

## The chicken versus the egg question -

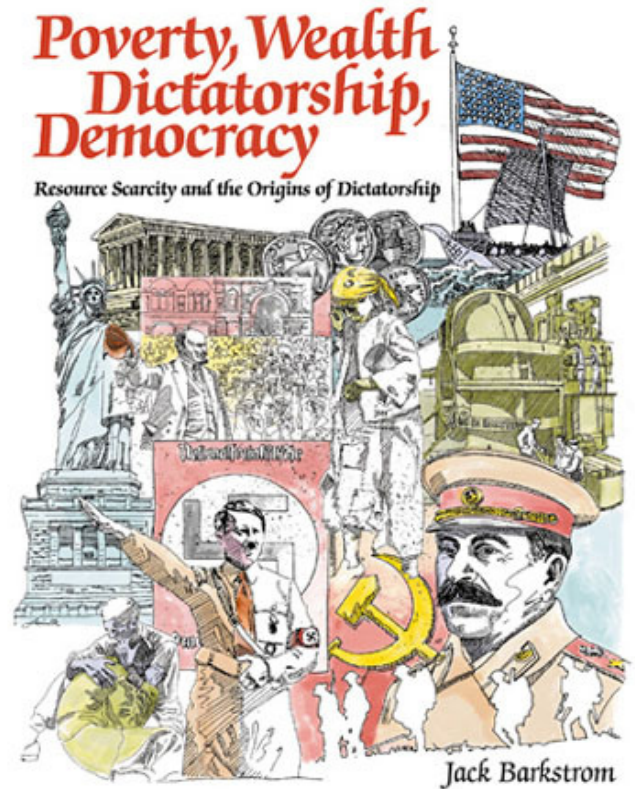
Andrew Carnegie, the steel magnate, is said to have begun his career by developing a unique talent - he could read Morse code as it was transmitted, rather than transcribing transmissions one letter at a time.

Modern capitalism has had a long association with wealth, and advocates of the free market have credited capitalism and the profit motive with much of that success. The ambition, ingenuity, and creative genius of men such as Carnegie, Thomas Edison, Cyrus McCormick, and Alexander Graham Bell have been the foundation of economic success. The key to the success of capitalism, it has been said, is the ability to make, and keep, profits - the profit motive. At the same time, profits are a function, not just of motive, but of math - costs to produce must be lower than the prices at which finished goods are sold.

Manufacturers have often turned to innovation and cheap labor as a means of reducing costs. In the U.S., they had another advantage. Raw material costs were low. The availability of large quantities of mineral and agricultural resources provided a seemingly inexhaustible supply of cheap raw materials.

The rise of the U.S. as an industrial power seemed to coincide with a string of mineral discoveries. The Marquette Range in Michigan began producing iron in 1846, just two years after its discovery. Discovered in 1887, the Mesabi Range in Minnesota would prove even larger. Michigan also began mining copper in the 1840s. Gold would be discovered in California in 1848, then in Colorado in 1859, the same year the first oil well was drilled in Pennsylvania. Mineral wealth was not the only advantage. Rich soils and a relatively mild climate created a favorable environment for agricultural production. Thousands of miles of navigable waterways reduced transport costs. Forests, virtually unexploited in Colonial times, would produce trillions of board feet of lumber.

The question -  
Has capitalism created  
wealth or has wealth created  
capitalism?



## Poverty, Wealth

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