted to the levels we enjoy today because our political and economic system respected individual human rights. Entrepreneurs felt confident they could save and invest without risk of wealth confiscation. As I explained in the last post, real savings makes capital investment possible. Capital investment allows us to be more productive, allows us to produce more of the things people value. All of the goods we enjoy must first be produced.

The [production structure](#) of an economy is not a simple lump-sum aggregation of homogeneous pieces. Think of it more like a coral reef that is built out over time: millions of interconnected pieces consisting of individual plans.

Increasing capital investment, made possible by real savings, actually accelerates the rate at which our economy can produce goods and services that satisfy people's needs and wants. America became prosperous because we invested in capital and we produced.

Currently, we are doing great damage to the production structure of America's economy. The Federal Reserve is sending a faulty signal to investors, savers, producers, and consumers. We are over-investing our scarce resources and we are over-investing in the wrong areas. [This malinvestment is being done at the expense of savings](#). We are not stimulating growth or laying the framework for real recovery. Don't believe these stories for a second. We are destroying the foundation of the American economy.

The only reason we are able to sustain our high standard of living today is because we are eating into the saved capital from generations past. This is not stimulus. This is a sedative; numbing Americans to the inevitable day of reckoning.

Please see my explanation of the [Business Cycle](#) to see why the destruction of the production structure of an economy is particularly harmful. The theory of the business cycle explains what causes cyclical boom and bust periods ending in recession/depression. Take a few minutes to read through the explanation of the [Business Cycle](#). This is very relevant to what is happening in our economy today.

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