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Capitalism – The Economic Form of Giving

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The thesis that capitalism is an economic form marked by "giving" raises the question: Is capitalism only *one of* the economic forms of giving? Are there other economic forms that deserve this characterization? My answer is no: there is—at least according to the state of knowledge of our real existing world and its history—only one economic form that can be characterized in this way. This fact is attested not only by history but also by theoretical considerations. There are other forms of giving, but they have nothing to do with economics. Hence my thesis that capitalism is not just one but *the* "economic form of giving."

Starting Point for the Capitalist Growth Process: Exchange or Gift?

My basic thesis that capitalism is the economic form of giving is inspired by the US author George Gilder, who in his 1981 book *Wealth and Poverty* (reprinted in 2012) contradicted Adam Smith's opinion that the starting point of the wealth-creating economic growth process was exchange and the division of labor. Gilder countered: "Capitalism begins not with exchange but with giving" (Gilder 2012, p. 43). And that means it starts with the individual: the entrepreneur and businessman, his actions and ideas. According to George Gilder, Adam Smith did not adequately represent the decisive function of the entrepreneur for the capitalist market economy, and as students of the "Austrians"—Carl Menger, Ludwig von Mises, Friedrich August von Hayek, Israel Kirzner, and many others—I think we agree with him.

In fact, the division of labor and, as a result, exchange, trade, and markets, also existed in non-capitalist economies and in mercantilist manufacturing. Even in agriculture there was always a certain division of labor. Not everyone was self-sufficient, because not everyone grew grain, and not everyone was a livestock farmer. Some specialized in milk, beef, or poultry, others in the production of wool. They traded and exchanged one for the other for mutual benefit. Here too, unless the authorities intervened, the laws of supply and demand and coordination through the price mechanism played a role—although not always for the general public.

Adam Smith had only a faint anticipation of industrial capitalism and its highly innovative wealth-creating dynamics. This can be seen in statements such as: “The intention of the fixed capital is to increase the productive powers of labour […] In manufactures the same number of hands, assisted with the best machinery, will work up a much greater quantity of goods than with more imperfect instruments of trade” (Smith, Glasgow Edition, p. 286). In other words, within the wealth-creating, capitalist market economy dynamic, there is also a very visible hand at work: that of capital. If we think of this not statically but dynamically, and if we understand that “capital” is not simply there, that is, as not simply falling from the sky in the form of machines, then we recognize the hands (and minds) of inventors, entrepreneurs, investors, and capitalists. These are functions that are often distributed among several people but can also coincide in a single person. Here, for the sake of simplicity, I would like to group these functions with the concept of the capitalist entrepreneur and innovator.

The capitalist entrepreneur and innovator is a future-oriented person who is driven by determination—and invests his own resources, time, and talents—to produce a product that he considers useful for a certain group of people or even the great mass of the population. It is for them that he expects to meet, or create, a propensity to purchase the product. Expected profitability is therefore a prerequisite for entrepreneurial activity. The prospect of profit is often the dominant, if not necessarily the only, driver. Uncertainty about the future and risk are the unavoidable framework conditions.

So, before the goods for market-economy exchange even exist, the entrepreneur-capitalist makes an advance payment, so to speak. Instead of consuming wealth (i.e., exchanging it for already existing consumer goods), hoarding it, and leaving talents lying idle or using it for unproductive activities, he turns it into capital that generates new or further wealth. In this case, it is not something exchanged but given.

Non-Economic Forms of Giving and Zero-Sum Economics

Of course, there are other forms of giving. But they are not economic, productive, prosperity-enhancing forms of giving. In purely economic terms, they are like a zero-sum game, such as charitable giving out of love and compassion, sharing and distributing within the family, among friends or in communities of solidarity. Such giving is important in every society for living together. It creates diverse, especially spiritual, benefits and profits—but not economic benefits in the true sense of the word, because it does not overcome material scarcity by creating more; it merely administers what is available and distributes it differently.

Certainly, man does not live by bread alone; the economy and its logic are not the only important things for man and society. Nevertheless, even the cultivation of the goods of the spirit requires first and foremost a secure livelihood and the provision of material goods. Only a society that enjoys a certain degree of prosperity, whose members are freed from basic existential worries, can devote itself to the cultivation of spiritual values and allow culture to flourish.

As already mentioned, the economy is not about sharing or distributing, but about making more from less, using scarce resources to satisfy the constantly growing and changing material needs of an ever-increasing number of people. In its intention and character, capitalist giving is therefore not distributive, but always value-creating giving; it overcomes natural scarcity by creating more from less, indeed, by creating abundance. And thus, it has come about that in capitalism the great mass of people no longer work for an elite of birth and spirit, as in pre-industrial times, fighting day by day for their own survival; rather, an intellectual-entrepreneurial elite generates prosperity for the masses through the legitimate pursuit of success, wealth, and prestige.

Indeed, throughout history there have been forms of economic activity—that is, methods for solving the problem of scarcity—that correspond to the logic of the zero-sum game. For example, in ancient Rome, the rich could only become or remain rich at the expense of most of the population. As compensation, it was part of the ethos of the Roman aristocracy to spend enormous sums every year to keep the *plebs* in line with grain deliveries and their distribution (Brown 2018, p. 185 ff.; Rhonheimer 2021). This was also a form of economic activity, and of course also a form of giving, but it only served to secure the wealth of the upper class (whose status was based on power and patronage) and to maintain political stability by satisfying the masses. The consequence was a chronic economic downward spiral, which could not be halted even by the relief efforts of the ancient Christian Church, and ultimately led to the collapse of the system.

After all, the ethos of caring for the poor and Christian compassion of the ancient Church, attested to in the writings of Church fathers such as Bishop Ambrose of Milan or Pope Gregory the Great, was also based on the same zero-sum mentality: wealth could only be explained and understood through robbery or other injustice. The rich who gave alms—as Ambrose and Gregory preached—would therefore only give back to the poor what belonged to them anyway; and from the perspective of their time, they were right to a certain extent (cf. Rhonheimer 2021, p. 46). At the same time, trade and the pursuit of profit were viewed with suspicion because—in the ancient Roman tradition, less so in Byzantium (see Laiou 2008)—they were understood primarily in terms of greed and exploitation. Unfortunately, many theologians and Church leaders have still not moved beyond this view of things.

This economic zero-sum mentality, as well as the distrust of trade and the pursuit of profit, was only questioned and at least theoretically overcome in the Middle Ages. This was when philosophers, lawyers, and theologians, initially from the Franciscan order—such as Petrus Iohannis Olivi, in the thirteenth century (Olivi 2021)—began to speak of "capital." After Olivi, many others up to the School of Salamanca in the sixteenth century began to speak of capital, that is, money that becomes fruitful through its productive use and thus improves people's lives (see Gregg 2016, pp. 59–113; Grice-Hutchinson 1952; Chafuen 2003).

This was the result of theological and legal reflection on the emerging commercial capitalism, which was accompanied by a flourishing banking and credit system. For example, as the economic historian Raymond de Roover reports, the beginning of a contract of the Alberti trading company in Florence in 1308 bears the heading:

> "In the name of God and the benefit that God will give for the good of the soul and the body" (quoted from de Roover 1974, p. 71).

Something similar can be found in Florentine bank books and Flemish merchant contracts of the time. Moral theological and legal reflection on this combination of the pursuit of profit for the glory of God and the striving for the improvement of earthly life gave rise to a tradition which, via the School of Salamanca, ultimately led to the emergence of classical economics at the time of the incipient industrial revolution (Schumpeter 1965, p. 140 ff.).

The Visible Hand of Modern Capitalism and the Emergence of Mass Prosperity

An actual capitalist economy of giving, which, in contrast to mere barter and trade and thus also to early modern merchant capitalism, led to a transition from less to more; that is, the output of goods began to exceed the input of invested resources in both qualitative and quantitative terms, and scarcity became abundance. This happened for the first time with the industrial capitalism of the late eighteenth and nineteenth centuries.

Previously, humanity had been caught in the Malthusian trap: minor or major economic successes that led to an increase in the population's standard of living had always been wiped out by the subsequent population growth or by epidemics and famines—that is, until the turn of the nineteenth century. Up to that point, despite constant technological improvements, humanity remained at more or less the same level of prosperity (measured in per capita income). Then, however, labor productivity began to rise significantly, followed, after a certain time, by an unprecedented rise in the ordinary standard of living. Mortality fell drastically due to improved hygienic conditions, and what we know as *modern mass prosperity* came into being—not mass wealth or luxury, but a world in which people generally lead a secure, middle-class existence. It is also a world in which the living conditions, in terms of meeting basic needs such as food, housing, hygiene, health, transportation, and information, differ between the super-rich and the less well-off only in degree. Running water, central heating, washing machines, sanitary facilities of all kinds, transportation, internet, access to information and education, overseas vacations, fully stocked shelves in supermarkets, healthcare, security, etc., are available today not only to Bill Gates or Warren Buffet, but also to anyone and everywhere, in one form or another, whether in the city or in the country in all developed nations.

All this developed without manna falling from heaven, and nowhere had the wealth of the rich been distributed to the poor. On the contrary, nothing was distributed. The wealth of the "capitalists" and successful entrepreneurs, as well as the slowly increasing prosperity of the masses, was newly created or increased from what already existed—it was "value creation." Ordinary citizens' standard of living was soon to far exceed that of the royalty and the wealthy of the past, without the latter needing to become poorer as a result. The new super-rich were by no means the former ones, but those who had become wealthy as entrepreneurs/capitalists, investors, or both. The capitalist world was a new world. In it, you could only get rich—in a morally decent way—by making others richer. It is a world in which, as Ludwig von Mises wrote, the luxury consumption of yesterday has become the mass consumption of today and the luxury consumption of today will be the mass consumption of tomorrow.[1]

What was the secret of this dynamic development? As already indicated, it lay in the steadily increasing productivity of human labor,

[1] To be precise, Mises (1932, p. 178) quotes the French sociologist Gabriel de Tarde (English translation: *Social Laws: An Outline of Sociology,* trans. Howard Crosby Warren [New York; Macmillan, 1907], p. 194) with the words, "For the luxuries of today [sic] are the necessities of tomorrow." The same idea—with the same quote from Gabriel de Tarde—can be found in Hayek (2011, p. 97n11) as part of his theory of staggered progress. Hayek adds, "furthermore, the new things will often become available to the greater part of the people only because for some time they have been the luxuries of the few" (ibid.).

that is, in the growing output of goods produced per hour worked: primarily the labor of industrial workers, but soon afterwards also that of agricultural workers, as agricultural productivity also multiplied in the wake of the industrial revolution. Higher productivity not only meant higher yields, but above all higher real wages for industrial workers—not least due to the steady fall in food prices that resulted from increasingly productive agriculture.

But where did this huge increase in labor productivity, and ultimately the quality of urban infrastructure, come from? Adam Smith was right in this respect: on the one hand, it came from the division of labor, the massive intensification of which, however, was itself the effect of another cause: technological innovation. The "machines" mentioned by Adam Smith—albeit only in passing—increased the productive powers of workers, that is, the visible hand of capital and both technological and entrepreneurial innovation. At first, such innovation was often quite modest and inconspicuous, produced by technicians, engineers, and inventors of all kinds. But it also came from the targeted innovative improvement of already known techniques and production methods. This was increasingly supported by institutionalized scientific research, or from completely new, often accidental discoveries, which—and this was the real achievement—had to be recognized for their innovative potential.

With the help of often enormous sums of invested capital—which came either from the private wealth of risk-taking wealthy individuals or from the accumulated profits of successful entrepreneurs or capitalists (investors) who were striving for more. But soon it also came through the share certificates of the mostly less well-off shareholders of large public companies—marketable goods and services were developed on this basis, and these gradually improved people's lives. Famines and epidemics disappeared, and infant mortality fell by leaps and bounds, but the resulting population explosion could be absorbed; and ultimately this led to lower prices and thus rising real wages, especially for the workforce. All this happened because of the economies of scale of steadily increasing mass production. And this also meant that child labor became increasingly superfluous for generating the income of an entire family.

Industrial Capitalism, Pauperism and Mass Misery in the Nineteenth Century: False Narratives

This success story, however, is countered by a widespread, originally Marxist narrative that seemed particularly plausible to urban intellectuals in the nineteenth century, who were unfamiliar with the misery, hardship, and often cruelty of life in the countryside of old. It is a narrative still circulated today in textbooks and reference works, by the media and from the pulpit. It is the narrative that capitalism and industrialization were the cause of pauperism and impoverishment of the masses in the nineteenth century. According to this story, it was only when the trade unions exerted pressure and state social policy began to intervene that capitalism began to benefit not only the rich, but also the broader population.

As we know, this story is neither consistent with the historical facts nor can it appear plausible based on theoretical economic considerations. No serious economic or social historian would want to tell it today.

First, a brief note on hunger and poverty: what is referred to as the "pauperism" of the first third of the nineteenth century, and the associated compelled, physically damaging work of women and children, were not in fact caused by industrial capitalism; rather, they had always been what life was like in the countryside. Increases in agricultural productivity and the associated population growth, but also recurring famines—most famously those caused by the Irish potato blight—repeatedly drove masses of destitute persons who could no longer find employment in agriculture for inheritance reasons, especially young people and droves of children, into the cities and factories up to the middle of the nineteenth century, making the whole misery of the country visible in the cities (Fischer 1982). This was compounded by the emancipation of the peasants and the abolition of the compulsory trade and guild system. It also led to a large exodus of craftsmen to the factories, where their professional qualifications made them highly sought after and thus better paid than the former farm workers who had migrated to industry.

In connection with the industrial revolution, it was precisely capitalism that initially brought these people bread and wages and laid the foundations for overcoming the problems of poverty, hunger, and forced child labor for the first time in history. One can reference the well-known, left-leaning German social historian Hans-Ulrich Wehler, who wrote in the second volume of his *Deutschen Gesellschaftsgeschichte* ("*German Social History*") that the pauperism of the first half of the nineteenth century was not a modern, capitalist phenomenon, but rather, "a societal crisis situation came to light in pauperism, which was only overcome by successful industrial capitalism—not the cause, but the savior" (Wehler 1996, p. 286). Indeed, as recent research has shown, in Germany, for example, hardship was greatest in rural areas where there were no industries (Abel 1986, p. 7). This is because these industries offered the starving and impoverished masses the opportunity to survive, albeit initially at the lowest level.[2]

Capitalism: An Unprecedented, though not Straightforward, Success Story

But the end result was a success story that belied all the prophets of doom at the time. The Catholic social ethicist Johannes Messner, initially a strong critic of capitalism under the influence of Werner Sombart,[3] wrote the following about England in 1964 (he based this on data from Joseph Schumpeter): "From 1800 to 1913, the population increased fivefold, total income increased tenfold, prices fell by half, the average real income of the individual quadrupled; at the same time, the duration of work for the individual fell by almost half, and in addition, child labor was completely eliminated and women's work was greatly restricted" (Messner 1964, pp. 74 f.). According to Messner, something similar applies to Germany, but to an even greater degree: in the nineteenth century, Germany's population grew by 44 million, yet real wages at least doubled and working hours were reduced by a third (ibid., p. 75).

This was not the result of social policy and trade union pressure. Of course, trade unions were able to improve working conditions partially and locally or even successfully exert

[2] The improvement brought about by industrialization to a population previously trapped in poverty and misery was already pronounced in 1848 by Bruno Hildebrand, a contemporary and early representative of the historical school of economics (Hildebrand 1922).

[3] Thus Messner wrote with reference to Sombart in the 5th edition of his book *Die soziale Frage* ("*The Social Question*") from 1938 (p. 29): "According to this, it is probably indisputable that, in addition to individualism (...), it was this influence of the Jewish spirit that allowed the working life unfolding in capitalism to transcend all boundaries and to unleash that unboundedness in economic life from which the social question of the present arose."

pressure on wages—but only at the expense of workers in less unionized and less productive branches of industry, whose wages then fell accordingly.[4] Similarly, social policy led to a gradual protection against the most important risks of the modern, industrial working world. The trade unions were, however, unable to raise the level of general prosperity, as this is only possible because of a general increase in labor productivity. Nor can social policy or any laws achieve this; the most they can do in terms of economic and associated social progress is to stabilize the system.

In his history of capitalism, published under the title *Das kalte Herz* ("The Cold Heart"), the Frankfurt economic and social historian Werner Plumpe clearly refutes the idea that it was social policy that finally brought the fruits of capitalism to the poor segments of the population. He concludes, "Capitalism is and has always been an economy of poor people and for poor people (more precisely, the lower classes)" (Plumpe 2019, p. 639). First, regarding the claim that it is an economy *of* poor people: consider inventors like James Watt, George Stephenson or Thomas Edison, entrepreneurial figures like John Rockefeller or Andrew Carnegie—or the Wright brothers whose technological startup capital was their bicycle business, which they literally gave wings to (the modern airplane was in fact born from a bicycle!).

But as Werner Plumpe writes, capitalism is above all "an economy *for* poor people": poor people formed the great mass at that time. According to the very logic of capitalism, the capitalist entrepreneur, like no other entrepreneur before him, was dependent on the masses of these people as consumers, that is, as purchasers of the goods he produced, and was dependent on them for all his calculations. This is why capitalism necessarily led to mass production, to the production of ever more and cheaper goods that were affordable for everyone and—because real wages and living standards and thus also the needs of consumers grew in this way—to ever higher quality goods. Under capitalism, people no longer produced and traded for the wealthy and rich, as they had before, but for the masses.[5]

Sure, like everything human, capitalism also has its unattractive downsides. It has heroes, mediocrities, and villains. Its success story is not straightforward, and it has always suffered from the many influences of state interventionism, such as legal monopolies, interventions in the price structure, subsidies, the creation of barriers to market entry through unnecessary regulations, and—especially in Germany—the supreme court's favoring of cartels. The latter, like protective tariffs, were advocated and promoted in the nineteenth century for socio-political reasons, especially by the left. One need only think of Gustav Schmoller, who said that the Germans should be "proud of the formation of their industrial cartels."[6]

There has never been pure capitalism or a pure market economy, even if the myth of unbridled capitalism of the past continues to be

[4] Contemporary economists such as Julius Wolf (a clear-sighted critic of the so-called "socialists of the chair," who were representatives of the historical school) had clearly recognized these connections. In 1899, he wrote, "The organized workers take the extra wages that they earn and that remain to them from the buyers of the goods they produce, in the price of the goods, or they take it from the wages of the unorganized workers!" (Wolf 1899, p. 11; cf. also ibid. p. 14 f.). Ludwig Pohle (1921, p. 33 ff.) was just as clear-sighted a generation later.

[5] Cf. also Mises (2006, p. 1 ff.) and Mises (2012, p. 27 ff.)

[6] "I would like to say that just as we Germans rejoice in our cooperative development based on similar principles, we can be proud of our cartel formation for this very reason" (Schmoller 1906, p. 254). Cf. the comments by Walter Eucken (Eucken 1940, p. 499).

propagated (see also Rhonheimer 2017a and 2017b). Even today, it is not "laissez-faire" and "neoliberalism" that set the tone but the activist, interventionist, and regulatory state, which thus creates so-called "crony capitalism": the influence of the large and financially strong through lobbying the regulatory process to influence legislation in their favor and thus to gain a competitive advantage. Ultimately, it is the monetary policy aberrations of our central banks that are bringing capitalism into disarray, with all the consequences, such as the inflation of the financial sector, the zombification of the economy, the stagnation of real wages, the over-indebtedness of states and asset price inflation, as well as the resulting increase in social inequality. All this is opposed to the common sense of justice and creates the feeling that we are playing with marked cards.

Capitalist Value Creation and the "Labor of Capital"

Why are the actual merits and strengths of capitalism so little understood, even at a time when, despite all the aberrations and distortions of capitalism and the market economy, they are constantly improving people's lives? One reason, in my view, is a widespread lack of understanding of the economic logic of value creation, or more specifically, what constitutes the value of an economic good and what or who is responsible for its creation. This brings us to the heart of the matter, where I am convinced that the Austrian School of Economics, founded by Carl Menger, provides the decisive point of view.

Adam Smith famously believed that the value and therefore the price of a good was determined by the costs incurred in its production. David Ricardo believed this value was determined by the amount of labor expended on its production. Karl Marx adopted this theory of labor value and developed it into a theory of exploitation: According to Marx, it is actually the workers who produce the product and thus also its exchange value through their labor; they are thus also entitled to the proceeds from its sale, but this is skimmed off by the capitalist; the worker is only paid as wages what he needs to secure his livelihood, so that his labor power is retained by the capitalist. This appropriation of "surplus value" by the capitalist is the essence of the capitalist mode of production.

Marx's theory of exploitation could not be more wrong. This is because it ignores the "labor of capital," that is, the labor of the capitalist and entrepreneur. They too work (as a rule far more hours than the employed worker) and this "labor of capital" reveals another, perhaps decisive aspect of the "economic form of giving," which can only be precisely grasped by means of the subjective theory of value founded by Carl Menger: the value of a good produced by labor depends neither on the costs incurred nor on the work performed for it, but solely on its expected or actual market value. This value, in turn, is measured solely based on if and to what extent the corresponding good – also taking account of its scarcity -- meets the needs, preferences, and desires of the consumer.[7]

The creation (or discovery) of this value, however, is not the achievement of the worker but

[7] The value of economic goods is "based in the relationship of the goods to our needs, not in the goods themselves" (Menger 1871, p. 85). This is based on the theory of marginal utility, which in turn is based on the subjective theory of value, as ideated by Carl Menger in its "Austrian" form. The mathematical formulations of the marginal utility theory that prevail today, which go back to William Stanley Jevons (1835–1882) and Léon Walras (1834–1910), have, according to criticism from the "Austrian" side, led to a

exclusively that of the entrepreneur, inventor, investor, or capitalist. It is the fruit of the "labor of capital" (Rhonheimer 2016). This labor of capital consists of discovering, even anticipating, consumer wishes and developing or investing in products, which are then actually in demand and purchased, thus generating revenue from which wages can ultimately be paid. It is precisely from these wages—that is, the famous Say's law—that there is a rise in the purchasing power of the consumer, and thus always new demand for goods, i.e., monetary demand. This is also what makes further investments appear profitable and drives the upward spiral of innovation and wealth creation.

Entrepreneurs and investors are therefore not people who simply let others work for them, sit in the office with a cigar in their mouth, or hang around on golf courses and skim off the added value created by others. Rather, they are the ones who make the creation of this added value—indeed the actual market value of the products produced—possible in the first place. In doing so, they, more than the workers themselves, generate the wages of these very workers, and what's more: they create the jobs that make their work and remuneration possible in the first place. To do this, entrepreneurs must have vision, be creative, and, as I said, take risks: they have "skin in the game." They see things others do not see or that do not even exist yet. They therefore perform an intellectual and organizational feat that, as I said, makes it possible for the worker to be productive and receive a corresponding wage in the first place.

The "giving" of capitalism is also evident in the fact that the innovative entrepreneur-capitalist creates jobs and pays wages solely in the *hope* of making a profit, and hope is always directed towards the future. The worker, on the other hand, already has a contractual claim to his wage in the present, that is, here and now, and in principle regardless of the profit made by the entrepreneur and the capitalist. So here too, giving comes before getting back, it is not an actual exchange, but a speculation by the entrepreneur on future and always uncertain profit.

When I refer to capitalism as the "economic form of giving," I do not mean that it possesses this characteristic due to any morally good intentions or the morality of its actors. Rather, I mean that capitalism deserves this characterization "inherently," regardless of any benevolent or altruistic motives of the actors. Capitalism is an "economic form of giving" due to its systemic logic of allowing the successful pursuit of profit and wealth by some to enrich and increase the prosperity of all.

The market and its invisible hand, the price mechanism that coordinates everything, as well as competition, are thus changing shape; through international trade and global value chains, they are becoming a worldwide, global "mechanism" of prosperity, whose fuel is entrepreneurial vision and innovation—that is, individual people, their creativity, their ingenuity and vision, their willingness to take risks and their assertiveness, their organizational talent and the financial strength of those who also invest in their projects with entrepreneurial flair. Ultimately, our prosperity is based on this and nothing else.

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distortion of the basic idea of this theory. This was that the value of a good depends on the assessment of a non-homogeneous and unpredictably variable and unquantifiable number of individuals—consumers—a relationship that cannot be expressed in "aggregates" and is therefore difficult to model mathematically.

Capitalism: Overexploitation of the Planet and Destruction of the Environment?

However, this is contradicted today by those who say that capitalism has always been an overexploitation of the planet and still is; they say that it destroys the basis of human life and thus also its own basis, and therefore we must abandon its logic of growth. What can we say to this? Progress always involves environmental pollution and destruction. Agriculture in particular is a serious intervention in nature, drastically reducing biodiversity and pushing nature back. "Civilization" in general is an intervention in nature. But one could reply by saying, *so what*? Why is that bad?

In fact, it is not inherently because nature is a resource and we ourselves are part of it, dependent on it, and we need and love it as our environment, as a recreational space, as an aesthetic pleasure and source of inspiration of all kinds. Nature herself, however, is anything but a "loving mother" in relation to us; on the contrary, she is selfish and lacking in solidarity, even relentless, cruel, and violent. According to biblical revelation, this was not originally planned by the divine Creator. "In the beginning" he had given man perfect dominion over the forces of nature. Through what the Bible describes as the "expulsion from paradise" because of the fall of man—the abuse of human freedom to rebel against God—nature has become man's enemy. For thousands of years, and still today, people have been afflicted by all kinds of natural forces: cold, heat, hurricanes, earthquakes, tsunamis, floods, volcanic eruptions, bacteria, viruses, and in their wake often famines, epidemics and a multitude of other evils.

Sustainable prosperity has only become possible through the increasing domination, taming, and subjugation of nature, its containment and control, and through the productive use of the forces and resources it provides. In doing so, we have changed nature, not always for the best, but mostly for the best for us humans. And this is precisely what is ethically decisive, as it is always ultimately about human beings, because only in human beings is there the image of God, spirit, and freedom. And the human being alone, as an individual being, is designed for eternity—therefore possessing dignity—and is thus the subject of inalienable rights.

The first phase of industrialization and capitalism was indeed characterized by an enormous consumption of resources and consequently enormous damage to the environment, which soon led many to fear that this process might not be sustainable. Yet the various doom-and-gloom scenarios put forward since the end of the nineteenth century have always proved to be wrong in retrospect: the combination of technological innovation, market competition, and the entrepreneurial pursuit of profit (with the compulsion to constantly minimize costs) have meant that these scenarios have never materialized. Today, an increasing share of land is being returned to nature through the intensification of agriculture, and even climate change has its positive sides as along with its obvious dangers. According to a NASA report from 2016, increased CO_2 emissions have led to an increase in the amount of green space on our planet over the last 30 years by an area the size of the USA (Reiny/NASA 2016),[8] and the American environmental scientist Jesse Ausubel from Rockefeller University identifies a gradual "return of nature" for the USA (Ausubel 2015). Even the Sahel is becoming increasingly

[8] This is a NASA report by Zhu, Piao, Myneni, Ranga B. et al. (2016), although the link provided on the NASA website is no longer current.

greener, not least because of the increased evaporation in the Indian Ocean caused by warming and the resulting heavier rainfall.

As MIT economist Andrew McAfee showed in his 2019 book *More from Less*, it is precisely capitalist market competition—which F.A. Hayek famously called a discovery process[9]—that is gradually decoupling economic growth from resource consumption, that is, "dematerializing" growth (McAfee 2019, p. 75 ff.). We are producing more, better, and cheaper with fewer and fewer resources. Highly developed, advanced capitalism—including capital-intensive industrial agriculture—is therefore not "overexploitation" of nature and in no way leads to its increasing destruction. Rather, it leads to the mastery and growing conservation of nature through human intelligence and entrepreneurial creativity: this was precisely the creation mandate as we know it from the Bible: "Subdue the earth," but in a way that does not destroy it (as socialism did and continues to do), instead creating food and prosperity for all people.[10] Not through restriction, but through properly understood growth—whereby growth does not mean "more and more of the same" but "more and more new things" and "more and more innovation"; thus growth also generates the solutions to the problems of the future.

According to Andrew McAfee, however, many of these successes would probably not have been achieved without the influence of the ecological movement since 1970 and the subsequent moderate and intelligent legal requirements (McAfee 2019, p. 141 ff.). The vehicle catalytic converter, to which we owe the clean air in our cities, would hardly have been created by the market alone; it needed to be legally required. Even if the assumption and corresponding theories that the market alone could have achieved this are interesting in principle, they lack any empirical basis and are counterfactual. They therefore seem to me to have little practical relevance for the world we live in, with all its historically grown, socio-psychologically unavoidable and political conditions and constraints. It is in this real world, and not through the construction of another world derived from theoretical premises (and therefore supposedly more perfect than our own), that we must defend freedom today against an overpowering state.

The Capitalist, Market-Based Climate Policy Is Also in the Interests of Poor Countries

I would argue similarly about the issue of global warming. According to the current scientific consensus, it is largely manmade. Politically and practically, this consensus seems unassailable to me; only science itself will be able to overturn it. We must respond to the probable dangers of climate change with clever, realistic rules that employ the innovative potential of the capitalist pursuit of profit and create the necessary market economy incentives, but without undermining this same potential for innovation through regulatory and other political interventions that are hostile to freedom and growth. What we do not need are bans and an economy of renunciation. Apocalyptic horror scenarios must be

[9] Especially in his well-known essay from 1968 entitled "Competition as a Discovery Procedure" (Hayek 2003).

[10] Of course, socialism also industrialized, electrified, and tried to make agriculture more productive—but it caused enormous famines and millions of deaths. In the Soviet Union, as in all socialist experiments, the accumulation of capital necessary for economic progress took place at the expense of the masses of people, especially the peasants. This led to their impoverishment and even their death by starvation for millions. This was not an economy of giving, but of taking, and, even more, it had the character of a robbery.

exposed for what they are: they are the manifestation of an irrational game with the fear of doom that has been recurring for at least two millennia and which, in an age in which religion no longer shapes public culture, takes on forms that are non-religious if not anti-religious, but therefore no less irrational.

What is needed is a mix of climate change prevention or mitigation and, to the extent that this cannot be achieved since climate change is unavoidable, adaptation to its likely consequences (see Lomborg 2020). We should also steer clear of an economy of prohibition and renunciation because it is a policy of selfishness at the expense of those parts of the world that have not yet reached our level of prosperity. The poor countries and their peoples urgently need cheap and efficient energy to catch up, and at the moment this means that UN climate targets are a luxury that they cannot afford. For poor countries especially, the following still applies today: "Capitalism is ... an economy of poor people and for poor people" (Plumpe 2019, p. 639). If we do not focus on an economy of renunciation and prohibition, we in the developed capitalist countries will be able to help them develop the technologies of tomorrow, with which they too can achieve the goal of environmentally friendly mass prosperity. If the legal and political conditions are in place in these countries, then they will be able to do this much more quickly than Europe and the USA did in the nineteenth and twentieth centuries. We in the developed industrialized countries, on the other hand, must be prepared to endure certain inconveniences that global warming will bring and use our wealth to adapt to the inevitable. In doing so, we can be sure that new things will emerge—things we cannot even imagine—and that entrepreneurial creativity and innovation will generate solutions we cannot dream of today.

*

The interesting thing about history is that it is always unpredictable. Forecasts and future models have always been wrong because they are based on the possibilities and technologies of the present. But capitalist entrepreneurship and the market economy make it certain that the technological future will look different from what we imagine now. Current predictions of doom can be useful insofar as they drive human innovation. This can only work well, however, if politicians exercise restraint, do not chart a wrong course that is hostile to innovation, but instead give the capitalist entrepreneurial spirit (the economic form of giving) and market-based processes as free a reign as possible.

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