

An excerpt from ‘Romance-of-Reality’:

No matter how rich any man may become, there is a definite limit to the part of his wealth he can enjoy for himself. Professor Thomas Nixon Carver offers a cogent point:

“A rich man of today may own few...articles of luxury and self-indulgences. His riches consist mostly of producers’ goods, that is capital. An Oriental prince, with a room full of jewelry, is a rich man but not a capitalist. A rich capitalist may live on crackers and milk, wear very plain clothes and never indulge himself in luxury.

“If you are rich as an Oriental prince is rich, your riches are for you and your favorites alone. Your riches do not have to work for anybody else. But if you are rich in capital, your capital must work for somebody else. If it does not, it is worth nothing to you and you are not rich. In order to get anything for yourself out of your capital, it must be put to work helping to produce what others want. No matter how selfish you are, the possession of capital harnesses your selfishness to the work of producing for others. Here is a clear case of harnessing the motive sometimes called selfishness, but more accurately called differential generosity, to the public interest.”*

That part of the rich man’s income, beyond that which he personally uses, is capital and, to do him any good, must find investment. Whether he invests it himself or permits a bank to do it for him is of little consequence. The point is, his investment goes into some form of production or distribution, creating competition in some field, *forcing improvements and therefore lower costs, which bring goods and services within the range of lower brackets of purchasing power.*

Leonard E. Read, ‘Romance-of-Reality’, 1937

*Christian Science Monitor, June 17, 1936