



The Myth of Modern Capitalism: Why the Western Economic Order Is Statist, Not Free-Market

Author:
Manuel Tacanho

Published:
14 January 2026

Academic Paper:
No. 001/2026

Editorial Note: This paper, *The Myth of Modern Capitalism: Why the Western Economic Order Is Statist, Not Free-Market*, emerges from the analytical framework developed in *The Scale of Statism: A Principled Framework for Ranking Socioeconomic Systems* (Tacanhó, 2025). It builds on Africonomics' insight that, contrary to the established belief, Western economies are statist, not capitalist. The purpose of this paper is to correct a foundational conceptual error that dominates academic, political, and popular discourse. By conflating statism with capitalism, the prevailing narrative obscures the true causes of instability, inequality, and social unrest, while unjustly discrediting free markets. This confusion has had grave global consequences, particularly in the developing world, where Western statist models have been imposed under the false banner of "capitalist reform."

The Myth of Modern Capitalism: Why the Western Economic Order Is Statist, Not Free-Market

Manuel Tacanho*

ABSTRACT

The global belief that Western economies represent free-market capitalism is one of the most consequential conceptual errors in modern economic thought. This paper demonstrates that the Western economic order is fundamentally statist, not capitalist. While retaining limited private property and market exchange, Western economies are defined by coercive taxation, permanent deficit spending, centralized monetary control, regulatory repression, and technocratic management. These features place them closer to socialism than to free-market capitalism. Drawing on the Scale of Statism and the broader Africonomics framework, this paper provides a principled structural analysis that distinguishes actual capitalism from statist systems. It exposes how state-managed economies have been falsely labeled “capitalist,” allowing governments to practice coercive and extractive governance while attributing systemic failures—inequality, instability, crises—to capitalism. This mislabeling has distorted economic scholarship, misdirected public debate, fueled affinity for socialism, and misled developing nations into adopting Western statist models. By grounding analysis in natural-moral law, Africonomics reveals that capitalism has not failed; it has been displaced by statism. Correctly identifying the Western order as statist is necessary for intellectual honesty, economic justice, and advancing genuinely free and prosperous societies.

KEYWORDS: Africonomics, social philosophy, political philosophy, economics, economic systems, economic justice, capitalism, statism, free markets, natural-moral law, structural justice, human flourishing.

* Manuel Tacanho (mt@afirindependent.org) is a social philosopher and economist; and the founder and president of the Afrindependent Institute.

Suggested citation: Tacanho, Manuel. 2026. The Myth of Modern Capitalism: Why the Western Economic Order Is Statist, Not Free-Market. Afrindependent Institute Academic Paper No. 001/2026.

Table of Contents

1. Introduction: The Great Mislabeling.....	3
2. Defining Terms: Capitalism, Free Markets, and Statism.....	4
2.1. What Actual Capitalism Is.....	4
2.2. What Free Markets Are.....	7
2.3. What Statism Is.....	10
2.4. The Spectrum from Free Markets to Total Statism.....	14
2.5. Why These Definitions and Precise Language Matter.....	19
3. The Architecture of the Western Statist Economic Order.....	23
3.1. Monetary Statism: Fiat Money and Central Banking.....	23
3.2. Fiscal Statism: Taxation, Spending, and Redistribution.....	25
3.3. Regulatory Statism: Control, Privilege, and Cronyism.....	27
3.4. Statist Governance: The Welfare-Managerial State.....	30
3.5. The Illusion of Markets Without Freedom.....	31
3.6. Why This Architecture Is Misnamed Capitalism.....	32
4. How Statism Came to Be Called Capitalism.....	34
5. The Consequences of Blaming Capitalism for Statist Failure.....	38
6. Why the West Maintains the Capitalism Myth.....	45
6.1. Statism Disguised as Capitalism.....	46
6.2. Ideological Warfare and Manufactured Consent.....	50
6.3. Protecting Fiat Monetary Power.....	53
6.4. International Order and Global Control.....	57
6.5. Why Africa Must Reject the Myth.....	62
7. The Africonomics Framework for Evaluating Socioeconomic Systems.....	65
7.1. Natural-Moral Law Criteria.....	66
7.2. Applying the Criteria to Modern Western Systems.....	69
7.3. Why the Contemporary Western Socioeconomic Order Is Closer to...//.....	72
8. Conclusion: Toward Honest Language and Just Systems.....	79
References.....	83

1. Introduction: The Great Mislabeling

Few misconceptions have done more damage to economic understanding, policy formation, and global development than the belief that Western countries represent free-market capitalism. In academic literature, political discourse, and popular consciousness, the United States and its allied economies are routinely described as the epitome of capitalism. Their crises are labeled “capitalist failures,” their inequalities attributed to “market excesses,” and their social tensions cited as proof of capitalism’s moral and economic bankruptcy.

This paper demonstrates that this narrative is fundamentally false and that the myth of modern capitalism is one of the most successful ideological deceptions.

Western countries are not free-market capitalist systems. They are statist systems that incorporate limited market elements within a framework of coercive, repressive, and confiscatory state control. Taxation, government debt, fiat monetary manipulation, regulatory command, and technocratic management define the modern Western economic order far more than voluntary exchange, sound money, and property rights. What is commonly called capitalism today is, in reality, statism wearing a market mask.

This mislabeling is not a harmless academic error; it has profound social consequences. By branding state-managed economies as capitalist, governments can deflect responsibility for structural injustice, chronic instability, and declining living standards. Every crisis becomes a “market failure,” and every failure justifies more state intervention and control. The result is a self-reinforcing cycle in which statism expands systematically while capitalism is blamed for outcomes it did not produce.

As first articulated in *The Scale of Statism: A Principled Framework for Ranking Socioeconomic Systems* (Tacanho, 2025), one of the most damaging fallacies of the modern era is the belief that the Western global order represents free-market capitalism. In truth, Western economies are located within Stage 3 to 4 on the Scale of Statism. They are neither free markets nor classical socialist systems, but coercive and confiscatory hybrids whose dominant logic is state control rather than voluntary coordination.

This conceptual confusion explains much of the contemporary ideological landscape. Socialism continues to attract sympathy not because it has succeeded, but because capitalism has never been allowed to exist in its true form. The failures of statist systems are misattributed to markets, creating the illusion that socialism remains a viable or misunderstood alternative rather

than an unequivocally failed one. Academic and public discourse is confused about economic systems, reinforcing the prevailing situation in which actual free-market systems have not been tried, yet are blamed for statism's failures, while statist policies are justified as "fixing capitalism."

Developing nations are urged to emulate "capitalist" Western models that are in fact heavily statist, extractive, and destabilizing. When these models fail, the blame is again placed on markets rather than on the coercive, repressive, and exploitative institutional architecture imposed in the name of modernization and technocratically managed development.

This paper seeks to correct this foundational error by restoring conceptual clarity, intellectual honesty, and moral precision. It distinguishes free-market capitalism from statist systems of tyrannical control, demonstrates how the West replaced markets with centralized management, and explains why this mislabeling sustains economic dysfunction and ideological confusion worldwide. Grounded in the Africonomics framework, the analysis advances a principled, natural-moral law perspective aimed at reclaiming economic truth as a prerequisite for justice, sovereignty, and human flourishing.

Capitalism did not fail; it was replaced by statism. Naming the system correctly is the first step toward understanding economic reality and advancing a structurally just, civilized, and prosperous socioeconomic order.

2. Defining Terms: Capitalism, Free Markets, and Statism

2.1. What Actual Capitalism Is

Any serious discussion of capitalism must begin with definitional clarity. Much of the contemporary debate collapses because capitalism is treated as a vague label instead of a precise socioeconomic order grounded in identifiable moral and institutional principles. Africonomics insists on restoring this clarity because, without it, analysis degenerates into ideological projection and policy confusion.

Capitalism as a Moral and Institutional Order

Africonomics defines capitalism, or free-market capitalism, as a socioeconomic system of voluntary exchange, private property, sound money, and nonaggression. Free-market capitalism is not defined by consumption, corporations, financial markets, or wealth inequality; it is defined by

the absence of coercion in economic relations and the primacy of voluntary human interaction.

At its core, capitalism is a social order based on four inseparable pillars:

1. **Private property rights** - including ownership of self and justly acquired property.
2. **Voluntary exchange** - free from force, fraud, or compulsion.
3. **Sound money** - emerging from market processes and protected from political manipulation.
4. **Free enterprise and free trade** - coordinated through prices, profit and loss, and consumer choice rather than state command.

These elements are not technical preferences but moral requirements that stem from natural-moral law. A system that violates property rights, imposes compulsory exchange, manipulates money, or centrally directs economic life cannot be capitalist, regardless of how frequently the word is invoked.

Capitalism is not merely an economic mechanism for resource allocation but a principled socioeconomic order that respects human dignity, liberty, and agency. It presupposes that individuals are moral agents capable of choosing, cooperating, and bearing the consequences of their actions. Markets are not machines to be managed but social processes that arise from peaceful human relations.

State Restraint, Not Necessarily State Absence

A common distortion portrays capitalism as chaotic or devoid of rules. But that is false. Capitalism requires law, but law of a specific kind—legal frameworks that protect rights instead of direct outcomes. Africonomics grounds socioeconomic order in natural-moral law: objective ethical principles that serve as the basis for institutional design, structural justice, and civilized social order.

Under a truly capitalist order, the role of government is strictly limited to protecting life and property, enforcing contracts, adjudicating disputes, and preventing force and fraud. What the government must not do is manage prices, allocate credit, redistribute wealth, plan production, or manipulate money. The moment the state moves from protector to planner, from referee to player, the system ceases to be capitalist and becomes statist.

Unlike socialism and other statist systems, free-market capitalism demands institutional humility and honesty. It recognizes that no central authority possesses the knowledge, legitimacy,

or moral right to direct complex human cooperation and centrally manage society. Economic coordination emerges from decentralized decision-making, not technocratic control.

Sound Money as a Non-Negotiable Foundation

No system can be considered capitalist, structurally just, or civilized if its monetary foundation is coercive or fraudulent. Sound money is not an optional refinement; it is a fundamental necessity. It preserves value, reflects reality, and enables peaceful, voluntary cooperation. It underpins civilizational progress by providing the foundation for stability, trust, long-term planning, and productive enterprise. By contrast, fiat monetary systems—backed by coercion and managed by central banks—facilitate structural injustice, political manipulation, and social decay.

Money in a capitalist system must emerge from voluntary market processes; serve as an honest unit of account, store of value, and medium of exchange; and be protected from arbitrary expansion and political manipulation.

Fiat money, central banking, and inflationary policy violate these requirements. They allow states to confiscate purchasing power arbitrarily, distort price signals, and redistribute wealth through monetary fraud. A system built on such practices cannot be capitalist, regardless of how markets operate at the surface level. Once money becomes a tool of the state, the economy becomes one as well. Monetary manipulation is the gateway through which statism enters every sector of economic life, entrenching systemic instability, injustice, and corruption.

This is especially critical for the developing world, where fiat currency regimes under the dollar standard have devastated economies, undermined sovereignty, and impoverished millions for decades. The call for sound money is not only technical but ethical, social, and civilizational.

Figure 1: Comparative Table of Capitalism vs. Statism.

Capitalism as Antithesis of Statism

Capitalism and statism are not variants of the same system—they are moral opposites:

Capitalism	Statism
Rests on truth, liberty, and consent	Rests on coercion, deception, and repression
Coordinates through prices and voluntary exchange	Coordinates through commands and political power
Decentralizes power and authority	Concentrates power and authority
Respects individual rights and dignity	Violates individual rights and dignity
Sound money (e.g., the Nilar)	Fiat monetary fraud and manipulation



HOME OF AFRICONOMICS

Mixed economies are not neutral or equal blends of capitalism and socialism; they are structurally statist systems with partial market remnants. The degree of statism varies, but the fundamental logic is the same: control replaces consent and command replaces cooperation. This distinction between free markets and state-managed market activity is essential. Without it, any economy with shops, corporations, or private titles can be misclassified as capitalist, even when the state dominates money, taxation, regulation, and investment.

Key principle of capitalism: Economic decisions are made by property owners through voluntary exchange, not by state planners through coercive power.

2.2. What Free Markets Are

Africonomics views economic systems not just as mechanisms for resource allocation, but as fundamental shapers of human relations, justice, prosperity, and civilization. Free markets, free-market capitalism, market economy, and free-market economy are interchangeable terms that describe the same concept: a living system of human purpose and social coordination that reflects voluntary exchanges of property between consenting parties.

Free markets are characterized by:

- **No coercion** in economic relations
- **Entry and exit freedom** for all participants
- **Price discovery** through supply and demand
- **Competition** without regulatory barriers
- **Consumer sovereignty**, not political direction

The defining feature is consent. Economic relations are voluntary, contractual, and non-coercive. No authority may compel exchange, confiscate property, manipulate money, or privilege one group over another without violating the system itself.

Clearing the Confusion

Much of the confusion surrounding contemporary economic systems stems from deliberate conflation of markets with state command, voluntary exchange with coercive control, and capitalism with outcomes produced by statism. Free-market capitalism is not a mixed system, not corporatism, not technocratic management, and not a regime of monetary manipulation, regulatory privilege, or fiscal extraction. It is a principled social order grounded in liberty, consent, and justice.

Free markets are not defined by outcomes such as inequality or wealth concentration but by process: decentralized, coordinated enterprise and trade based on voluntary cooperation among individuals who possess natural rights to life, liberty, and ownership of self and justly acquired property. Economic coordination occurs through free exchange, price signals, entrepreneurship, and peaceful competition—unlike the centralized coercion, command, and political allocation characteristic of modern statist systems.

A Moral Order, Not Merely an Economic Mechanism

Free-market capitalism is not merely an economic arrangement but a moral social order consistent with natural-moral law. It respects human dignity by recognizing individuals as moral agents capable of choosing, creating, cooperating, and bearing responsibility for their actions. Free-market systems enable and embody structural justice, productive peace, genuine prosperity, and a structurally just, civilized social order.

The free-market approach to socioeconomic order is ethical, peaceful, and universal. It rests on the premise that people have natural rights to life, liberty, and property ownership. In contrast, the statist approach is fundamentally different—centrally controlled and technocratically managed, resting on systematic coercion, manipulation, confiscation, and repression. Statist systems embody arbitrary governance, structural violence, and sophisticated barbarism.

The Strictly Limited State

Free-market capitalism presupposes a strictly limited role for government. The state's function is not to manage the economy but to uphold justice—protecting life, liberty, and property; enforcing contracts; and providing a neutral legal framework. The rule of law under capitalism is general, predictable, and non-discretionary, applying equally to all and serving as a restraint on power.

This contrasts sharply with the existing regulatory and managerial state, where rules are arbitrary, selectively enforced, and routinely weaponized for political and economic control. When governments tax excessively, regulate arbitrarily, subsidize favored industries, or manipulate credit and currency, they cease to be guardians of justice and become economic actors themselves. At that point, capitalism dissolves into statism, regardless of how loudly markets are praised in rhetoric.

Sound Money: A Moral Necessity

A free-market system requires sound money—money that cannot be arbitrarily created, debased, or manipulated by political authorities. Monetary integrity is not a technical preference but a moral and civilizational necessity. Without sound money, property rights are violated, contracts distorted, economic calculation and coordination are undermined, instability becomes entrenched, and the entire socioeconomic order becomes corrupted.

Historically, free markets emerged and flourished under commodity-based monetary systems, particularly those based on gold and silver. These systems constrained state intervention, preserved savings, and allowed prices to convey accurate information about scarcity and value. The abandonment of sound money in 1971 marked not the maturation of capitalism but its egregious betrayal.

Fiat currency, artificial credit creation, and central banking are incompatible with free markets grounded in natural-moral law. They represent monetary statism, not capitalist evolution.

Corporatism Is Not Capitalism

One of the most pervasive deceptions of the modern era is identifying corporatism with capitalism. In reality, corporatism is the marriage of state power and private interests—a system of elite privilege, protection, and political favoritism. Bailouts, subsidies, regulatory capture, and monopoly enforcement are not capitalist features but anti-market interventions that suppress competition, concentrate power, and entrench elites.

Free markets discipline and decentralize power. Corporatist statism protects and centralizes it. When large firms thrive not by serving consumers and overcoming competition in open markets but by government lobbying, protection, favor, or support, the system has already departed from capitalism. What remains is systemic corruption and managed extraction disguised as a free-enterprise system.

Key principle of free markets: All economic activity is based on consent, not force. This criterion distinguishes genuine markets from statist systems masquerading as capitalism. Where consent governs, markets are free. Where force governs, markets are constrained, controlled, and illusory—regardless of superficial appearances.

2.3. What Statism Is

Africonomics defines statism as a doctrine and socioeconomic system characterized by centralized, coercive state control over society. Though often justified as “scientific” or pragmatic, statist models are inherently pseudoscientific and ideological. They rest on flawed premises, rely on force or fraud, violate natural rights, and invariably produce unjust, confiscatory, and oppressive systems—whether mildly interventionist or fully totalitarian.

Statism is characterized by:

- Centralized political control over economic and social life.
- Coercive redistribution and regulation.
- State-directed allocation of resources.
- Political criteria determine economic outcomes.
- Privileges granted by state power.
- Fiat monetary systems that enable unlimited state expansion and systematic dispossession.

In statist systems, the government manages society coercively, bureaucratically, and

repressively. The state plans, controls, and centrally manages the economy as if it were a machine, instead of acknowledging it as a community of human beings with inherent dignity, agency, and natural rights. This is done by both elected and unelected officials who operate in a centralized, technocratic manner that is structurally coercive.

Contemporary governments, including Western democracies, maintain near-total centralized control over society, making modern nation-states heavily statist socioeconomic systems that are much closer to socialism than to free-market capitalism. They vary only in degree of coercive state control, repression, confiscation, and technocratic management—not in fundamental character and structure.

Why Statism Fails

A fundamental reason centrally managed economies are inferior to free-market economies is that government officials are not all-knowing, altruistic, or incorruptible. They are not angels or beings equipped with superhuman knowledge, foresight, or capabilities; they are just as fallible and corruptible as everyone else. Evidence indicates that politicians and government officials are frequently unscrupulous, power-hungry, and self-serving, masquerading as selfless public servants.

Moreover, even well-intentioned officials face insurmountable knowledge problems. No central authority can possess the dispersed knowledge necessary to coordinate complex economies. Price signals in free markets convey information that no planner can replicate. Central planning inevitably produces distortions, misallocations, waste, corruption, and crises. A free-market economy—that is, a free society—is vastly preferable to a government-managed economy for moral, economic, political, social, and civilizational reasons.

Statism as Institutionalized Violence and Structural Injustice

Statism is problematic not only for its systemic corruption and inefficiency but more fundamentally because statist systems are coercive, confiscatory, and repressive—making them structurally unjust and tyrannical. Statist systems vary only in the nature and extent of the tyranny and structural injustice they inflict, with the aggravating tendency to become more centralized, oppressive, and ruinous over time.

Statist systems are systems of arbitrary governance, structural violence, and sophisticated barbarism. They impose coercive, fraudulent, confiscatory, and repressive state control over human life and society. Statism is therefore the machinery of modern human enslavement.

In *The Pseudoscience of Statist Economics: An Africonomics Refutation of Utilitarian and Positivist Models*, Tacanho (2025) notes:

As demonstrated in *The Scale of Statism*, statism is the machinery of human enslavement, and mainstream economics, dominated by state-serving models, is the primary enabler of this sophisticated barbarism. Beneath the labels of capitalism, democracy, or socialism, modern nation-states operate under the same structural logic: the concentration of coercive power in a centralized authority that claims the right to rule, tax, regulate, control, and technocratically manage society.

Western philosophical materialism, mechanistic rationalism, and moral relativism—embodied in utilitarian and positivist frameworks—have fostered state-centered systems that rely inherently on coercion, deception, extraction, and repression sustained through state aggression and institutionalized violence. The result is the comprehensive subjugation, exploitation, and enslavement of human societies under the Western consequentialist and statist global order.

The Outcomes of Statism

1. Coercive Governance and Arbitrary Rule - Statism replaces consent-based social order with coercive governance. Political authority is no longer constrained by objective moral principles but exercised through discretionary power, administrative fiat, and bureaucratic command. Laws and regulations become instruments of control rather than expressions of justice. Because policy is not anchored in natural rights or moral limits, governance becomes arbitrary. Rules change with political expediency, crises are exploited to expand state power, and obedience is enforced through fines, surveillance, imprisonment, or violence. Citizens are transformed from rights-bearing individuals into centrally managed subjects, dependent on permission for nearly all activities—instead of free and dignified persons protected by just law.

2. Structural Injustice and Systematic Rights Violations - Statist systems institutionalize injustice by design. Property rights, liberty, and voluntary exchange are routinely subordinated to state objectives such as redistribution, macroeconomic targets, or social engineering. These violations are not episodic abuses but structural features embedded in taxation systems, regulatory regimes, monetary policy, and managerial governance. Because injustice is normalized at the institutional level, individuals suffer dispossession not as an exception but as a permanent, intergenerational condition. Rights become conditional privileges granted by the state instead of inherent moral claims grounded in human dignity. In statist systems, justice is rhetorical and selective rather than structural and consistent.

3. Systemic Oppression, Exploitation, and Elite Enrichment - Statism concentrates power and resources in the hands of political and economic elites. Through taxation, debt

issuance, subsidies, bailouts, licenses, and regulatory favoritism, wealth is systematically transferred from productive citizens to state-connected actors. This process is often presented as redistribution or public-interest policy, but in practice it entrenches oligarchic structures. The majority bear the costs through inflation, reduced purchasing power, limited opportunity, and economic insecurity, while elites capture rents, protection, and political immunity. Exploitation becomes institutionalized and systemic, not accidental.

4. Fiat Inflation and Chronic Economic Instability - Statist monetary systems rely on fiat money and central banking, which enable governments to finance spending through monetary inflation. This practice debases currency, distorts price signals, erodes savings, and undermines capital formation. Inflation functions as an invisible tax that disproportionately harms the majority while benefiting debtors, governments, and financial institutions. The result is chronic instability characterized by boom-bust cycles, asset bubbles, recurring crises, and long-term economic stagnation. Monetary disorder becomes a permanent feature of economic life, not a temporary malfunction.

5. Institutional Corruption and Moral Decay - Statism corrodes moral norms by rewarding compliance over integrity and power over principle. When access to resources depends on political favor rather than productive contribution, corruption becomes rational conduct. Bureaucracies incentivize rule manipulation, rent-seeking, and dishonesty, while ethical conduct is penalized. Over time, institutions lose legitimacy, public trust erodes, and moral responsibility is displaced by procedural compliance. Corruption ceases to be a deviation from the system and instead becomes one of its operating logics.

6. Social Impoverishment, Fragmentation, and Conflict - By undermining economic independence and moral responsibility, statism weakens families, communities, and civil society. Individuals become increasingly dependent on the state while competing with one another for access to political benefits. This fosters social resentment, identity conflict, and zero-sum thinking. As productive cooperation declines, societies experience rising unemployment, declining social mobility, demographic collapse, and increasing political polarization. Conflict replaces cooperation because social order is no longer grounded in justice and mutual respect but in power and redistribution.

7. Sophisticated Barbarism - Statism produces what Africonomics identifies as sophisticated barbarism. This is the condition in which highly complex institutions, advanced technologies, and elaborate legal systems coexist with fundamentally anti-human premises. Beneath the appearance

of civilization lies systemic coercion, dispossession, and moral emptiness. Human beings are treated as resources to be managed, optimized, or sacrificed for abstract goals such as growth, stability, or security. The result is not progress but a refined form of barbarism, one that disguises structural injustice behind expertise, bureaucracy, and technical language.

Modern statism under the Western global order is sophisticated barbarism. It uses technical language, mathematical models, democratic formalism, and institutional complexity to obscure structures and policies that are fundamentally unjust, anti-human, and barbaric. In statist systems, governments systematically rely on coercion, manipulation, confiscation, and repression to centrally control and manage society. Thus, where statism prevails, freedom diminishes; where coercion dominates, justice cannot thrive; where state power expands, human dignity and liberty are denied.

Key principle of statism: Economic decisions are made or heavily influenced by state power, not by voluntary cooperation among rights-bearing individuals. The essence of statism is force and fraud—state aggression.

2.4. The Spectrum from Free Markets to Total Statism

[This subsection reproduces the introduction of section 3, *The Scale of Statism: From Liberty to Tyranny*, in *The Scale of Statism: A Principled Framework for Ranking Socioeconomic Systems* (Tacanho, 2025). This version is slightly expanded.]

The Scale of Statism is a principled framework that ranks socioeconomic systems according to the degree of state coercion, control, and structural injustice embedded in them. It ranges from nonexistent to minimal state involvement in a free-market system to comprehensive state control in a socialist system under totalitarian government. This framework offers a constructive tool for assessing the extent to which governments dominate society, eliminating the confusion caused by ideological and semantic ambiguity in economics and the broader social sciences.

Core Distinction: Consent Versus Coercion

Despite the many ideological labels used to describe contemporary economies and political systems—typically capitalist, socialist, mixed, democratic, authoritarian—their fundamental nature and institutional architecture fall along a spectrum defined by one core distinction: *consent versus coercion*.

This is the fundamental dividing line. All other distinctions—public versus private ownership, regulated versus unregulated markets, democratic versus authoritarian governance—are

secondary to this crucial question: Do economic relations rest on voluntary cooperation or coercive control? Are resources allocated through peaceful exchange or political command? Do individuals retain sovereignty over their property and choices, or does state power override their decisions?

Statist systems differ only in their degree of coercion, exploitation, and repression—not in kind. Whether labeled mixed economy, social democracy, or state capitalism, systems that rely fundamentally on state coercion share the same essential character. They vary in severity, not in nature. Most nation-states today, including Western so-called liberal democracies, fall between Stages 2 and 4 on the Scale of Statism. They are not capitalist in the true sense but are varying forms of statism—some more oppressive, others less, but all characterized by extensive state control and technocratic management that violate property rights and economic freedom.

A free-market economy is the only system that fully respects human dignity, liberty, and agency, and sustains structurally just, prosperous, and peaceful societies. This is not ideological preference but recognition of moral reality: only systems grounded in voluntary cooperation rather than coercion can honor the natural rights inherent in human dignity.

The Six Stages of Statism

Existing socioeconomic systems range from moderate to total state control. The Scale of Statism identifies six categories or stages, ranked by the degree of state coercion, control, technocratic management, and dispossession they impose. It moves from the least statist, least structurally unjust—free-market capitalism—to the most statist, most structurally violent—Marxist-Leninist socialism. Each system embodies a level of coercion, centralization, and deviation from a socioeconomic order grounded in natural-moral law, individual rights, voluntary exchange, and peaceful cooperation.

Stage 1: Free-Market Capitalism (A Free-Market Economy)

A peaceful and civilized system based on natural-moral law, individual rights, voluntary exchange, sound money, and nonexistent to minimal state interference, forming the foundation of a structurally just and prosperous society. In this system, the government's role is strictly limited to protecting life, liberty, and property; enforcing contracts; and preventing force and fraud. Economic decisions are made by individuals and voluntary associations, not political authorities. Markets coordinate production and consumption through price signals that reflect real scarcity and consumer preferences. Sound money—emerging from market processes and

protected from fiat manipulation—enables honest economic calculation, productive enterprise, and the preservation of savings. This is the only stage that fully respects human dignity and natural rights, and therefore the only structurally just, fundamentally peaceful, and truly civilized socioeconomic order.

Stage 2: Crony Capitalism

A distorted version of free-market capitalism where government and favored corporations collude. State interventionism, corporate bailouts, special privileges, bureaucratic repression, structural injustices, and systemic corruption begin to form at this stage. The state moves beyond its proper protective function to grant privileges to politically connected businesses through subsidies, regulatory barriers that protect incumbents, favorable tax treatment, government contracts, and bailouts that socialize losses while privatizing profits. Markets are no longer truly free but increasingly manipulated by political power. This is the entry point of statism—where state power begins to systematically violate the principles of free-market capitalism while maintaining its rhetoric. Crony capitalism is not capitalism gone wrong but statism's initial corruption of natural-moral social order and market processes.

Stage 3: Mixed (Social-Market) Economy

A centralized system that seeks to blend free-market principles and government control—though in practice, state control increasingly dominates. Markets are not free or mostly free but heavily regulated, with the government engaging in monetary manipulation through central banking and fiat currency, confiscatory taxation, coerced redistribution through welfare programs and progressive tax codes, and technocratic management of the economy through regulatory agencies and industrial policy. The state claims authority to direct large portions of economic life in pursuit of political objectives labeled as “social justice,” “stable growth,” or “public interest.” Private property exists but is heavily constrained by regulation, taxation, and the threat of expropriation for “public use.” This is the stage most Western countries reside in—systems that maintain the façade of capitalism while operating fundamentally as statist regimes with extensive government control over money, taxation, regulation, media, and redistribution.

Stage 4: Economic Fascism

An autocratic system where the government controls most industries, exercises extensive central economic management, and enforces centralized decision-making, all while maintaining

the illusion of private property and markets. In this system, business operates under pervasive state direction—production quotas, price controls, credit allocation, labor regulations, and mandatory participation in state schemes become the norm. Formal private ownership persists, but owners effectively function as state agents implementing government policy. Corporatist arrangements merge business and state interests, with major industries operating as extensions of political authority. Markets exist in name only, as economic life is comprehensively planned and directed by central authorities. This system is more noticeably arbitrary, confiscatory, and repressive than the mixed economy, though it maintains democratic formalities and the pretense of market mechanisms.

Stage 5: Democratic Socialism

A more centralized, autocratic, and structurally oppressive system where the state extensively controls, directs, and manages society—a stage of increasingly coercive and oppressive state domination under a democratic façade. The state directly owns or controls major industries, implements comprehensive economic planning, enforces extensive redistribution through high taxation and welfare provision, regulates private life comprehensively, and suppresses economic liberty while maintaining electoral democracy as a legitimating mechanism. This system differs from economic fascism primarily in the degree of state ownership and explicitness of control. Democratic socialism openly advocates extensive state ownership and comprehensive planning, while economic fascism maintains the fiction of private ownership and markets. Both systems subordinate individual rights to collective goals determined by political authorities, and both rely on systematic coercion to maintain control. The “democratic” label provides electoral legitimacy but does not constrain state power or protect individual rights.

Stage 6: Marxist-Leninist Socialism

An openly socialist system under total state control. This is the most centralized, corrupt, oppressive, and violent stage of statism—a totalitarian dictatorship where central planning dominates all aspects of life, private property is abolished, and the government directly or indirectly owns and controls everything. Economic activity is comprehensively planned by state authorities. Political opposition is suppressed. Civil liberties are nonexistent. The state claims total authority over production, distribution, consumption, and all other aspects of human life. This represents maximal statism: the complete subordination of individual liberty to state power, the total replacement of voluntary cooperation with coercive control, and the utter rejection of natural rights and human dignity. Historical examples include the Soviet Union, Maoist China,

North Korea, and other communist regimes characterized by totalitarian control, economic devastation, mass impoverishment, and systematic human rights violations.

Figure 2: Diagram of the Scale of Statism



The Scale of Statism dispels a pervasive global myth by demonstrating that the United States, other Western nations, and the current global order are not free-market capitalist systems but heavily statist systems, with most countries located between Stages 2 and 4. The United States and the United Kingdom, for instance, operate as a mixed economy (Stage 3) trending toward economic fascism (Stage 4)—characterized by fiat monetary manipulation, confiscatory taxation, extensive redistribution, pervasive regulation, corporate-state fusion, and technocratic management. The European Union nations are similarly positioned, often further along the statist spectrum, with even higher taxation, more extensive welfare states, and greater centralized control and regulatory repression.

This reality contradicts the dominant narrative that portrays Western economies as exemplars of free-market capitalism. What is called “capitalism” in contemporary discourse is actually statism: systems in which state power dominates economic and social life through coercive governance, monetary manipulation, fiscal extraction, and extensive regulatory control.

Free-market capitalism (Stage 1) exists nowhere in the modern world, though some smaller economies, such as Liechtenstein, come closer to it than most countries.

A Tool for Clarity and Civilization

By examining these categories through a principled lens grounded in natural-moral law, the Scale of Statism reveals where current systems actually fall on the spectrum from liberty to tyranny, and what a shift toward human dignity and structurally just socioeconomic order requires. The Scale of Statism is both a tool of conceptual clarity and a moral framework for understanding, ranking, and transforming modern societies—pointing the way from structural injustice toward structural justice and human flourishing.

Understanding the Scale enables truthful, accurate analysis that cuts through ideological confusion and distortion. When one recognizes that Western countries are not capitalist systems but heavily statist, one can properly diagnose their failures and identify constructive solutions. When one understands that statist systems differ only in degree, not kind, one can resist the false choice between “more regulated capitalism” and “democratic socialism”—both merely different points on the statism spectrum. When one grasps that only Stage 1—free-market capitalism grounded in natural-moral law—fully respects human dignity, one can articulate a principled alternative to the institutional corruption, arbitrary governance, structural violence, and sophisticated barbarism of modern statist systems.

The path forward is a transition from wherever a society currently resides on the Scale toward Stage 1—that is, from coercion toward consent, from centralized control toward principled governance, from state domination toward voluntary exchange, from structural injustice toward structural justice, human dignity, and civilized social order.

2.5. Why These Definitions and Precise Language Matter

Defining capitalism, free markets, and statism correctly is more than an academic exercise, as it determines where responsibility lies for the systemic failures plaguing modern societies. If capitalism is understood as voluntary cooperation under sound money and meaningful property rights, then the failures of modern Western economies cannot be attributed to capitalism. They must be attributed to the systematic erosion of these foundations through statism.

The stakes are civilizational. Confused language produces confused thought, which produces destructive policy. When societies cannot distinguish between market outcomes and state interventions, between voluntary cooperation and coercive control, and between actual capitalism

and statist systems masquerading as such, they cannot accurately diagnose problems or devise effective solutions.

Consequences of the Great Mislabeling

Mislabeling statist systems as capitalist achieves multiple deceptive and pernicious outcomes:

1. **Absolves governments of responsibility** - When crises caused by state intervention (such as fiat monetary manipulation, housing subsidies, bailout expectations) are blamed on capitalism or free markets, those actually responsible—central banks, regulatory agencies, political authorities—escape accountability. The 2008 global financial crisis, for instance, is routinely described as a “failure of capitalism” when it was in fact produced by systematic state intervention: Federal Reserve monetary expansion, government-sponsored enterprises (Fannie Mae, Freddie Mac) subsidizing mortgages, implicit bailout guarantees encouraging reckless lending, and regulatory frameworks that failed catastrophically despite—or because of—extensive oversight.

2. **Discredits capitalism without allowing it to exist** - Free-market capitalism is blamed for problems it did not cause because it does not exist. This preemptive discrediting makes it impossible to consider actual free markets as solutions. “We tried capitalism and it failed” becomes the refrain, when in reality what is maintained is statism labeled as capitalism. This further reinforces statism by eliminating non-statist alternatives from consideration.

3. **Fuels ideological drift toward greater statism** - When statism’s failures are attributed to markets, the proposed solution is inevitably more state intervention. Each crisis produced by state power becomes a justification for expanding state power. Each regulatory failure is presented as evidence for more regulation. The ratchet turns in one direction: toward increasing state control. This drift is observable across the West over the past century, a consistent movement toward Stages 3-4 on the Scale of Statism, with each crisis accelerating the trend.

4. **Obscures actual system characteristics** - Mislabeling prevents a clear understanding of how economies actually function. When statist-corporatist systems are called “capitalist,” observers struggle to distinguish between market competition and political privilege, between earned wealth and extracted wealth, between genuine entrepreneurship and rent-seeking. The mechanisms of exploitation—monetary debasement, regulatory capture, subsidized extraction—remain invisible beneath misleading labels.

5. **Prevents rigorous analysis and evaluation** - Without accurate definitions, constructive

analysis becomes nearly impossible. How can one evaluate capitalism's performance if one cannot identify which systems are actually capitalist? How can one compare free markets to state control if the distinction is blurred? How can one learn from history if what actually occurred is mislabeled? Confused language undermines intellectual and civilizational progress, ensuring that societies repeat failures because they cannot correctly identify what failed.

6. Enables ideological manipulation and subversion - Imprecise language is a tool of control. By labeling statist systems capitalist, defenders of state power can have it both ways: claim credit for any prosperity that markets generate while blaming capitalism for problems that statism creates. This linguistic manipulation serves state interests by obscuring its role in systemic injustice while positioning itself as the solution to the problems it causes.

The Africonomics Commitment to Truth

Africonomics insists on coherent, principled definitions to dispel ideological manipulation and to restore truth and conceptual clarity. Language shapes reality. When scholars speak and think clearly about economic systems, they can evaluate them honestly. When people understand what capitalism actually is, they can recognize that modern Western economies are not capitalist but heavily statist. When scholars understand this reality, they can properly assign responsibility for failures and identify actual solutions.

Only with this clarity can the Western economic order be evaluated truthfully. Only then can societies effectively distinguish between 'market failure' and state failure, between problems stemming from insufficient freedom and those stemming from excessive state control, and between outcomes of voluntary cooperation and consequences of coercive interventionism.

Definitions Shape Reality: The Inflation Example

More generally, definitions matter because they shape how people understand and engage with concepts, institutions, and systems. A definition is more than a description; it sets the direction, scope, and goals of disciplines and policies. When poorly defined, a field like economics veers off course, producing models and policies that are incoherent and often destructive.

The power of definitional manipulation is illustrated in *The Redefinition of Inflation: Economic, Ethical, and Civilizational Consequences of a Semantic Fraud* (Tacanho, 2025). This groundbreaking paper reveals how the intentional redefinition of inflation from its original meaning, the artificial expansion of the money supply, to its prevailing definition as a generalized rise in prices has profoundly and structurally distorted economic reality, enabling state tyranny, structural injustice,

and mass economic dispossession on a global scale.

This linguistic shift is not a trivial semantic change but a foundational economic distortion. By redefining inflation as rising prices rather than artificial monetary expansion, the Western order obscured the causal relationship between central bank monetary expansion and price increases. The redefinition made inflation appear as a mysterious or natural economic phenomenon that requires expert management rather than what it actually is—deliberate state policy causing predictable, destabilizing, and destructive consequences.

This semantic fraud was instrumental in institutionalizing monetary inflation (artificial credit and currency creation) as a standard policy tool. It facilitated the abandonment of sound, commodity-backed monetary systems and enabled global adoption of fiat currency regimes based on coercion, monetary manipulation, technocratic management, and economic repression. The redefinition shifted focus from the crime (monetary expansion by state authorities) to one of its symptoms (rising prices), making it impossible to hold the actual perpetrators accountable.

The greatest economic theft in modern history was not committed with tanks or guns. It was and continues to be carried out with a dictionary, through language manipulation that obscures systematic extraction while making it seem like an unfortunate natural phenomenon.

Language as a Foundation of Justice

This demonstrates that clear definitions, semantic accuracy, and linguistic truth are not optional or peripheral matters but essential to academic discourse, institutional design, social order, and human flourishing. When language is corrupted, thought is corrupted. When thought is corrupted, policy is corrupted. When policy is corrupted, societies suffer structural injustices while being unable even to name what oppresses and debilitates them.

Africonomics therefore treats definitional precision and conceptual clarity as moral necessity, not academic pedantry. Calling statist systems capitalist is not only inaccurate; it is a form of intellectual violence that prevents clear thought, obscures responsibility, and perpetuates systemic injustice and exploitation. Restoring accurate language is essential to advancing structurally just, peaceful, and civilized socioeconomic systems.

3. The Architecture of the Western Statist Economic Order

Having defined capitalism, free markets, and statism and presented the Scale of Statism framework, it becomes possible to assess the Western economic order concretely. When measured against the moral and institutional criteria of free-market capitalism, the conclusion is unavoidable: contemporary Western economies are not capitalist systems with minor flaws; they are fundamentally and heavily statist systems with residual free-market features.

3.1. Monetary Statism: Fiat Money and Central Banking

Fiat Money as the Core Instrument of Statism

At the center of the contemporary Western economic order is a state monopoly over money. Through central banking and fiat currency systems, governments claim exclusive authority to create, expand, and manipulate currency and credit. This single institutional feature alone disqualifies Western economies from being capitalist. Sound money is a foundational and nonnegotiable requirement of a free-market economy.

Under true capitalism, money emerges from voluntary exchange and market selection as individuals freely converge on reliable currency forms. Under the Western monetary regime, money is a political instrument. Central banks determine interest rates, suppress market signals, monetize government debt, and redistribute purchasing power through inflation. These actions are not neutral or scientific-technical adjustments; they are coercive interventions that override market coordination, distort voluntary exchange, violate property rights, and destabilize the economy.

Once money is centralized and manipulated, every other market becomes structurally distorted. Prices no longer reflect real scarcity or time preferences. Investment decisions are driven by artificial credit conditions rather than genuine consumer demand. Capital allocation becomes politicized. Boom-bust cycles emerge not as anomalies but as systemic and recurring features. This fiat monetary architecture is not a deviation from capitalism; it is the central pillar of statism.

Key characteristics of fiat monetary systems include a government monopoly on currency creation, the absence of commodity backing or any objective standard of value, legally unlimited expansion capacity, legal tender laws that compel acceptance, and systematic wealth transfers through inflation and currency debasement. Fiat inflation functions as an invisible tax that erodes

purchasing power, particularly harming savers, wage earners, and the economically vulnerable—systematically dispossessing the productive majority while benefiting political and economic elites.

Central Banking as a Mechanism of State Control

Central banking institutionalizes monetary statism by placing control of the money supply in the hands of unelected technocrats. Interest rates are set administratively instead of determined by market processes. Credit allocation is shaped by regulatory privilege, capital requirements, and policy mandates rather than by entrepreneurial judgment. The lender-of-last-resort function enables fiscal irresponsibility by shielding governments and financial institutions from the consequences of excessive debt and risk-taking.

Bailouts and emergency liquidity facilities create systemic moral hazard. Losses are socialized while gains remain privatized. Financial institutions closest to the source of new money benefit first, while the broader population bears the costs through inflation and chronic instability. Despite claims of independence, central banks function as political institutions whose primary role is to sustain state finance and facilitate deficit spending.

Why This Is Not Capitalism

Free markets require sound money. Entrepreneurs depend on honest price signals to allocate resources efficiently. Savers require a stable store of value to plan, invest, and transmit wealth across time. Fiat money destroys these functions. By enabling unlimited state expansion through debt monetization and inflation, central banking replaces market coordination with economic central planning. A centrally managed money supply is fundamentally incompatible with free-market principles and a structurally just, stable social order.

Historical Transformation Toward Monetary Statism

The transition from relatively sound money to complete monetary statism followed a clear historical trajectory. The classical gold standard period represented a closer approximation to market-based money and discipline. The creation of the Federal Reserve in 1913 marked the institutionalization of centralized monetary authority. The Bretton Woods system, established in 1944, internationalized centralized monetary management under U.S. dominance. The elimination of the remaining link to gold in 1971 severed the final constraint on artificial money creation, inaugurating the pure fiat era that persists today. This fiat dollar system is the cornerstone of the contemporary Western statist and militarist global order.

Consequences of Monetary Statism

The consequences of fiat money and central banking are far-reaching and insidiously destructive. Chronic inflation steadily erodes purchasing power. Artificial credit expansion generates recurrent boom-bust cycles. Cantillon effects systematically favor politically connected actors and financial elites. Governments gain the capacity for unlimited spending without immediate accountability. Savers are systematically dispossessed, and economic instability becomes permanent.

Monetary statism is not a technical flaw within an otherwise capitalist system; it is the central pillar of the Western statist order and a primary engine of institutional corruption, structural injustice, systemic oppression, economic instability, and social decay worldwide.

3.2. Fiscal Statism: Taxation, Spending, and Redistribution

Taxation as Institutionalized Coercion

Western governments finance their operations through expansive, increasingly confiscatory taxation regimes and chronic deficit spending. Taxation in these systems is not confined to funding basic protective functions such as courts or defense. It penetrates every layer of economic life. Income, consumption, savings, investment, labor, inheritance, property ownership, and enterprise formation are all subject to continuous fiscal extraction. The result is a system in which incentives are politically engineered, entrepreneurial activity is suppressed, and resources are redistributed according to state priorities instead of voluntary choice.

Under fiscal statism, taxation is no longer a limited contribution for clearly defined services. It functions as institutionalized coercion and a tool of repressive, confiscatory control. Economic activity is treated as a taxable event, and citizens are transformed into permanent revenue sources. This fiscal architecture is fundamentally incompatible with a free-market social order grounded in natural-moral law, voluntary exchange, and secure property rights.

Debt and Intergenerational Expropriation

Public debt amplifies fiscal aggression across time. By borrowing against future production, governments bind populations not yet born to obligations they never consented to. These liabilities are not abstract accounting entries; they represent future taxation, reduced opportunity, and diminished economic sovereignty and prosperity. When central banks monetize this debt through bond purchases and monetary expansion, fiscal statism merges seamlessly with monetary

statism, completing the cycle of expropriation through inflation.

Therefore, deficit spending becomes structurally entrenched rather than a relatively rare anomaly. Governments spend first and extract later, relying on debt issuance and monetary inflation to defer visible costs. This system systematically obscures accountability while expanding tyrannical state power over present and future generations.

The Scale of Systematic State Extraction

The magnitude of fiscal statism in Western economies is substantial and revealing. Government spending commonly ranges between 40 and 60 percent of GDP, with some countries exceeding these levels when quasi-fiscal activities are included. The actual tax burden extends far beyond headline rates and includes indirect taxation, inflationary erosion of purchasing power, regulatory compliance costs, and implicit liabilities embedded in pension and welfare systems.

These layers of extraction collectively function as a comprehensive system of state appropriation, systematically dispossessing the majority of a free, dignified, and truly prosperous life. Regulatory compliance imposes substantial hidden taxes on productive activity, public debt represents deferred taxation, and inflation operates as an invisible levy. Together, they constitute a permanent structure of coercive extraction and dispossession—instead of a just system of consensual economic exchange.

Progressive Taxation and Redistribution Mechanisms

Progressive taxation intensifies this dynamic by imposing higher marginal rates on productive activity, investment, and entrepreneurship. Double and triple taxation are commonplace: income is taxed when earned, savings are taxed through inflation, and assets are taxed again through capital gains, property, or inheritance taxes. Redistribution through transfer payments, entitlement programs, and welfare bureaucracies further centralizes resource allocation in the state's hands.

Fiscal statism also operates through corporate subsidies, bailouts, and industrial policy. Governments routinely “pick winners” by directing credit, guarantees, and fiscal privileges to politically favored firms and sectors. These interventions do not correct supposed market failures; they create privilege, entrench incumbents, suppress free-market competition, exacerbate inequality, and generate systemic corruption.

Why Fiscal Statism Is Not Capitalism

Capitalism requires secure property rights and voluntary exchange. Confiscatory taxation violates ownership by force. Redistribution replaces market-based allocation with political decision-making. Subsidies and bailouts distort competition and reward proximity to political power rather than productive excellence. In fiscal statism, political criteria systematically replace price signals, and economic outcomes increasingly reflect influence instead of productive enterprise and value creation.

A system that depends on permanent fiscal aggression, continuous redistribution, and intergenerational debt cannot plausibly be described as capitalist. It is a heavily statist system of centralized control, repression, and exploitation operating under market rhetoric.

Consequences of Fiscal Statism

The consequences of fiscal statism are destructive and cumulative. Chronic deficits and mounting public debt become normalized policy instruments. Dependency and moral hazard expand as transfer systems detach income from production. Capital formation declines as taxation and uncertainty suppress long-term investment. Economic efficiency is displaced by political allocation, and corruption and inequality become endemic as access to state resources determines success.

As fiscal extraction expands, so too does state influence over economic and social life. The result is not prosperity but stagnation, distortion, and socioeconomic decay. Fiscal statism is a central mechanism through which Western countries have abandoned free markets in favor of managed extraction, redistribution, and control.

3.3. Regulatory Statism: Control, Privilege, and Cronyism

Regulation as Centralized Economic Control

Western economies have long been saturated with regulation. Entry into markets requires licenses, permits, certifications, compliance regimes, and ongoing approval from bureaucratic authorities. Prices, wages, labor arrangements, safety standards, environmental practices, financial transactions, data use, and even product design are subject to centralized oversight. Far from being marginal corrections at the edges of markets, regulation has become a primary mechanism for organizing and directing economic life under the Western statist order.

This regulatory approach does not merely address specific cases of fraud or physical harm; it shapes virtually all economic activities and outcomes. It determines who may enter markets,

which business models are permissible, which technologies may be deployed, and which firms are allowed to scale. The result is not free enterprise but centrally managed enterprise. Economic coordination is displaced by administrative control, and entrepreneurial discovery is replaced by bureaucratic permission.

The scale of regulatory control in Western nations is vast. Tens of thousands of pages of statutes, rules, directives, and administrative codes govern nearly every aspect of human life, production, and exchange. Compliance costs impose a crushing burden on small and medium-sized enterprises, diverting capital from innovation to legal survival. Occupational licensing restricts entry into trades and professions that pose no inherent threat to public safety, while permit requirements delay or prevent new ventures altogether.

Environmental, safety, and financial regulations are frequently deployed as political instruments rather than neutral safeguards. Standards are often vague, selectively enforced, and continually revised, creating permanent and debilitating policy uncertainty. This uncertainty functions as a form of control. Firms that lack legal teams and political access are disciplined or excluded, while well-connected incumbents adapt and thrive.

Corporate-State Fusion

Regulatory statism does not weaken corporate power; it concentrates it. Complex regulatory environments systematically favor large firms that possess the legal, financial, and political resources to navigate and influence policies. Regulatory capture becomes the norm instead of the exception. Industry representatives help draft the very regulations that govern them, while regulators frequently transition into lucrative positions within the sectors they once supervised.

This revolving door between regulators and regulated entities transforms regulation into a mechanism of privilege and elite enrichment. Lobbying becomes a form of competitive strategy. Government contracts, guarantees, and subsidies reinforce incumbent dominance. Financial institutions deemed “too big to fail” receive implicit or explicit state backing, socializing losses while privatizing gains. Intellectual property regimes, extended and enforced by the state, create artificial monopolies disconnected from actual market competition.

The appearance of private enterprise remains, but its substance is hollowed out. What emerges is corporatism, a fusion of state power and corporate interests operating under the rhetoric of markets while suppressing them in practice.

Why Regulatory Statism Is Not Capitalism

Capitalism requires open competition, freedom of entry, and the absence of state-granted privilege. Regulatory statism produces the opposite. Barriers to entry protect incumbents. Compliance regimes favor scale over innovation. Cronyism replaces competition. Firms succeed not by serving consumers better but by aligning with political power or navigating regulation more effectively.

In a free-market order, failure is possible and necessary. There is no category of “too big to fail.” Under regulatory statism, failure is selectively prevented for politically connected actors, while smaller competitors are allowed or forced to collapse. This is not market coordination; it is political allocation. Corporate-state fusion is not a market outcome; it is the predictable result of centralized regulatory power. Where the state controls access, standards, and survival, economic actors will rationally seek privilege instead of productivity.

Regulation, Monopoly, and Structural Inequality

Regulatory statism produces monopoly and structural inequality. Compliance costs scale upward, favoring large firms. Licensing restricts competition. Standards are written by incumbents to reflect their existing processes and capital structures. Regulatory approval becomes a decisive barrier instead of a neutral safeguard. Small businesses are strangled by complexity and cost, while consolidation is encouraged and rewarded. This process concentrates wealth and influence at the top while reducing economic mobility and prosperity. Innovation slows as experimentation becomes risky and expensive. New entrants are discouraged, and economic dynamism gives way to sclerosis.

Consequences of Regulatory Statism

The effects of regulatory statism are pervasive and impoverishing. Competition declines, and innovation stagnates. Prices rise as consumers bear the cost of compliance and reduced choice. Wealth becomes concentrated among firms and individuals with political connections. Regulatory repression expands as enforcement becomes increasingly discretionary and punitive. Meanwhile, unelected administrators gain substantial power over economic life, deepening technocratic control.

Entrepreneurship shifts from serving markets to serving regulators. Political entrepreneurship replaces market entrepreneurship. The economy becomes less adaptive, less resilient, and less humane as stagnation creeps in. Regulatory statism is a core pillar of the Western statist order. It replaces voluntary coordination with administrative control while preserving the illusion of

capitalism.

3.4. Statist Governance: The Welfare-Managerial State

Western governments have progressively assumed comprehensive authority over income distribution, social outcomes, and economic life. Through expansive welfare systems, subsidies, bailouts, guarantees, regulations, and social insurance schemes, the state has extensively embedded itself in human life and private decision-making. What is presented as social protection is, in structural terms, a transformation of society into a managed population dependent on arbitrary political administration.

These arrangements are typically defended as compassionate, stabilizing, or morally necessary. However, their underlying logic is managerial and coercive rather than emancipatory. Welfare statism shifts responsibility away from individuals, families, and voluntary support programs and concentrates it in centralized political authorities. To function, it requires permanent revenue extraction, continuous regulatory oversight, and an ever-expanding bureaucratic apparatus. Economic life becomes inseparable from state supervision, resulting in systematic dispossession and structural repression.

Instead of correcting instability, the welfare-managerial state manages the consequences of prior statist interventions. Monetary statism generates rampant inflation, asset bubbles, and financial crises. Fiscal statism produces chronic deficits and debilitating debt burdens. Regulatory statism suppresses opportunity and enterprise. Welfare mechanisms then step in to mitigate the resulting social distress. In this way, welfare does not resolve structural injustice and dysfunction; it stabilizes compliance and subservience to state tyranny. It preserves political order while underlying economic distortions remain intact.

This arrangement entrenches the state as the central economic actor. Individuals are recast as beneficiaries, claimants, or dependents. Productive activity is subordinated to eligibility rules and administrative criteria. Social outcomes are treated as variables to be optimized through policy instruments rather than as the emergent result of voluntary cooperation within a just institutional framework.

The welfare-managerial state completes the architecture of Western statism. Together with coercive governance, confiscatory taxation, deficit-financed spending, fiat monetary manipulation through central banking, and regulatory proliferation, it forms a comprehensive system of centralized control. Enforced through state aggression, this repressive and confiscatory apparatus

operates through systematic coercion, extraction, manipulation, and redistribution.

The result is a social order marked by arbitrary governance, structural injustice, institutional corruption, economic stagnation, and moral decay. While cloaked in the language of care, expertise, and progress, the welfare-managerial state is central to the sophisticated barbarism of the Western consequentialist and statist global order—where complex institutions are constructed on fundamentally anti-human premises. Responsibility is displaced, agency is eroded, and dependency replaces dignity. Far from embodying capitalism or genuine social solidarity, this system represents the culmination of statist governance under modern conditions.

3.5. The Illusion of Markets Without Freedom

Western economies retain the outward appearance of market activity. Shops operate, prices exist, corporations compete, and consumers choose among alternatives. Yet beneath this surface lies a system fundamentally incompatible with economic freedom. The defining features of a free-market order—sound money, voluntary exchange, and the absence of coercive interference—are systematically absent.

In the contemporary Western order:

- Money is politically controlled rather than market-based.
- Credit is centrally allocated through monetary policy and regulatory privilege (cartelized banking sector).
- Risk is socialized through bailouts, guarantees, and lender-of-last-resort facilities.
- Failure is managed instead of allowed to discipline misallocated investment.
- Success is regulated, capped, subsidized, or redirected according to political priorities.
- Economic outcomes are increasingly shaped by policy rather than by voluntary exchange.

These are not marginal distortions or temporary deviations; they define the fundamental nature of the Western system. Markets operating without sound money, without free pricing of capital, and under pervasive fiscal and regulatory coercion are not free markets; they are administrative mechanisms functioning within a statist framework. The existence of private titles or consumer choice does not negate centralized and repressive control. Ownership without secure property rights, prices without honest money, and competition without freedom of entry are hollow substitutes for an actual market economy.

The illusion is reinforced by a broader ideological narrative: the claim that the West constitutes

the “free world” while the rest of humanity lives under varying degrees of unfreedom. For decades, Western states—led by the United States—have portrayed themselves as global custodians of liberty. In reality, they preside over a heavily statist order characterized by centralized coercion, fiat monetary manipulation, regulatory repression, and systematic dispossession. The West is not the antithesis of statism; it is its most sophisticated expression.

Recent developments have made this reality increasingly difficult to deny. The expansion of surveillance, the erosion of civil liberties, the normalization of arbitrary executive power, and the authoritarian measures imposed during the Covid era exposed the fundamentally autocratic nature of Western governance systems. Yet despite these revelations, the myth of Western freedom persists.

Freedom indices typically label non-Western societies as “unfree” while treating Western democracies as paradigms of liberty. This is a profound mismeasurement and misrepresentation. When freedom is reduced to electoral procedures or formal civil rights, structural coercion and exploitation are rendered invisible. The harsher truth is that the entire world is structurally unfree—including the West itself. Statism and tyranny, not liberty and dignity, dominate the global order.

Western democracies may appear freer at the margins, but beneath the surface, they function as managerial autocratic states. They are not societies ordered by voluntary cooperation but systems governed through technocratic administration, fiscal extraction, and monetary control. True freedom cannot be measured by ballots alone. It must be measured by the degree to which social and economic life is governed by consent rather than coercion, by sound money rather than fiat manipulation, and by moral governance rather than state domination.

The belief that the West represents the free world and that its economies are capitalist is a dangerous misconception. It obscures the true sources of institutional corruption, chronic instability, and social decay. It misdirects reform efforts and perpetuates a global order built on coercion, manipulation, and repression rather than on truth, consent, and liberty. The illusion of markets without freedom is one of the central deceptions sustaining contemporary statism—and one that must be decisively dismantled.

3.6. Why This Architecture Is Misnamed Capitalism

Labeling the contemporary Western socioeconomic order as “capitalism” is not an innocent analytical error; it serves a political and ideological function. By branding a fundamentally (and

heavily) statist system as capitalist, responsibility for systemic failure is displaced, and coercive governance is shielded from scrutiny.

This mislabeling achieves several outcomes simultaneously: governments evade responsibility for structural distortions and failures they themselves create; centralized control, monetary manipulation, regulatory repression, and fiscal extraction are reframed as necessary “corrections” of alleged market failures; and inflation, inequality, instability, and social fragmentation are blamed on markets rather than on technocracy and centralized management. As a result, calls for ever greater state intervention appear reasonable and corrective—instead of further escalation of a structurally unjust and fundamentally anti-human system built on state coercion, manipulation, and oppression.

The effect is perverse and enduring. Capitalism is not permitted to exist in its true form, yet it is perpetually held responsible for outcomes it did not produce. Free markets are blamed for distortions created by fiat money; private enterprise is accused of failures generated by regulatory capture; and inequality produced by monetary inflation and political privilege is attributed to voluntary exchange. In this way, the false diagnosis guarantees the wrong remedy: more statism is prescribed to cure the damage caused by statism. Meanwhile, the state consolidates power and control.

Africonomics dispels this myth of modern capitalism. It demonstrates that the Western order is not capitalist but statist in structure, logic, and operation. What exists globally is not a binary opposition between capitalism and socialism, but a spectrum of statism differing only in degree. On the Scale of Statism, Western nations occupy Stage 3, the mixed or social-market economy—although a defensible case can be made that many have already reached Stage 4 statism (economic fascism), given the rise of the managerial state, monetary central planning, regulatory proliferation, extensive state control, and corporate-state fusion.

The Western system is neither socialist in name nor capitalist in substance. It is a managed, coercive, debt-driven, inflationary order sustained by centralized control and structural injustice. It relies on fiat monetary fraud, fiscal extraction, regulatory privilege, and technocratic management. It is not an accidental deviation from free-market capitalism but its systematic replacement.

Modern Western statism is a form of sophisticated barbarism. It combines advanced administrative capacity with fundamentally anti-human premises, presenting itself as the pinnacle of governance and civilization while institutionalizing coercion, corruption, dispossession, and

structural violence. To misname such a system “capitalism” is inaccurate and constitutes one of the central ideological mechanisms through which structural exploitation is preserved and perpetuated.

4. How Statism Came to Be Called Capitalism

The misidentification of Western statism as capitalism is neither a historical accident nor a harmless semantic mistake. It is the product of a long process of ideological branding, intellectual confusion, and deliberate obfuscation. Understanding how this confusion arose is essential because it explains why capitalism is blamed for failures it did not cause, while statism consistently escapes accountability. This confusion is central to the maintenance of the contemporary Western racialized and statist global order.

The Gradual Erosion of Market Order

Western nations did not abruptly transition from relatively market-oriented systems to heavily statist ones. The transformation occurred incrementally, with early industrial societies retaining meaningful elements of private property, voluntary exchange, decentralized enterprise, and limited government. Over time, however, the state expanded its reach through taxation, regulation, monetary intervention, and welfare provision.

Each intervention was framed as limited, necessary, or corrective. None were presented as a rejection of capitalism itself. As a result, the public never experienced a clear institutional break—instead, statism accumulated layer by layer atop residual market structures. The outward appearance of capitalism was preserved while its substance was progressively hollowed out.

Because private ownership and commercial activity were never completely abolished, the system continued to be labeled capitalist. Yet capitalism, properly understood, is not defined by the mere existence of markets, firms, or consumer choice but by the absence of coercive and repressive economic control. That absence gradually disappeared, even as the label remained.

The Classical Liberal Era (Roughly 1800-1914)

During the classical liberal period, Western economies came closest to true capitalism, though they remained imperfect.

Key characteristics included relatively free markets, sounder money under the gold standard,

less government overreach, low taxation, and decentralized enterprise. This period witnessed rapid innovation, capital formation, rising living standards across social classes, and genuine competitive pressures. While not free of systemic injustice, manipulation, or intervention, this era represented the closest approximation to a free-market order the West has experienced.

World War I: The Turning Point

World War I marked a decisive rupture, as total war required total state control. Governments suspended the already manipulated gold standard, imposed price controls, commandeered production, and made income taxation permanent as a fiscal tool. Command-economy measures introduced during wartime became precedents for peacetime governance, and some were never fully dismantled after the war.

The institutional logic of emergency control became embedded within state structures. What had been temporary became permanent.

The Interwar Period and the Keynesian Shift

The interwar years accelerated this transformation. Attempts to return to the gold standard were mismanaged and politically constrained. The Great Depression was wrongly blamed on markets rather than on monetary manipulation, policy errors, and prior wartime economic distortions.

The intellectual turning point arrived with the Keynesian revolution. Keynesian economics did not merely introduce new policy tools; it redefined the relationship between the state and the economy. Markets were no longer understood as self-coordinating processes grounded in voluntary exchange. They were recast as inherently unstable systems that require continuous fiscal and monetary management.

Keynesian theory was accepted and became the core of mainstream economics not because it was empirically validated or theoretically superior, but because it legitimized and consolidated the statism Western countries were already practicing. It provided intellectual cover for policies governments wanted to pursue anyway, such as unlimited deficit spending, monetary manipulation, and broad economic management—all now justified as scientific necessity rather than political choice.

Government intervention became framed as necessary for stability, growth, and employment. Yet this redefinition did not abandon the term capitalism. Instead, capitalism was reinterpreted to

mean a system in which markets exist but are guided, stabilized, and corrected by the state. From this point onward, capitalism ceased to denote a free-market order and became synonymous with mixed, interventionist economies.

Statism cloaked itself in capitalist language while rejecting capitalist principles.

World War II and the Bretton Woods System

World War II further consolidated state economic power and control. The Bretton Woods system institutionalized a dollar-gold hybrid, embedding centralized monetary management within international institutions such as the IMF and World Bank. These bodies established a global architecture of monetary statism, fiscal discipline enforced from above, and managed exchange.

Domestically, welfare states expanded, regulatory regimes deepened, and mixed economies were presented as the new ideal. While some monetary constraints remained due to limited gold convertibility, the direction was clear: the state had become the central economic actor and manager.

The Post-War Statist Consensus

From approximately 1945 to the early 1970s, Western nations embraced a broad statist consensus. High taxation, expansive public spending, extensive regulation, nationalization in key sectors, and Keynesian demand management became normalized. Although growth occurred, it was increasingly driven by state-managed credit, demographic expansion, and post-war reconstruction rather than by free-market dynamics. Importantly, even during this period, the system was still labeled capitalist.

The Fiat Dollar Standard (1971 to the Present)

In 1971, the final link between the dollar and gold was severed. This marked the transition to a pure fiat and fully statist monetary order. States and central banks gained unlimited capacity to create money and expand credit; debt and deficit spending exploded; financialization accelerated; asset bubbles and recurring crises became structural features; and economies worldwide became inflationary and chronically unstable.

What followed was not a retreat from statism but its mutation and consolidation. So-called neoliberalism did not dismantle state power. It reconfigured it. Monetary central planning, bailouts, corporate subsidies, and regulatory privilege expanded alongside selective deregulation.

The result was not freer markets, but a different form of statism.

The Cold War Branding Strategy

The Cold War entrenched this conceptual confusion. In contrast to Soviet socialism, Western governments branded themselves as capitalist by opposition, not by principle. Any system that did not involve total state ownership of all productive assets could be labeled capitalist.

This binary framing erased meaningful distinctions between free markets and managed economies. As long as private firms existed and prices were not entirely fixed, the system qualified as capitalism. This branding served geopolitical ends. It positioned the West as the defender of freedom while legitimizing extensive domestic control and technocratic economic management.

Capitalism became associated with consumer abundance rather than with liberty, property rights, sound money, or voluntary exchange. In other words, statism was normalized under the banner of capitalism.

The Neoliberal Mislabeling

The Reagan and Thatcher era was marketed as a free-market revolution. In reality, it involved regulatory reform instead of genuine deregulation or a fundamental reorientation toward a free-market order. Privatization often produced private monopolies backed by the state. Financial markets were liberalized while the fiat monetary system and bailout mechanisms remained intact. Tax cuts were paired with increased spending, leading to an explosion in government debt. And corporate welfare expanded. This was not capitalism; it was nominally reformed statism.

The 2008 Crisis and Its Aftermath

The global financial crisis of 2008 was widely blamed on capitalism. In truth, it was the predictable outcome of fiat money, central bank credit expansion, housing subsidies, and moral hazard created by bailout expectations. The response was more statism. Bailouts, quantitative easing, sweeping regulation, and deeper corporate-state fusion followed. Central banks began acquiring vast quantities of financial assets, effectively socializing risk while privatizing gains.

Once again, capitalism was blamed for failures caused by statism.

The Covid Era: Autocracy Unmasked

The Covid-19 episode stripped away remaining illusions. Lockdowns, economic shutdowns,

massive fiscal expansion, central bank asset purchases, direct payments, subsidies, and supply-chain controls revealed the true nature of Western governance. Despite claims of liberal democracy and individual rights, Western states exercised sweeping authoritarian powers with little resistance.

For those paying attention, this period exposed the fundamentally autocratic character of Western systems beneath the veneer of procedural democracy.

Academic Complicity and Conceptual Drift

Economics played a central role in sustaining this mislabeling. As the discipline became increasingly mathematical, technocratic, and ethics-free, foundational questions about coercion, property rights, money creation, and moral legitimacy were sidelined.

Capitalism was redefined in textbooks as any system with private ownership, prices, and profit-seeking firms. This narrow, mechanistic definition stripped capitalism of its moral and institutional core. Political power was treated as neutral, and fiat money and coercive governance were not challenged. Under this framework, almost any statist system could qualify as capitalist. The language necessary to describe actual free-market arrangements disappeared.

The Cost of Conceptual Confusion

The most damaging consequence of this confusion is that capitalism has never been allowed to exist, yet it is endlessly condemned. Free markets are dismissed as unrealistic; sound money is declared obsolete; limited government is portrayed as dangerous; and voluntary exchange is deemed insufficient for social order. As a result, societies debate only the degrees of statism, not its legitimacy. The conceptual clarity necessary for free markets and a structurally just, civilized socioeconomic order is erased.

Africonomics insists that this confusion must be resolved before meaningful reform is possible. A society cannot correct its economic system if it cannot name it accurately.

5. The Consequences of Blaming Capitalism for Statist Failure

Once statism is mislabeled as capitalism, the intellectual and political consequences become severe and self-reinforcing. Economic failure is systematically misdiagnosed, moral responsibility is inverted, and societies are driven further into coercive and repressive governance under the

illusion of reform. This conceptual error distorts analysis, policy, and public consciousness, entrenching instability, inequality, institutional corruption, and escalating coercion in the Western socioeconomic order.

Capitalism as Scapegoat for State-Created Crises

Because Western economies are described as capitalist, every crisis that emerges from statist mechanisms is blamed on markets. The pattern is consistent and predictable:

- *Inflation* caused by central bank monetary expansion is framed as corporate greed.
- *Housing shortages* produced by zoning laws, rent controls, and credit manipulation are attributed to free enterprise.
- *Financial crises* driven by central banking, regulatory privilege, and bailout expectations are blamed on deregulation and market failure.
- *Inequality* created by fiat money (Cantillon effect), corporate subsidies, and regulatory barriers is presented as a market-generated outcome.
- *Stagnation* caused by confiscatory taxation, regulatory burden, and monetary distortion is attributed to capitalism's supposed inherent flaws.

This inversion is not accidental. It systematically shields the state from accountability while discrediting markets and free enterprise. The public is taught to associate capitalism with instability, inequality, and exploitation, even though these outcomes are structural features of statism generated by taxation, monetary manipulation, regulatory capture, and political allocation of resources.

The result is a permanent narrative trap: every failure strengthens the case for more intervention, even when interventionism caused the failure in the first place. State-created problems are presented as evidence of market failure, justifying expanded state power to “fix” markets, which creates new problems that require further intervention. The ratchet turns in one direction: toward increasing state control.

Expansion of Coercive and Repressive Governance

When capitalism is blamed for statist failures, the prescribed remedy is invariably more state control. Each crisis becomes justification for higher taxes, tighter regulations, expanded surveillance, and deeper monetary statism. This progression has no natural stopping point, since interventionist systems generate chronic instability and recurring crises, they require continuous escalation. The state must intervene to “correct” the distortions it created, which generate new

distortions that require further intervention. Each “solution” compounds the problem while justifying the next round of controls.

Over time, societies drift steadily along the Scale of Statism. What begins as minimal intervention (Stage 2) evolves into mixed economy (Stage 3), then toward economic fascism (Stage 4), with some nations approaching democratic socialism (Stage 5)—all while claiming to protect society from the alleged failures of capitalism. The trajectory is unidirectional: away from voluntary cooperation toward coercive control; away from decentralized coordination toward centralized command; away from individual liberty toward state domination.

This pattern is observable across the West throughout the 20th and 21st centuries. Each crisis—the Great Depression, stagflation, the 2008 financial crisis, COVID-19—produced dramatic expansions of state power that were never fully reversed. The baseline level of state control ratchets upward with each emergency, establishing new norms of intervention that become permanent features of the statist system.

Moral Confusion and the Collapse of Responsibility

One of the most damaging consequences of the capitalism myth is the moral inversion of blame. Entrepreneurs, traders, and productive individuals are portrayed as exploiters, while coercive and extractive institutions present themselves as protectors of the public good. Voluntary exchange is treated with suspicion, while state aggression is normalized as governance.

The mislabeling of statism as capitalism corrodes moral reasoning by shifting responsibility from institutions to individuals and from perpetrators to victims. Theft through fiat inflation is framed as policy. Confiscation through taxation is justified as solidarity. Coercion through regulation is praised as protection. Meanwhile, peaceful economic activity is stigmatized. In this environment, justice is no longer defined by respect for rights and consent, but by compliance with political objectives. The result is a society in which moral clarity collapses, and injustice becomes structural.

Citizens are told they are poor because markets failed them, not because central banks systematically debase their currency. Entrepreneurs are blamed for inequality created by regulatory privilege and fiat monetary manipulation. Workers are encouraged to demand redistribution rather than question the structures that confiscate their productivity through taxation and inflation. The unemployed are told to blame “capitalism” for job losses caused by minimum wage laws, occupational licensing, and regulatory barriers.

This moral confusion dissolves the link between cause and consequence. When outcomes are attributed to the wrong causes, societies cannot learn from failure or correct course. The result is structural confusion and an architecture of systemic coercion and extraction that remains invisible, protected by false narratives that deflect blame from state intervention onto market processes.

The psychological consequences are profound. This inversion fosters resentment, class antagonism, and social conflict while leaving the actual structures of domination and exploitation untouched. Society turns inward against itself—workers against employers, consumers against businesses, young against old—rather than recognizing how the state systematically exploits the productive majority for the benefit of political and economic elites. Horizontal conflict between citizens displaces vertical resistance to state domination.

The Artificial Revival of Socialism

Another damaging consequence is the rehabilitation of socialism as a perceived alternative to capitalism’s “failures.” This is a corruption of public discourse, enabling ideologies responsible for unprecedented human suffering to masquerade as humane alternatives.

Because statism is falsely presented as capitalism, socialism appears as a corrective instead of an intensification of the same logic of centralized coercive control. Young generations, observing instability, inequality, and injustice in statist systems mislabeled as capitalist, conclude that markets have failed; when in fact, actual free markets have not been allowed to operate.

This explains why socialism remains popular despite its catastrophic historical record of mass starvation in the Soviet Union and Maoist China, economic collapse in Venezuela and Cuba, systematic oppression throughout the communist world, and the consistent pattern of poverty, tyranny, and human rights violations wherever socialism has been implemented. The ideology feeds on misdiagnosis. If capitalism is blamed for statist outcomes, socialism appears morally attractive, even humane—presented as caring about people while capitalism supposedly cares only about profit.

In reality, socialism is not the opposite of statism but its culmination—the complete subordination of economic and social life to political control, the total replacement of voluntary cooperation with coercive command, the utter rejection of property rights and economic liberty. Moving from Stage 3 or 4 (where most Western nations reside) to Stage 5 or 6 (democratic or totalitarian socialism) is not a change in kind but an intensification of degree; that is, more

centralization, more coercion, more systematic violation of natural rights.

The tragic irony is that those rebelling against statism's injustices by embracing socialism are advocating for an even more oppressive and structurally violent form of statism, and for more of what caused the problems they oppose.

Intellectual Stagnation and Suppressed Alternatives

A further and insidiously damaging consequence of mislabeling statism as capitalism is the systematic suppression of truly free-market and morally grounded alternatives. By framing all non-socialist systems as "capitalist," and then attributing every failure of statist governance to markets, the intellectual space for principled alternatives is closed. Sound money, decentralized enterprise, minimal taxation, and voluntary coordination are dismissed as unrealistic.

Sound money is derided as nostalgic extremism. Voluntary institutions are portrayed as naïve or utopian. Decentralization is framed as dangerous disorder. Economic freedom is recast as social cruelty. Property rights are reduced to greed rather than recognized as a matter of justice. Free exchange is depicted as exploitation instead of peaceful cooperation. Through these distortions, statism insulates itself from serious challenges.

Control over language produces a false choice. The public is offered only two options: existing statism, mislabeled as capitalism, or expanded statism, openly called socialism. Both options accept the premise that centralized state control is necessary; they differ only in degree and rhetoric. Real alternatives—free markets, sound money, voluntary cooperation, limited government that protects rather than violates rights—are systematically excluded from mainstream discourse.

This suppression is enforced institutionally. Media narratives marginalize advocates of economic freedom; academic gatekeeping sidelines non-statist frameworks; electoral systems offer only statist options; and dominant economic theories lack the conceptual tools to imagine social order without coercive control. The result is a narrow ideological corridor in which all "serious" positions accept extensive state intervention as given.

This has led to global intellectual stagnation. Economics becomes an exercise in managing decline rather than in pursuing truth, justice, and human flourishing. Policy debates revolve around degrees of control instead of questions of legitimacy. Civilization itself is reduced to coercive governance and technocratic administration under the Western paradigm.

Africonomics breaks this stagnation by restoring conceptual clarity and moral grounding. It identifies statism, not markets, as the common source of modern economic and social dysfunction. It reopens the intellectual space for free enterprise, sound money, and voluntary cooperation, grounded in natural-moral law and respect for human dignity, as the foundations of structurally just, prosperous, and truly civilized societies.

Civilizational Consequences

Blaming capitalism for statist failure entrenches confusion and produces civilizational decay. The misdiagnosis has consequences that reach beyond economic discourse into the fabric of society.

- *Trust* erodes as people observe that hard work and honest dealing no longer reliably produce prosperity—because state intervention systematically redistributes wealth from productive citizens to politically connected elites. When success depends more on political favor than merit, social trust collapses.
- *Savings are destroyed* through monetary debasement, making long-term planning increasingly difficult and forcing people into speculation rather than prudent accumulation. Without savings, families lose economic resilience and become dependent on state provision or vulnerable to every economic shock.
- *Families become economically fragile* as both parents must work to maintain purchasing power eroded by inflation, as housing costs driven up by zoning and monetary policy prevent family formation, and as taxation claims such large portions of income that building wealth becomes increasingly problematic. This fragility cascades across generations, preventing intergenerational wealth transfer and keeping families perpetually precarious. This also undermines demographic growth.
- *Social cohesion collapses* as economic life becomes adversarial rather than collaborative. Instead of viewing exchange as mutually beneficial, people increasingly see economic relations as zero-sum; one party's gain necessarily requires another's loss. This adversarial mentality corrodes the trust and reciprocity necessary for civil society.
- *Political power expands* as social order breaks down, with the state positioning itself as mediator, provider, and enforcer—replacing organic social coordination with bureaucratic command. As traditional institutions (families, churches, voluntary associations) weaken under economic pressure and state displacement, government becomes the default solution to every problem, further expanding its scope and repressive control.
- *Human flourishing erodes* as people abandon long-term goals for short-term survival,

creativity is stifled by regulation and taxation, entrepreneurship becomes rent-seeking, meaningful work is replaced by bureaucratic compliance, and genuine community dissolves into transactional relationships mediated by state power.

This is not market failure but the outcome of systems built on coercion, deception, and moral evasion. Civilization cannot thrive when built on foundations of systematic injustice, regardless of how sophisticated the mechanisms of extraction become.

The Impossibility of Reform Without Correct Diagnosis

Africonomics insists that until societies correctly identify the nature of their socioeconomic systems, meaningful reform remains impossible. One cannot fix what one cannot or refuses to diagnose. As long as statism is called capitalism, proposed solutions will necessarily deepen rather than resolve problems.

Every “reform” will expand state power because the diagnosis identifies markets as the problem. Every crisis will justify more intervention because voluntary exchange is blamed for outcomes caused by coercion. Every failure will be interpreted as evidence that markets need more control rather than that state control needs to end.

This is why the mislabeling is so pernicious; it makes learning and meaningful reform impossible. Societies cannot correct course when they fundamentally misunderstand what is causing their dysfunction. The feedback loops that would normally prompt course correction are severed by false diagnosis. Failures that should discredit state intervention instead discredit markets, making the problem worse.

Why Capitalism Has Never Been Tried in the West

The uncomfortable truth is that modern Western societies have never operated under true free-market capitalism. At best, they have displayed partial and temporary approximations—periods of relative economic freedom constrained by some degree of monetary integrity and less interventionist government.

As noted earlier, the classical liberal era (roughly 1800-1914) was the closest approximation to actual capitalism the West has seen: the gold standard provided monetary stability, relatively low taxation, limited government, fewer regulatory barriers, and greater economic freedom. Even this era fell short of a free-market order, as monopolies were granted, tariffs imposed, and colonial extraction practiced. But it represented dramatically freer markets than anything in the century

since.

What exists today is a complex network of fiat monetary systems that allow for unchecked government expansion; confiscatory taxation rates that can claim 40-60% of economic output; governments trapped in debt dependency, leading to perpetual borrowing; central banks manipulate interest rates and the money supply; and regulatory command pervades all industries; extensive surveillance; and political decisions determine credit and investment allocations; and comprehensive state control over economic life.

These are defining features of statism, not capitalism. Thus, capitalism cannot be blamed for outcomes produced by its systematic negation. Blaming capitalism for the failures of statist systems is like blaming vegetarianism for the health problems of someone who eats meat at every meal; it attributes responsibility to something that does not exist.

Africonomics restores the clarity necessary for structural justice and human flourishing. It rejects caricatures and false binaries, insisting on precise definitions based on objective moral reality rather than political convenience or ideological manipulation. Only by understanding what capitalism truly is—voluntary cooperation, sound money, property rights, free exchange, limited government—can societies begin to see why it has been displaced, what has replaced it (statism in various degrees), and what must be recovered if structurally just, peaceful, and prosperous socioeconomic systems are to be achieved.

6. Why the West Maintains the Capitalism Myth

The persistent misrepresentation of Western nations as capitalist is not an innocent analytical error but a structural and ideological necessity for maintaining the prevailing Western statist order. The capitalism myth serves multiple critical functions: it obscures responsibility for state-created failures, preserves Western economic and political power, neutralizes dissent by channeling opposition toward false targets, and ensures the survival of coercive and exploitative systems under the appearance of freedom.

This confusion is deliberately maintained because it is instrumental to preserving Western global domination. By presenting statism as capitalism, Western powers discredit actual free markets, the very system that would enable developing nations to escape dependency and achieve prosperity. The mislabeling protects a global order built on fiat monetary systems that facilitate

systematic extraction, regulatory frameworks that entrench Western corporate dominance, and development policies that perpetuate rather than alleviate poverty.

For Africa and the broader developing world, the consequences are devastating. When statist failures are blamed on capitalism, the prescribed remedies—more state intervention, more “development aid,” more IMF/World Bank programs—deepen rather than resolve instability and dependency. Meanwhile, the alternative that could actually generate prosperity—free markets with sound money, property rights, and economic freedom—is dismissed as the failed system that caused the problems statism actually created.

The capitalism myth serves both domestic and global interests of the Western paradigm. Domestically, it protects the state from accountability while expanding control. Globally, it maintains the subordination of developing nations within a statist architecture designed to extract rather than enable, to perpetuate dependency rather than foster sovereignty, and to ensure continued Western dominance rather than facilitate prosperity and peaceful human relations.

6.1. Statism Disguised as Capitalism

The Scapegoat Mechanism

By branding statist systems as capitalist, Western governments and institutions methodically deflect blame for systemic failures. Inflation, inequality, financial crises, debt dependency, and social disintegration are routinely attributed to “market failure,” even though these outcomes are overwhelmingly produced by state intervention through central banking, confiscatory taxation, and regulatory coercion that create privilege and barriers.

This inversion of blame is not accidental confusion but deliberate misdirection. If statism were accurately identified as the cause of these problems, the legitimacy of centralized governance would collapse, and structural exploitation would become visible. Labeling statism as capitalism ensures that public anger is directed at markets, entrepreneurs, and private property—rather than at the real source of economic injustice: coercive political control wielding monetary, fiscal, and regulatory power.

Thus, the capitalism myth functions as the perfect scapegoat. It absorbs criticism for crimes it did not commit, while statism escapes scrutiny by masquerading as its opposite. The pattern is consistent across every major economic problem:

- When inflation erodes savings and purchasing power, capitalism is blamed—though

central banks created the inflation through fiat monetary expansion.

- When inequality rises dramatically, capitalism is blamed—though fiat money, regulatory barriers, and corporate subsidies created the concentration of wealth.
- When financial crises devastate economies, capitalism is blamed—though central bank credit expansion, implicit bailout guarantees, and regulatory privilege created the conditions for recurring crises.
- When housing becomes unaffordable, capitalism is blamed—though zoning restrictions, credit manipulation, and regulatory costs drove up prices.
- When workers' wages stagnate, capitalism is blamed—though monetary debasement, taxation, and regulatory burden suppressed real income growth.

Meanwhile, the actual causes remain unexamined: artificial credit and currency creation that cause chronic instability while eroding purchasing power and concentrating wealth upward; fiscal aggression that extracts productive wealth; regulatory command that restricts economic freedom and productive enterprise; and political allocation that replaces free-market coordination.

This inversion ensures that every statist failure justifies expanded intervention and centralized control. Since capitalism is portrayed as the problem, statism presents itself as the solution, even though it is the actual cause. The cycle becomes self-perpetuating: state intervention creates problems → problems are blamed on markets → more intervention is prescribed → new problems emerge → repeat, all the while structural injustice persists, and socioeconomic deterioration continues.

Each iteration moves societies further along the Scale of Statism. What begins as “fixing market failures” evolves into comprehensive state control and oppression, with each crisis justifying the subsequent expansion of coercive power. The ratchet turns only toward increasing centralization, greater extraction, and more confiscatory and repressive governance.

Misdiagnosis and Inevitable Policy Failure

When statism is mistaken for capitalism, every diagnosis becomes fundamentally wrong. This is not a matter of degree but of kind. The entire analytical framework inverts cause and effect, attributing outcomes to the opposite of their actual source.

- *Inflation* caused by central bank monetary manipulation is blamed on corporate greed or “supply shocks”—leading to price controls, windfall taxes, and other interventions that worsen shortages and erode living standards, while the actual cause (fiat inflation)

continues unchecked.

- *Inequality* driven by artificial monetary expansion, regulatory repression that protects incumbents, and subsidies that flow to politically connected firms is attributed to markets—while leaving the mechanisms that create systemic inequality intact.
- *Financial crises* triggered by artificial credit expansion, moral hazard from bailout expectations, and regulatory frameworks that favor large institutions are described as failures of insufficient oversight—leading to more regulation that entrenches “too big to fail” while enabling the same monetary manipulation that caused the crisis.
- *Unemployment* caused by minimum wage laws, occupational licensing, regulatory barriers, and tax burdens on hiring is blamed on insufficient aggregate demand—leading to more monetary stimulus and deficit spending that gradually impoverishes the majority while actual barriers to employment remain.

This systematic misdiagnosis leads to policy failure. Governments respond to problems created by intervention with intensified intervention. Monetary instability is addressed through expanded central bank powers. Regulatory distortions are answered with additional layers of regulation. Fiscal crises prompt higher taxes and heavier debt loads. Each round of “reform” intensifies the very pathologies it claims to solve, because the reforms address symptoms while maintaining or expanding the causes.

The capitalism myth thus locks societies into a destructive cycle where causes and effects are systematically inverted, where learning from failure becomes impossible, where each attempted solution compounds the problem, where state governance is based on coercion, deception, and repression, and where movement toward genuine free markets is dismissed as “more of what caused the problems.”

The False Binary of Capitalism vs. Socialism

A particularly effective tool of this deception is the false binary between capitalism and socialism that dominates public discourse. Citizens are presented with a narrow choice: accept the current corporate-statist system (misabeled as capitalism) or embrace overt state socialism. Both options preserve centralized power, extensive coercion, and systematic violation of natural rights. They differ in degree and rhetoric, not in fundamental nature.

As alluded to earlier, this false choice serves multiple functions:

- *First*, it eliminates true alternatives from consideration. Free-market capitalism grounded

in natural-moral law, sound money, property rights, and voluntary exchange is excluded entirely from the debate. When all non-socialist systems are collapsed into capitalism, and this capitalism is identified with the existing heavily statist order, genuine market alternatives become literally unthinkable within mainstream discourse.

- *Second*, it channels dissent in safe directions. Those dissatisfied with current arrangements are offered socialism as the alternative, which merely intensifies statism rather than challenging it. Opposition to state power is redirected toward advocacy for different or expanded state power. The fundamental question—whether extensive state control is legitimate—is never raised.
- *Third*, it protects the existing order by making it appear moderate. Positioned between “extreme capitalism” and “extreme socialism,” the current statist system appears as a sensible middle ground. Calls for reducing state power and intrusion can be dismissed as extremism, while calls for expanding it seem reasonable, moderate, and even scientific.
- *Fourth*, it obscures the common character of both poles. By presenting capitalism and socialism as opposites, the false binary hides the fact that both represent statism, differing only in the degree of state control and the rhetoric of justification. The real opposition—between voluntary cooperation and coercive control, between free markets and state command—is rendered invisible.

The Rise of Pseudo-Anti-Capitalism

Ironically, the myth of capitalism has fueled the resurgence of socialism and other statist ideologies. Because Western failures are falsely attributed to markets, calls for “alternatives” naturally gravitate toward more state control. Socialism is presented as a remedy to problems actually caused by statism.

This dynamic explains why socialist ideas flourish in heavily regulated, debt-driven economies. People are reacting to real injustice, but their anger and alternative system are misdirected. They are taught to oppose capitalism rather than coercion, markets rather than manipulation, free enterprise rather than systemic extraction. The result is pseudo-anti-capitalism—a rebellion against a caricature, not against the real source of oppression, dysfunction, and suffering.

The Africonomics Alternative

By collapsing all non-socialist systems into capitalism and attributing all failures to market outcomes, the Western order foreclosed serious inquiry into structurally just economic arrangements. The space where genuine alternatives should be discussed—alternatives grounded

in natural-moral law, sound money, free enterprise, voluntary exchange, and respect for human dignity—is systematically excluded from mainstream consideration.

This is precisely the space Africonomics occupies and defends. Africonomics rejects the false binary, demonstrating that:

- The current Western order is not capitalist but heavily statist (Stages 3-4 on the Scale of Statism).
- Socialism is not an alternative to this system but its intensification (Stages 5-6).
- Free-market capitalism (Stage 1) has never been tried in modern Western societies.
- Movement toward actual free markets would reduce rather than increase the problems blamed on capitalism.
- Structural justice, prosperity, and peace require moving away from statism in all its forms—toward voluntary cooperation, sound money, and respect for natural rights.

By restoring conceptual clarity, Africonomics breaks the false binary and reveals that the true choice is between coercive systems that vary only in degree (all forms of statism) and voluntary systems that respect human dignity (a free-market order grounded in natural-moral law). Only when this real alternative becomes visible can societies begin moving toward structurally just, peaceful, and civilized socioeconomic systems—instead of merely debating which form of structural injustice to embrace.

6.2. Ideological Warfare and Manufactured Consent

The Strategic Function of the Capitalism Myth

The capitalism myth plays a central role in ideological warfare, serving as a cornerstone of Western power maintenance. By presenting the Western order as “free-market,” Western institutions can portray any alternative as authoritarian, regressive, or anti-modern—even when those alternatives seek actual market freedom, sound money, and voluntary cooperation grounded in natural-moral law.

This strategy constitutes structural intellectual deception and ideological subversion that manufactures consent for statist domination. The mechanism is insidious, as entire populations are conditioned to believe they already live in the freest possible economic system, making resistance appear irrational or dangerous. Citizens are taught that their current arrangements represent the practical limits of economic governance, that any deviation risks chaos or tyranny,

and that existing institutions—however oppressive—are necessary protections against worse alternatives.

Within this manufactured framework, any call for fundamental reform is framed as extremism. Advocating for sound money becomes “gold bug fanaticism.” Questioning central banking becomes “economic illiteracy.” Challenging extensive taxation becomes “selfishness” or “not paying your fair share.” Opposing regulatory barriers becomes “wanting to let businesses run wild.” Defending property rights becomes “protecting the rich.” Each principled position against state control is caricatured, dismissed, or pathologized.

Meanwhile, the expansion of surveillance is justified as a matter of security. Increased taxation is presented as fairness. Systematic dispossession through inflation is explained as necessary monetary management. Fiat currency manipulation is defended as a stabilization policy. Regulatory repression is portrayed as consumer protection. Each extension of coercive state power is rationalized as pragmatic governance, technical necessity, or democratic will; never as what it actually is: systematic violation of natural rights and human dignity.

In this way, the myth not only confuses but also disciplines and compels submission. By controlling the boundaries of acceptable discourse, the capitalism myth ensures that resistance to statism is channeled into safe directions (calls for different statist policies) rather than into fundamental challenges (the rejection of statist control itself). Dissent is permitted and even encouraged, so long as it operates within the false framework that accepts extensive state power as necessary and legitimate.

Academia as Ideological Apparatus

Academia functions as a central pillar of ideological camouflage, providing the intellectual infrastructure that manufactures and sustains the myth of capitalism. Since the Keynesian shift of the mid-20th century, mainstream economics has become overwhelmingly statist, dominated by state-serving models that present themselves as neutral and scientific but are, as Africonomics demonstrates, fundamentally flawed and pseudoscientific.

The Western ethics-free economic paradigm (euphemistically called “value-free”), based on utilitarian and positivist frameworks, has enabled and legitimized the Western statist and militarist global order. It obscures the systematic coercion, confiscation, repression, and exploitation of contemporary statist systems by:

- **First**, it presents normative choices as technical necessities. Political decisions about who

pays, who benefits, and who bears risk are reframed as objective economic requirements. Central banking appears as neutral monetary management rather than systematic wealth transfer. Progressive taxation is cast as optimal policy rather than confiscation. Regulation is portrayed as market correction rather than political control.

- **Second**, it normalizes state intervention. Extensive government involvement is treated as an inevitable feature of modern economies rather than a historically contingent choice. Mixed economies are mislabeled as mature capitalism, and central planning through monetary and fiscal policy is presented as normal rather than aberrational.
- **Third**, it provides intellectual cover. Academic economics supplies the language, models, and prestige that render state coercion respectable. Practices that would be recognized as fraud, confiscation, or oppression if conducted privately are rebranded as monetary policy, fiscal stimulus, regulation, or welfare, all allegedly grounded in scientific necessity.
- **Finally**, it manufactures expert consensus. Through control of hiring, journals, funding, and professional advancement, the statist paradigm filters out dissent and creates the illusion of unanimity. “Expert opinion” reliably reinforces state power while principled, non-statist alternatives are marginalized or excluded.

In this way, academia does not merely analyze the Western statist order; it actively sustains and legitimizes it.

Economics as State Service, Not Truth Service

Mainstream economics has thus become a discipline in service of state power and Western global domination, rather than truth, justice, and human flourishing. Its primary function is not understanding economic reality but providing intellectual legitimation for systematic extraction, control, and exploitation.

By facilitating, creating, and entrenching intellectual confusion and statist models, academic economics enables the capitalism myth to persist despite overwhelming evidence of its falsity. The discipline systematically produces analyses that attribute statist failures to markets, policy recommendations that expand state power, and theoretical frameworks that assume government intervention as necessary and beneficial.

The tragic result: economic “science” becomes ideology. What presents itself as a neutral analysis of how economies function actually operates as a sophisticated rationalization for how states dominate. The discipline that should be exposing systemic injustice instead obscures it. The field that should be defending human dignity instead provides intellectual ammunition for

violating it.

When statist models inevitably fail—producing inflation, inequality, instability, and crises—the failures are blamed on capitalism rather than recognized as the consequences of state interventionism. Each failure is used to justify more intervention, each crisis serves to expand state power, and each problem created by previous policies is used to implement new policies that will create new problems. Academic economics provides the intellectual framework that makes this perpetual expansion appear reasonable, scientific, and necessary.

Breaking the Cycle

Africonomics exposes this entire apparatus of ideological control. It demonstrates that:

- The capitalism myth is not an analytical error but a strategic deception.
- Mainstream economics serves state power, not truth or justice.
- The “scientific consensus” reflects institutional capture, not objective reality.
- Genuine economic science requires moral foundations, not value-free pretense.

By restoring moral clarity and methodological honesty to economic inquiry, Africonomics breaks the manufactured consent that sustains statist domination. It reveals that what presents itself as free-market capitalism is actually extensive statism, what claims to be neutral science is actually state-serving ideology, and what appears as necessary governance is actually systematic violation of human dignity and natural rights.

Recognizing and rejecting this ideological subversion is essential for societies to begin moving from the anti-human Western statist paradigm toward free-market order, structural justice, and human flourishing grounded in natural-moral law.

6.3. Protecting Fiat Monetary Power

The True Foundation of Contemporary Western Power

Perhaps most importantly, the capitalism myth protects monetary statism—the true foundation of contemporary Western power and global domination. Central banking, fiat currency, and debt-based governance are the pillars upon which the entire edifice of modern statism rests. These systems enable governments to extract resources invisibly through fiat inflation, finance unlimited expansion without taxpayer consent, and impose economic discipline through monetary manipulation rather than overt legal coercion.

The stakes of exposing this reality are existential for the statist order. If societies understood that free-market capitalism is incompatible with fiat money and central banking—that sound money is essential to actual capitalism—the entire structure of modern governance would be exposed as illegitimate. The state’s ability to finance itself through monetary debasement, to manipulate economic activity through credit expansion, and to systematically transfer wealth through inflation would be recognized not as necessary technical management but as institutionalized fraud and theft.

To prevent this recognition, capitalism was deliberately defined in ways that include or accommodate monetary manipulation. Fiat currency and central banking are presented as compatible with, even necessary for, modern capitalism. In contrast, the gold standard is dismissed as archaic; sound money is portrayed as impractical nostalgia; commodity-backed currency is derided as “gold bug”; and criticism of central banking is framed as dangerous radicalism.

By incorporating monetary statism into the definition of capitalism, the system protects its most powerful tool of control and extraction. Citizens are taught that fiat money and central banking are features of capitalist modernity rather than violations of capitalist principles. When these monetary systems produce their inevitable consequences—inflation, boom-bust cycles, inequality, instability, and impoverishment—capitalism is blamed while the actual culprit (monetary statism) escapes scrutiny and accountability.

The Africonomics Exposure

Africonomics has revealed the fraudulent and economically violent nature of fiat monetary systems through a series of landmark works demonstrating that such systems are not only technically flawed but also fundamentally unethical, destabilizing, and destructive to human flourishing.

The Africonomics Theory of Monetary Justice (ATMJ) provides a comprehensive moral, philosophical, and economic refutation of fractional reserve banking and fiat currency. The ATMJ framework demonstrates that these systems are inherently unethical, structurally unjust, and economically ruinous—not through accidental policy failure but by design.

It establishes that:

- *Fractional reserve banking is doubly fraudulent* - First, it violates depositors’ property rights by treating demand deposits as loanable funds, allowing banks to lend money they do not

own. Second, it enables money creation from nothing through the act of lending itself, conjuring purchasing power without corresponding productive value.

- *Fiat currency systems function as institutionalized theft* - Detached from any objective standard of value, these systems grant states and central banks unlimited power to expand the money supply, systematically transferring wealth from the productive majority to political and financial elites. The mechanism is insidious: those closest to money creation (governments, central banks, large financial institutions) gain purchasing power before prices adjust, while wage earners and savers lose purchasing power as inflation spreads through the economy. This constitutes systematic exploitation through monetary manipulation.
- *The violence is unequally distributed* - Fiat monetary systems impose their heaviest burdens on developing nations, which suffer the double violence of domestic currency depreciation and subordination to reserve currency regimes. Nations across the world, forced to hold dollar reserves, service dollar-denominated debt, and import dollar inflation, experience monetary colonialism—their economic sovereignty compromised, their resources extracted, and their development constrained by monetary systems designed to benefit Western powers.

The Fiat Dollar Standard: A Structural Crime Against Humanity

The current fiat dollar standard represents the apex of monetary injustice—what Africonomics identifies as a structural crime against humanity and civilization. This system has normalized monetary fraud and chronic instability worldwide, creating a global architecture of extraction that enriches a narrow elite while systematically impoverishing the productive majority.

The mechanisms of this crime include:

- *Unlimited dollar creation* - The Federal Reserve (U.S. central bank) can create dollars without limit, exporting inflation globally while financing American consumption and military dominance through monetary expansion that other nations cannot replicate without devastating their currencies.
- *Reserve currency privilege* - Nations must hold dollar reserves to participate in international trade, effectively providing the U.S. with interest-free loans while bearing the risk of dollar depreciation. This “exorbitant privilege” enables America to run perpetual deficits, finance a military empire, and extract resources globally through fiat monetary means.
- *Debt trap dynamics* - Developing nations are compelled to borrow in dollars, making them

vulnerable to currency fluctuations they cannot control. When the dollar strengthens (often due to Federal Reserve policy), debt burdens in local currency terms explode, forcing austerity, asset sales, and structural adjustments that entrench dependency and extract wealth.

- *Monetary imperialism* - The dollar system functions as a tool of geopolitical control. Nations that challenge U.S. interests can be threatened with exclusion from dollar-based financial systems (such as SWIFT and correspondent banking), effectively weaponizing the global monetary infrastructure for political ends.
- *Systemic inequality* - Fiat systems concentrate wealth dramatically because those with assets (stocks, real estate, commodities) see their values inflate, while those with primarily labor income see their purchasing power erode. This creates growing inequality not through market processes but through monetary manipulation that favors asset holders over the majority.

Thus, the capitalism myth helps shield the most powerful instrument of theft and control ever devised: the fiat monetary system. By labeling economies built on fiat currency as capitalist, the system:

- *Prevents recognition of the fraud* - Citizens blame markets for monetary system failures, never recognizing that central banking and fiat currency are state interventions incompatible with a principled free-market socioeconomic order.
- *Protects central banks from scrutiny* - The unelected, unaccountable institutions that wield enormous power escape scrutiny because they are presented as necessary features of capitalist modernity and as stabilizing factors rather than as engines of structural exploitation and economic instability.
- *Discredits sound money alternatives* - Commodity-backed currency or other sound money systems are dismissed as incompatible with modern capitalism, when in fact they are incompatible with statism, which is precisely why statist powers oppose them.
- *Enables continued extraction* - So long as fiat systems are seen as features of capitalism instead of statism, the systematic wealth transfer through inflation continues unchallenged, enriching elites while dispossessing the productive majority.
- *Maintains global hierarchy* - The dollar standard's role in perpetuating Western dominance and developing-world subordination remains obscured when presented as a feature of global capitalism rather than a tool of monetary imperialism.

The Path to Monetary Justice

Exposing the myth of capitalism is therefore essential to achieving monetary justice. Only when societies recognize that:

- Fiat money is fundamentally incompatible with actual capitalism
- Central banking represents state control, not market coordination
- Sound money is essential to, not opposed to, free markets and structural justice
- Current monetary systems serve state power and elite extraction, not economic stability or prosperity
- The fiat dollar standard functions as a mechanism of global control and exploitation, not a pillar of prosperity and peace

...can a reorientation toward just monetary systems become possible. The myth of capitalism must be dismantled to expose what it protects: the systemic monetary fraud that enables contemporary statism and perpetuates the global hierarchy of extraction and subordination.

Africonomics charts this path by demonstrating that actual capitalism requires sound money, that fiat systems are inherently statist, and that monetary justice is prerequisite for economic justice, structural justice, civilized social order, and human flourishing. The revolution begins with calling things by their true names—not capitalism but statism, not monetary management but systematic theft, not reserve currency system but monetary imperialism.

6.4. International Order and Global Control

Intellectual Colonialism and Systemic Dependency

The myth of capitalism sustains Western global dominance by keeping the world intellectually confused and dependent on Western statist models presented as neutral and scientific. This intellectual deception functions as a form of neocolonialism, whereby developing nations are taught that their path to prosperity requires adopting the very statist frameworks—fiat monetary systems, extensive taxation and redistribution, pervasive regulation, and debt-financed development—that have failed to produce genuine development and instead perpetuate dependency.

When these frameworks predictably generate instability, inequality, corruption, and stagnation, the failure is attributed to poor implementation or local culture—never to the models' fundamental flaws. The prescribed remedy is more of the same: more “development aid”

(entrenching debt dependency), more IMF/World Bank conditionalities (imposing control while protecting Western creditors), more “technical assistance” (embedding Western advisors in government), and more integration into global financial systems (deepening subordination to Western hegemony).

This intellectual dependency ensures that nations remain trapped within Western governance, financial, and technological systems. Economic sovereignty is nominal when monetary policy is effectively dictated by the Federal Reserve (through dollar dominance), fiscal policy is constrained by IMF conditionalities, regulatory frameworks are designed by Western consultants, and development priorities reflect external interests rather than national needs.

The Cycle of Tyranny, Instability, and Control

By trapping nations in a ruinous cycle of tyranny, instability, and dependency, the Western statist paradigm ensures they remain fragmented and militarily incapable of defending themselves from Western subversion and aggression. This is not an accidental outcome but a strategic design. The mechanisms include:

- *Economic impoverishment through statist models* - Fiat currency instability, confiscatory taxation, regulatory barriers, and institutional corruption (enabled by extensive state control) prevent capital accumulation, destroy entrepreneurship, and keep nations impoverished. Economically weak nations cannot afford modern militaries, cannot develop domestic defense industries, and remain vulnerable to economic coercion.
- *Political instability through imposed systems* - Democratic institutions transplanted without moral or economic foundations often produce corrupt, unstable governments oscillating between authoritarian control and chaotic disorder. This instability prevents long-term planning, deters investment, and creates pretexts for Western “humanitarian intervention” or “democracy promotion.”
- *Fragmentation through artificial borders and ethnic division* - Colonial-era borders deliberately divided ethnic groups and forced various groups together, creating internal tensions that prevent national cohesion. Western powers exploit these divisions, supporting various factions to maintain influence and prevent the emergence of strong, unified states capable of independent action.
- *Debt dependency* - Nations drowning in dollar-denominated debt lack the fiscal resources for military modernization or the political independence to pursue policies contrary to creditor interests. Debt servicing consumes resources that could be used to fund

development or defense, while debt restructuring negotiations offer Western powers opportunities to extract concessions.

- *Technological dependency* - Reliance on imported technology, particularly in defense, communications, and finance, creates vulnerabilities that can be exploited. Western powers can cut off access to critical technologies, impose sanctions that disrupt supply chains, or embed surveillance and control mechanisms in technological systems.

Maintaining relative economic weakness and military incapacity in developing nations—particularly in Africa—is essential to the strategic goal of continued Western domination. Economically prosperous nations with sound institutions and modern militaries could resist Western aggression, challenge Western interests, and assert genuine sovereignty. Therefore, the statist system is structured to prevent such development.

This is particularly evident in Africa, where Western powers remain most committed to preventing integration, sovereignty, and prosperity. The continent's vast natural resources, strategic location, and demographic potential represent both an enormous opportunity and a perceived threat to Western dominance. A unified, prosperous, militarily capable Africa could challenge Western exploitation, reject Western political interference, and fundamentally alter global power dynamics.

Therefore, Western policy—whether through France's neocolonial arrangements in Francophone Africa, American military installations and “counterterrorism” operations, or multilateral institutions imposing economic conditionalities—consistently works to keep African nations fragmented, weak, dependent, and unable to challenge Western interests or achieve true sovereignty.

Nominal Sovereignty and Institutional Control

Under the Western order, sovereignty is nominal and conditional. Nations may have flags, seats at the United Nations, and formal independence, but their actual policy autonomy is severely constrained. Monetary sovereignty is denied through dollar hegemony, IMF conditionalities, and the threat of exclusion from international financial systems for those that challenge the Western monetary architecture. Fiscal sovereignty is constrained by debt obligations, adjustment programs, and the threat of credit rating downgrades or capital flight for those who pursue policies contrary to Western financial interests.

Regulatory sovereignty is limited through trade agreements, intellectual property regimes, and

“international standards” designed by and for Western corporations and governments. Military sovereignty is circumscribed through arms dependency, training relationships that embed Western military doctrine, and the ever-present threat of aggression under various pretexts. Political sovereignty is conditional on maintaining pro-Western governments; those that challenge Western interests face coups, economic warfare (sanctions, asset freezes), or military aggression (direct or through proxies).

Presenting statism as capitalism is instrumental to preserving this arrangement by cloaking control in technocratic institutions and legitimizing the architecture of Western imperial power. Seemingly neutral international institutions are revealed as fundamentally designed to serve Western dominance:

- *The International Monetary Fund (IMF)* - Ostensibly providing financial stability, actually functions to enforce control on debtor nations while protecting Western creditors, imposing statist “reforms” that entrench dependency, and serving as a gatekeeper of access to international credit markets.
- *The World Bank* - Ostensibly funding development, actually finances projects that serve Western interests, embeds Western advisors in recipient governments, and creates debt obligations that ensure long-term dependency while promoting statist development models that have repeatedly failed.
- *The World Trade Organization (WTO)* - Ostensibly promoting free trade, actually promotes managed trade and enforces intellectual property monopolies that benefit Western corporations, prevents developing nations from using protectionist policies that Western nations continue to use even after industrialization, and opens markets to Western penetration while allowing Western agricultural subsidies that undermine developing world farmers.
- *The United Nations* - Ostensibly ensuring international peace and cooperation, actually provides legitimacy for Western interventions through Security Council resolutions (where Western powers hold vetoes), promotes “universal” values that happen to align with Western interests, and serves as a forum where nominal sovereignty is honored rhetorically while real sovereignty is violated practically.
- *The Bank for International Settlements (BIS) and Financial Stability Board* - Set global financial regulations that entrench large Western banks’ advantages, prevent developing nations from creating alternative monetary systems, and ensure the continued dominance of dollar-denominated finance.

These institutions are presented as neutral technocratic bodies pursuing universal goals such as stability, development, and prosperity. In reality, they function as mechanisms of Western control, imposing statist models while blaming their failures on markets, extracting wealth while claiming to promote development, and undermining sovereignty while paying lip service to independence.

The Path to Genuine Sovereignty

Breaking free from this oppressive architecture of control requires recognizing that:

- The capitalism myth serves Western dominance by obscuring the statist nature of imposed systems.
- International institutions function primarily as tools of control, not neutral providers of stability and development.
- True economic development requires rejecting statist models and embracing actual free markets with sound money.
- Political sovereignty requires economic sovereignty, which requires monetary sovereignty, which requires sound money independent of Western control.
- African integration requires rejecting the fragmentation Western powers have deliberately maintained.
- Military capability for defense requires economic prosperity generated by just institutions, not statist models that ensure continued impoverishment.

The myth of capitalism maintains subordination of developing nations within a global statist architecture designed to extract rather than enable, to oppress rather than liberate, to perpetuate dependency rather than foster sovereignty, and to ensure continued Western domination rather than facilitate genuine prosperity and peaceful human relations based on voluntary cooperation among sovereign nations.

Exposing this myth is essential to liberation and human flourishing. Only by recognizing that what is being imposed is statism, not capitalism—and that the failures attributed to markets are actually failures of state intervention—can nations chart independent paths toward true liberation, prosperity, and sovereignty, grounded in natural-moral law, sound money, property rights, and voluntary exchange instead of Western-imposed statist models that serve predatory purposes.

6.5. Why Africa Must Reject the Myth

For Africa, accepting the myth that Western statism is “capitalism” is especially destructive because it entrenches a fundamentally false diagnosis: that markets failed Africa and socialism is the remedy. This misdiagnosis obscures the central truth that post-colonial Africa has never operated under actual free-market conditions. Instead, African economies have been subjected to externally imposed statist systems—often overtly socialist in structure—designed to extract, control, and subordinate rather than to enable prosperity.

Colonial rule established centralized bureaucratic control, extractive institutions designed to benefit European interests, artificial borders that created fragmented markets and ethnic tensions, and legal-regulatory frameworks that still serve Western rather than African interests. Post-colonial socialism replaced colonial masters with domestic autocrats who retained centralized control, nationalized industries and resources, implemented comprehensive economic planning, adopted fiat monetary systems, and created vast bureaucracies—all following Western statist models while rhetorically opposing “capitalism.”

Bretton Woods institutions deepened this subordination. Structural adjustment programs imposed austerity without sovereignty, privatization without markets, and trade liberalization that exposed African industries while protecting Western ones. Monetary dependency locked African nations into dollar systems, forced debt servicing amid depreciating currencies, imported inflation from Federal Reserve policy, and denied the monetary sovereignty necessary for independent development.

At no point has Africa been allowed to operate under free-market capitalism—characterized by sound money, secure property rights, voluntary exchange, competitive markets, and limited government. What Africa has experienced instead are successive forms of statism: colonial extraction, socialist central planning, IMF-managed economies, and fiat monetary regimes—all incompatible with natural-moral law and structurally hostile to human flourishing.

The Trap of Misdiagnosis

By misdiagnosing statist failure as market failure, African policymakers are continually driven toward “solutions” that deepen instead of resolve structural problems. The pattern is tragically consistent:

When economies stagnate under statist policies, the diagnosis blames “insufficient regulation” or “market failures,” leading to more state intervention. When currencies collapse under fiat

systems, the solution prescribed is “better monetary management” by central banks instead of adopting sound money. When corruption flourishes in systems where state control determines economic outcomes, the remedy offered is “good governance” and “capacity building” instead of reducing the scope of state control that creates opportunities for corruption.

Each cycle pushes African nations further along the Scale of Statism—from bad statist systems to worse ones, from Stage 3 toward Stages 4 and 5—while the alternative of true free markets (Stage 1) is dismissed as dangerous, unrealistic, or already tried and failed.

This trap perpetuates the very conditions African nations seek to escape: economic stagnation, chronic instability, institutional corruption, technological dependency, debt dependency, and continued subordination to Western power. So long as the capitalism myth is accepted, the cycle continues—statist policies fail, markets are blamed, more statist policies are imposed, failures deepen, and structural dependency persists.

The Africonomics Alternative

Africonomics exposes and rejects this deception. It restores moral and conceptual clarity essential for liberation by:

- *Naming systems honestly* - Calling statism statism and capitalism capitalism, refusing to blame free markets for the failures of coercive control, identifying Western-imposed models as fundamentally statist instead of market-based.
- *Assigning responsibility accurately* - Tracing economic failures and dysfunction to their actual causes (fiat money, excessive taxation, regulatory barriers, and state intervention) rather than to the markets that have been systematically repressed and prevented from operating effectively.
- *Grounding analysis in objective moral truth* - Evaluating systems by natural-moral law principles (truth, justice, nonaggression, and human dignity) instead of accepting ideological frameworks that serve Western interests or perpetuate state tyranny.
- *Providing principled alternatives* - Offering free-market frameworks based on sound money, property rights, and voluntary exchange, and that protect rather than violate rights.

The Path to African Liberation and Prosperity

African nations must abandon Western philosophical and economic models—whether the overtly statist frameworks of socialism and Keynesianism or the covertly statist systems presented as capitalism—and embrace the principled frameworks of Africonomics to escape Western

domination and the trap of perpetual dependency.

This transition entails:

- *Intellectual liberation* - Recognizing that Western economics serves Western imperial interests, that the capitalism myth obscures statist control, and that alternatives grounded in natural-moral law exist.
- *Monetary sovereignty* - Adopting sound money systems independent of Western fiat currencies and fractional reserve banking, whether through commodity-backed currencies, regional monetary cooperation, or other alternatives to dollar hegemony and central banking manipulation. Africonomics proposes the Nilar, a gold-based currency system designed for African nations.
- *Institutional reform* - Building governance structures that protect property rights and foster structural justice, that constrain state power rather than concentrating it, and that enable voluntary cooperation rather than imposing coercive control.
- *Economic freedom* - Removing barriers to free enterprise, eliminating privileges and protections for politically connected firms, allowing competitive markets to coordinate production and exchange, and respecting property rights as the foundation of prosperity.
- *Continental integration* - Overcoming the fragmentation maintained by Western models, creating larger markets that enable economies of scale, coordinating policies to reduce transaction costs and increase trade, and building collective capacity for defense and sovereignty.

Only with Africonomics can African nations break free from the institutional corruption, arbitrary governance, technocratic tyranny, structural violence, and sophisticated barbarism of Western statism. Only by rejecting the capitalism myth and embracing free markets grounded in natural-moral law can a stable, integrated, and thriving Africa be built—restoring African sovereignty and dignity.

Africa's Civilizational Role

By rejecting the myth of capitalism and embracing a principled, human-centered economic order, Africa would not only liberate itself but also exercise civilizational leadership. By demonstrating that prosperity, justice, and peace are possible through systems grounded in natural-moral law, Africa would inspire other nations trapped in similar cycles of statist failure and capitalist scapegoating.

Africa has unique qualifications for this leadership role:

- *Moral clarity from experience* - Having endured colonial, socialist, and neoliberal statism, African nations can speak with authority about statism's failures and the need for a free-market socioeconomic order.
- *Freedom from ideological capture* - Unlike Western nations deeply invested in defending their statist systems as capitalist, Africa can more readily embrace principled free markets without defending failed models.
- *Cultural foundations* - African philosophical traditions that emphasize fraternal relations (e.g., Ubuntu) and human dignity align with natural-moral law and voluntary cooperation, offering alternatives to Western mechanistic and animalistic reductionism.
- *Demographic potential* - Africa's young and growing population represents enormous productive capacity that could drive global development if liberated from statist repression and dispossession. Africa's people, not minerals, are its greatest resource.
- *Strategic necessity* - Africa's liberation from Western domination would fundamentally alter global power dynamics, proving that alternatives to Western statism are not only possible but superior.

By building systems grounded in truth, justice, nonaggression, and human dignity, Africa can demonstrate that prosperity without exploitation, order without tyranny, and cooperation without coercion are not utopian ideals but practical realities. Rejecting the capitalism myth is therefore both corrective and liberating. It opens the path not only to African sovereignty and prosperity but to a global civilizational renewal grounded in moral reality and a principled conception of human nature.

This is Africa's calling—and Africonomics is the framework through which it can be realized.

7. The Africonomics Framework for Evaluating Socioeconomic Systems

Africonomics offers a principled framework for evaluating socioeconomic systems that transcends ideological labels and technical rationalizations. Instead of accepting systems' self-descriptions or evaluating them based on stated intentions, Africonomics assesses systems based on objective natural-moral law criteria.

These criteria are not arbitrary preferences or culturally contingent; they are universal principles that stem from the nature of human beings as moral agents with inherent dignity, and from the requirements of a structurally just, peaceful, and civilized social order. Any system that claims legitimacy must be assessed based on these universal ethical standards. Evaluation should not focus on intentions, promises, rhetoric, or even aggregate outcomes, but rather on the system's structure—specifically, whether it conforms to the four foundational principles of natural-moral law: truth, justice, nonaggression, and human dignity.

Systems may promise prosperity while producing poverty. They may claim to serve justice while perpetrating exploitation. They may present themselves as protecting freedom while exercising tyranny. Africonomics looks beyond the rhetoric to examine the actual mechanisms in place: Does the system operate through voluntary cooperation or coercion? Does it respect or violate natural rights? Does it honor or deny human dignity? Does it function through truth or deception?

Structure reveals character. A system built on coercion cannot achieve justice, regardless of intentions. A system that operates through deception cannot serve truth, irrespective of promises. A system that treats individuals as objects to be centrally managed cannot respect dignity, despite rhetorical claims.

7.1. Natural-Moral Law Criteria

1. Truth

A morally sound economic system must operate on truth rather than deception. This requires honest money that reflects objective value (such as gold or silver), undistorted price signals that convey real information about scarcity and preferences, and truthful information that enables rational decision-making.

Prices must reflect actual market conditions—real scarcity, genuine time preferences, and true consumer demand—not centralized political manipulation or fiat monetary distortion. Monetary systems that manipulate value, suppress signals, or falsify purchasing power violate truth at the fundamental level, rendering honest economic calculation nearly impossible and corrupting the foundation of a stable, productive economy.

Key evaluative questions include:

- Does the system operate on honest money or manipulated currency and credit?

- Are prices formed through voluntary exchange or distorted by state intervention?
- Is economic information transparent or systematically manipulated?
- Can economic actors rely on price signals for rational decision-making?
- Does the monetary system preserve or destroy stored value?

Why truth matters: Without honest information, the entire socioeconomic order becomes corrupted and destabilized. When prices lie, economic calculation fails, and productive enterprise falters. When money is manipulated, savings are systematically stolen. Truth is not only a virtue but an essential requirement for any economic system to coordinate human activity productively and justly.

2. Justice

Justice requires consistent respect for property rights and voluntary exchange. Individuals must retain ownership over themselves and justly acquired property. No system can be just if it relies on dispossession, grants privileges to politically favored groups, or implements arbitrary redistribution determined by political authorities instead of voluntary agreement.

Property rights are not mere legal constructs but natural rights that emanate from human dignity and moral agency. The right to own what one has produced or acquired through honest exchange is inseparable from the right to direct one's own life. Systems that violate property rights necessarily violate human autonomy and dignity.

Key evaluative questions include:

- Are property rights protected or routinely violated through taxation, regulation, and inflation?
- Is exchange voluntary or compelled by coercive law, regulation, or state intervention?
- Does the system grant privileges to some at the expense of others?
- Are resources allocated through free market coordination or political authority?
- Can individuals accumulate and transfer wealth without arbitrary confiscation?

Why justice matters: Economic systems enable human cooperation in the production and exchange of goods and services. This coordination can occur through voluntary agreement (free markets) or coercive command (state direction). Only the former respects the moral equality and dignity of persons. Systems built on systemic injustice cannot produce genuine prosperity; they can only perpetuate structural exploitation disguised as technical policy.

3. Nonaggression

A civilized social order must be grounded in nonaggression—the principle that social cooperation occurs through consent rather than force. Systems that depend on coercion, fraud, and force for their operation are structurally violent, regardless of stated goals or promised outcomes.

The natural-moral law principle of nonaggression does not deny the legitimate use of defensive force to protect rights or punish aggression. Instead, it insists that initiating force or fraud against peaceful individuals violates universal moral law and cannot be justified by appeals to social benefit, majority will, or political authority. A system that requires systematic coercion to function is morally illegitimate and fundamentally uncivilized.

Key evaluative questions include:

- Does the system rely on force or threat of force to maintain itself?
- Are transactions genuinely consensual or backed by legal compulsion?
- Is coercion foundational and systemic or exceptional and defensive?
- Can individuals opt out of economic relations they find unjust?
- Does the system respect peaceful non-cooperation or punish it?

Why nonaggression matters: Coercion corrupts everything it touches. Systems built on force cannot produce a structurally just and civilized social order; they only maintain the illusion of such an order through the threat of state aggression. Economic “coordination” achieved through coercion is not coordination but command; not cooperation but compulsion. These systems reduce people from moral agents to mere subjects, from citizens to servants, and from free individuals to controlled populations.

4. Human Dignity

Human dignity requires that people be treated as moral agents with inherent worth, not as instruments, inputs, or statistical units to be centrally managed. Individuals must be free to pursue their own purposes consistent with others’ rights, bear responsibility for their choices, and exercise moral autonomy in directing their lives.

This principle recognizes that humans are fundamentally different from the objects studied by natural sciences. People act purposefully toward self-chosen ends, interpret their circumstances through frameworks of meaning, make moral assessments about right and wrong, and bear

responsibility for their decisions. Any system that treats humans as mechanistic units or behavioral automatons violates their essential nature.

Key evaluative questions include:

- Does the system recognize persons as moral agents or reduce them to objects?
- Are individuals free to plan, act, and associate according to their own judgment?
- Is moral agency respected or overridden by technocratic control?
- Are people treated as ends in themselves or as means to collective goals?
- Does the system enable structural justice and human flourishing or merely optimize material outputs?

Why dignity matters: Economic systems serve people, not the reverse. Systems that treat humans as objects to be manipulated, controlled, or sacrificed for abstract collective goals violate the most fundamental requirement of civilized social order: respect for the inherent worth and moral agency of every individual. Without this respect, prosperity becomes meaningless. Material abundance achieved through systematic degradation of human dignity is not prosperity but sophisticated barbarism.

7.2. Applying the Criteria to Modern Western Systems

When evaluated against the four natural-moral law criteria of Africonomics—truth, justice, nonaggression, and human dignity—modern Western systems fail comprehensively. These are not peripheral shortcomings or accidental deviations but structural violations embedded in the architecture of the Western socioeconomic order.

Truth: Systematic Falsification

Modern Western economies violate truth at their foundation through fiat monetary systems that sever money from any objective standard. What should function as an honest unit of account, store of value, and medium of exchange becomes instead a political instrument—manipulated to finance state expansion, redistribute purchasing power, and conceal expropriation.

Central banking falsifies the most critical price in the economy: the interest rate. Instead of reflecting real-time preferences, savings, and scarcity, interest rates are administratively set to serve policy goals. This destroys reliable economic calculation, generates recurring boom-bust cycles, chronic instability, and produces systemic misallocation of capital.

Inflation functions as institutionalized deception. It transfers wealth from savers and wage earners to governments and politically connected actors while disguising this transfer behind technocratic language—“price stability,” “targets,” and “monetary management.” The state claims to manage inflation while actively creating it, enabling extraction without transparency or consent.

Throughout the economy, prices are distorted by subsidies, regulation, taxation, and monetary manipulation. As a result, prices no longer convey truthful information about scarcity or consumer demand but reflect political priorities. Economic actors are forced to make decisions based on false signals, leading to instability, waste, and recurrent crises.

Justice: Nominal Rights, Systemic Violations

Property rights in Western systems exist largely in name. Formal ownership is routinely overridden through multiple mechanisms:

- *Confiscatory taxation*, often absorbing 40–60% of productive output.
- *Monetary debasement*, eroding savings without consent.
- *Regulatory takings*, restricting property use to the point of effective confiscation.
- *Eminent domain abuse*, extending “public use” to private development.
- *Asset forfeiture*, allowing seizure without criminal conviction

Exchange increasingly rests on permission rather than consent. Licensing, permits, and mandatory participation in state schemes replace voluntary agreement. Citizens are compelled to participate in social security, healthcare, and retirement systems with no meaningful right to opt out.

Privilege is systematically institutionalized. Subsidies flow to politically favored industries, bailouts socialize losses of connected firms, regulatory barriers protect incumbents, intellectual property monopolies restrict competition, and government contracts reward political allies. The result is a two-tier economy in which success depends less on serving consumers than on proximity to power.

Nonaggression: Structural Coercion

Western systems rely on continuous coercion as a normal operating principle, not as a defensive exception:

- Taxation is enforced through threats of fines, seizure, and imprisonment.

- Fiat inflation confiscates purchasing power without consent.
- Regulation compels compliance through penalties and closure.
- Redistribution transfers wealth by political decree.
- Conscription (where practiced) violates bodily autonomy.
- Legal-tender laws compel acceptance of depreciating fiat currency

Coercion is not incidental but foundational. Remove the threat of force and the system collapses. Compliance is secured not through consent but through punishment. This is not voluntary cooperation but structural violence formalized through law.

A system that cannot function without continuous coercion is not market-based by definition. Its dependence on force reveals its true nature: rule by command rather than cooperation.

Human Dignity: Reduction to Objects

Most fundamentally, Western statist systems systematically negate human dignity by reducing persons to mechanistic units:

- Labor inputs in production functions.
- Data points in models and aggregates.
- GDP contributors and tax bases.
- Behavioral subjects to be nudged and engineered.
- Problems to be managed rather than moral agents to be respected.

Economic life is technocratically administered rather than morally ordered. Central authorities determine money creation, credit allocation, regulatory permissions, and social outcomes. Personal autonomy is overridden by “expert” judgment; responsibility is displaced by compliance.

Human beings are treated as objects to be optimized, controlled, and extracted from—not as moral agents capable of self-direction. Individual purposes are subordinated to collective goals defined by political authority. This is not civilization but sophisticated barbarism: tyranny rendered complex, abstract, and bureaucratically obscured.

Conclusion: Comprehensive Failure

By Africonomics’ natural-moral law criteria, modern Western systems fail on every front:

- Truth is violated through fiat money and distorted prices.
- Justice is violated through confiscation and privilege.

- Nonaggression is violated through continuous coercion.
- Human dignity is violated through technocratic objectification.

These are not capitalist systems; they are unjust, coercive, and structurally violent statist systems. Their pathologies—inflation, inequality, instability, corruption, and fragmentation—are not market failures but inescapable consequences of statism.

The capitalism myth obscures this reality by attributing statist failures and dysfunction to markets, shielding coercive systems from accountability, and preventing meaningful reform.

The Path Forward

Africonomics restores the moral and conceptual clarity necessary for a structurally just, peaceful, and civilized socioeconomic order. It reveals that structural justice, productive peace, and genuine prosperity cannot emerge from systems that violate truth, justice, nonaggression, and human dignity.

Western societies are not free-market economies in need of adjustment but heavily statist systems in need of fundamental transformation. When evaluated by objective moral standards rather than rhetoric, they reveal themselves as systematic violations of natural-moral law.

Only with economic systems grounded in truth (honest money), justice (secure property rights), nonaggression (voluntary cooperation), and human dignity (respect for moral agency) can societies achieve the flourishing that has been systematically suppressed by statism masquerading as capitalism.

This is the Africonomics vision: a truly free-market order grounded in natural-moral law—an economy that serves human dignity rather than violating it, cooperation rather than coercion, and flourishing rather than repression and extraction.

7.3. Why the Contemporary Western Socioeconomic Order Is Closer to Socialism Than to Free-Market Capitalism

Contrary to prevailing rhetoric, the contemporary Western socioeconomic order bears far greater resemblance to socialism than to actual free-market capitalism. This is not because Western states have adopted the overt nationalization of all productive assets, but because they operate on the same underlying logic that defines socialist systems: *centralized, coercive control over economic and social life*.

State Control as the Defining Feature

At the core of Western systems lies comprehensive state control over money, credit, taxation, and regulation—the commanding heights of economic life. Central banks monopolize currency issuance, manipulate interest rates, and allocate credit in line with political and technocratic priorities. Governments confiscate 40-60% of income and wealth through direct taxation, inflation, and regulatory extraction. Markets do not coordinate freely; they operate within parameters set by state power.

In free-market systems, money emerges from voluntary exchange, prices transmit truthful signals, and capital allocation follows consumer preferences demonstrated through voluntary actions. In Western systems, these functions are centrally and politically managed. This places them firmly outside the definition of capitalism and squarely within statism.

Redistribution, Planning, and Intervention as Structural Norms

Redistribution is not peripheral but structural in Western economies. Progressive taxation, transfer payments, subsidies, bailouts, industrial policy, and entitlement systems fundamentally determine economic outcomes. Governments manage aggregate demand, stabilize favored sectors, prevent market discipline from eliminating failed firms, and socialize losses while privatizing gains.

These are not marginal market corrections but systematic interventions that replace market coordination with political allocation. This mirrors classical socialist mechanisms, even without formal state ownership. Central planning does not require outright nationalization—only control over money, credit, and the rules of exchange. The West possesses all three.

Socialism Without Nationalization

Classical socialism is often narrowly associated with state ownership of factories and land. This is superficial and misleading. The essence of socialism is not ownership labels but *centralized authority over economic decision-making*. By this criterion, the one that matters most, the contemporary Western system qualifies as socialist in substance if not name.

Private titles may exist, but meaningful control does not. Property is nominal and conditional—heavily regulated, confiscated through taxation and inflation, and subject to arbitrary state restrictions. Entrepreneurs do not operate freely; they operate with permission, navigating regulatory labyrinths where state approval determines viability. This is functionally

indistinguishable from socialism, differing mainly in form rather than fundamental principle.

Shared Logic With Explicit Socialist Systems

While the Soviet Union and the United States differ in degree and presentation, both rest on the same foundational logic: *centralized coercive control enforced through state aggression*. Both systems subordinate individual rights and choice to political authority. Both relied on planning, manipulation, repression, and dispossession to sustain the system. Both violate property rights, manipulate the money supply, and restrict economic freedom.

The difference lies in degree and sophistication, not in principle. The Western model is more complex, less overtly brutal, and more technocratically managed. It achieves compliance through regulatory complexity, monetary manipulation, and institutionalized dependency rather than overt command decrees. Even so, sophistication does not change character; it merely obscures it. Sophisticated statism is still statism and sophisticated autocracy is still autocracy.

Location on the Scale of Statism

Most Western nations occupy Stage 3 (mixed economy) and increasingly drift toward Stage 4 (economic fascism) on the Scale of Statism. This progression is evidenced by deepening fusion of state and corporate power, pervasive regulation that creates barriers to competition, technocratic management that replaces market coordination, systematic suppression of market discipline, and normalization of coercive, confiscatory, and repressive governance masked by democratic formalism.

The resulting order is characterized by institutional corruption, arbitrary rule, structural injustice, chronic instability, and social decay. These are not characteristics of capitalism but of entrenched statism. This is not a balanced middle ground between capitalism and socialism but a heavily statist system of sophisticated barbarism: complex institutions built on fundamentally anti-human premises, systematically violating natural-moral law while maintaining the veneer of civilization and legitimacy.

Conclusion: Mislabeled Statism

The contemporary Western socioeconomic order is not capitalist in any meaningful sense. It is a centralized, interventionist, redistributive system that is far closer to socialism than to free-market capitalism. The key mechanisms are the same: state control of money, centralized economic planning and management through fiscal and monetary policy, systematic

redistribution, regulatory control over economic life, and coercive governance.

The persistence of the capitalist label serves ideological cover, not analytical truth. It allows Western systems to blame “market failures” for statist outcomes, to present expanded state intervention as solutions to problems state intervention created, and to discredit actual free markets that have not been tried. Recognizing Western socioeconomic systems as fundamentally socialist in character—sharing the essential features of centralized coercive control over economic and social life with overtly socialist systems—is necessary for honest evaluation and meaningful reform.

Figure 3: Comparison of the Socioeconomic Structures of the United States and the Soviet Union.

Comparative Analysis: United States vs. Soviet Union

(Structural Logic, Not Ideological Branding)

Dimension	United States (Western Statist Order)	Soviet Union (Marxist-Socialist Order)
Foundational Logic	Centralized control through monetary, fiscal, and regulatory power	Centralized control through state ownership and planning
Ownership Form	Formal private ownership, substantively conditional and regulated	Formal state ownership
Effective Control	State controls money, credit, taxation, regulation, and outcomes	State controls production, prices, labor, and allocation
Money System	Fiat currency issued by central bank; politically managed	Fiat currency issued by state bank; politically managed
Credit Allocation	Central banks and regulations guide credit to favored sectors	State plans credit and investment directly
Price Formation	Prices exist but are distorted by inflation, subsidies, regulation	Prices administratively set or heavily constrained
Taxation / Extraction	High taxation plus hidden taxes via inflation and regulation	Direct extraction through state control of output
Redistribution Mechanism	Welfare state, subsidies, bailouts, transfers	State allocation of goods, jobs, housing
Planning Mechanism	Indirect planning via monetary policy, fiscal policy, regulation	Direct central planning (Gosplan)

Role of Bureaucracy	Extensive technocratic-managerial bureaucracy	Extensive party-state bureaucracy
Corporate-State Relationship	Corporatism: fusion of state and large firms	Party-state enterprises
Failure Handling	Bailouts, QE, socialized losses	Chronic shortages, state absorption of failure
Risk	Socialized through central banking and fiscal policy	Socialized through state ownership
Entrepreneurial Freedom	Permission-based, regulated, compliance-heavy	Largely absent
Labor Freedom	Formally free, substantively constrained by taxation and regulation	Assigned or controlled
Political Structure	Procedural democracy with expansive state power	One-party dictatorship
Civil Liberties	Conditional, increasingly restricted	Severely restricted
Ideological Justification	"Capitalism," "market economy," "freedom"	"Socialism," "equality," "workers' state"
Reality Beneath Rhetoric	Managed, coercive, debt-driven statist order	Managed, coercive, command socialist order
Scale of Statism (Africonomics)	Stage 3 drifting toward Stage 4	Stage 5-6
Form of Domination	Technocratic, financial, regulatory	Bureaucratic, political
Nature of Injustice	Structural, concealed, sophisticated	Structural, overt, brutal
Civilizational Character	Sophisticated barbarism	Crude barbarism

Summary Insight:

The difference between the United States and the Soviet Union is not one of principle but of presentation, degree, and technique.

- Both systems rest on centralized coercive control and arbitrary governance.
- Both subordinate individual rights and agency to state authority.
- Both rely on fiat money, planning, redistribution, and enforced compliance.
- Both produce institutional corruption, systemic injustice, and structural violence, differing mainly in how openly they are exercised.

The Soviet system was an overtly totalitarian dictatorship. The Western system is procedurally democratic but structurally autocratic.

Africonomics does not equate the two morally or historically. It clarifies that they operate on the same statist logic, with the Western system representing a more complex, technocratic, and concealed form of state domination.

This is why blaming free-market capitalism for the failures and atrocities of the Western order is factually false.

8. Conclusion: Toward Honest Language and Just Systems

The Civilizational Damage of Deception

The mislabeling of statist systems as “capitalist” has inflicted profound intellectual, economic, and civilizational damage. This deception has distorted economic understanding, shielded coercive governance from accountability, entrenched structural injustice, and obstructed meaningful reform worldwide. Its consequences are not abstract or theoretical—they are lived realities shaping institutions, policy outcomes, and human suffering on a massive scale.

The myth of modern capitalism is not a harmless semantic error but a civilizational deception with far-reaching, detrimental consequences. By mislabeling statist systems as capitalist, the Western global order has concealed the actual sources of economic instability, injustice, dysfunction, and social decay while systematically discrediting the very principles capable of fostering civilized social order, genuine prosperity, and peaceful human relations.

This paper has demonstrated that contemporary Western nations are not free-market capitalist systems; they are heavily statist orders characterized by centralized monetary control, chronic deficit spending, confiscatory taxation, pervasive regulation, and technocratic management of economic life. These systems operate through coercion, manipulation, repression, and political privilege rather than truth, consent, voluntary exchange, and free enterprise. To describe them as capitalist is not only inaccurate; it is intellectually dishonest, morally evasive, and civilizationally destructive.

A Profound Inversion of Reality

The persistence of this myth has created a profound distortion and inversion of reality. Markets are blamed for crises they did not create. Private enterprise is accused of exploitation, while state power institutionalizes systemic repression and extraction. Inequality and social unrest, driven primarily by fiat inflation, regulatory favoritism, and fiscal predation, are attributed to capitalism, thereby fueling renewed calls for socialism and more extensive state control.

Each failure of statism becomes a justification for expanding statism, with free markets dismissed as the system supposedly causing the problems. In this way, statism manufactures its own justification. The cycle is self-perpetuating: state intervention creates problems → problems are blamed on markets → more intervention is prescribed → new problems emerge → repeat. Each cycle moves societies further from a structurally just and peaceful order toward centralized coercive control, and further along the Scale of Statism toward increasingly oppressive systems.

Global Domination Through Deception

At the global level, the myth has enabled Western powers to export statism under the banner of market reform. Structural adjustment programs, monetary conditionalities, and regulatory “best practices” are imposed on developing nations while being branded as capitalist modernization. The reality is the opposite; these programs impose statist frameworks that serve Western interests while preventing actual market-driven development that would enable independence.

For Africa, this has been devastating. Countries are pressured to liberalize superficially—opening markets to Western corporations, privatizing assets often acquired by foreign interests—while remaining trapped in monetary dependency (dollar hegemony), fiscal extraction (debt servicing), and institutional subordination (frameworks designed by Western consultants). When these systems fail, Africa is blamed for corruption or incapacity rather than recognizing that the imposed institutional designs are fundamentally flawed and unjust.

The capitalism myth thus functions as a tool of global domination. It conceals responsibility for Western-imposed failures, preserves hierarchical power structures, perpetuates dependency on Western institutions, and maintains a false moral high ground—allowing Western powers to position themselves as bringing prosperity while actually imposing systems designed to oppress, extract, and subordinate.

Africa’s Path to Integration and Liberation

For Africa and the developing world, rejecting the myth of capitalism is not simply an intellectual exercise but an existential, emancipatory necessity. The consequences of accepting the capitalism label for statist systems are especially severe: entrenched dependency, undermined sovereignty, continued instability, perpetual underdevelopment, and statist injustices presented as market outcomes.

Africa must abandon Western economics and embrace Africonomics to escape the institutional corruption, arbitrary governance, technocratic tyranny, structural violence, and sophisticated barbarism of Western statism. This is imperative for liberating Africa from intellectual colonialism, achieving prosperity, and enabling it to lead the world toward a structurally just, peaceful, and civilized socioeconomic order grounded in natural-moral law.

Africonomics: A Principled and Human-Centered Framework

Africonomics restores clarity where confusion has been deliberately cultivated. It rejects the false capitalism–socialism dichotomy—portrayed as opposites when in reality they function as different degrees of the same statist logic—and replaces it with a principled distinction between a voluntary, market-based social order and coercive state control. Actual free-market capitalism, as Africonomics affirms, rests on sound money, secure property rights, voluntary exchange, decentralized enterprise, and moral restraint on power—all grounded in natural-moral law and respect for human dignity.

The myth of modern capitalism is one of the most successful ideological deceptions of the modern era. By labeling statist systems as capitalist, centralized power discredits free markets while concealing its own failures. The result is a world where state-created crises are blamed on markets, calls for liberty are dismissed as extremism, and coercive, tyrannical systems are presented as scientific progress and responsible governance.

Africonomics provides the intellectual clarity necessary to cut through this confusion. By grounding analysis in natural-moral law and principled evaluation rather than political convenience or institutional prestige, it reveals modern Western economies for what they actually are: heavily statist systems characterized by monetary manipulation, fiscal extraction, regulatory control, political privilege, and arbitrary governance.

Rejecting the capitalism myth is therefore essential for meaningful reform, structural justice, and global liberation. Without conceptual clarity, there can be no sound diagnosis; without sound diagnosis, policy becomes an endless cycle of error that compounds harm. Without accurate language, societies cannot even name what oppresses them, much less effectively resist or replace it.

The path forward requires intellectual honesty and moral courage. It requires naming statism for what it is, refusing to blame markets for state-induced failures, and rebuilding economic thought on the foundations of truth, justice, and human dignity. Africonomics provides this framework. It critiques the Western statist order and offers a pathway to structurally just, peaceful, and prosperous societies.

The choice is fundamental:

Continue defending a myth that sustains coercion, instability, exploitation, and domination—allowing statism to blame its failures on free markets while expanding its control, permitting Western powers to export oppression as development, and enabling the sophisticated

barbarism of modern governance to continue unchallenged.

Or reclaim economic reality through honest language—calling statism statism and capitalism capitalism, recognizing that actual free markets have not been tried in the West, understanding that current failures stem from too much state intervention rather than too little, and acknowledging that structural justice and civilized socioeconomic order require alignment with natural-moral law.

Africonomics charts the way forward by applying natural-moral law to economic and social organization. It provides clear criteria for evaluating systems, an honest assessment of existing arrangements, and principled frameworks for building just institutions that serve human flourishing rather than state power. It restores economic reality grounded in truth, social order based on justice, and institutional design that respects human dignity. It offers a vision for truly civilized society, liberated from the coercion, extraction, and degradation that define modern statism masquerading as capitalism.

References

Tacanhó, Manuel. 2025. The Scale of Statism: A Principled Framework for Ranking Socioeconomic Systems. *Afrindependent Institute Paper No. 005/2025*. Available at SSRN: <https://ssrn.com/abstract=5392745>.

Tacanhó, Manuel. 2025. The Africonomics Theory of Structural Justice: A Transformative Framework for Civilized and Prosperous Society. *Afrindependent Institute Academic Paper No. 006/2025*. Available at SSRN: <https://ssrn.com/abstract=5404094>.

Tacanhó, Manuel. 2025. The Philosophical Structure of Africonomics: A Principled Framework for African Sovereignty and Prosperity. *Afrindependent Institute Paper No. 001/2025*. Available at SSRN: <https://ssrn.com/abstract=5236633>.

Tacanhó, Manuel. 2025. Restoring Objective Morality: The Africonomics Refutation of Western Consequentialist Philosophies. *Afrindependent Institute Academic Paper No. 012/2025*. Available at SSRN: <https://ssrn.com/author=5930078>.

Tacanhó, Manuel. 2025. The Ethical Foundations of Economics: Beyond the Myth of Value-Free Social Science. *Afrindependent Institute Academic Paper No. 013/2025*. Available at SSRN: <https://ssrn.com/abstract=5891122>.

Tacanhó, Manuel. 2025. The Pseudoscience of Statist Economics: An Africonomics Refutation of Utilitarian and Positivist Models. *Afrindependent Institute Academic Paper No. 014/2025*. Available at SSRN: <https://ssrn.com/abstract=5977734>.

Tacanhó, Manuel. 2025. Africonomics and the Rebirth of Civilization: A Moral Vision for a Truly Civilized World. *Afrindependent Institute Academic Paper No. 010/2025*. Available at SSRN: <https://ssrn.com/abstract=5640650>.

Tacanhó, Manuel. 2025. The African Worldview: A Principled and Civilized Vision in Contrast to the Western Aggressive Ethos. *Afrindependent Institute Academic Paper No. 003/2025*. Available at SSRN: <https://ssrn.com/abstract=5346402>.

Tacanho, Manuel. 2025. The Africonomics Theory of Monetary Justice: A Refutation of Fiat Money and Fractional Reserve Banking. *Afrindependent Institute Academic Paper No. 002/2025*. Available at SSRN: <https://ssrn.com/abstract=5295888>.

Tacanho, Manuel. 2025. Money Is Not the State: A Natural-Moral Theory of Exchange, Credit, and Money. *Afrindependent Institute Academic Paper No. 007/2025*. Available at SSRN: <https://ssrn.com/abstract=5456114>.

Tacanho, Manuel. 2025. The Redefinition of Inflation: Economic, Ethical, and Civilizational Consequences of a Semantic Fraud. *Afrindependent Institute Policy Paper No. 002/2025*. Available at SSRN: <https://ssrn.com/abstract=5270224>.

Tacanho, Manuel. 2025. The Fiat Dollar Standard: A Global Experiment in Monetary Destruction. *Afrindependent Institute Academic Paper No. 011/2025*. Available at SSRN: <https://ssrn.com/abstract=5721282>.

Tacanho, Manuel. 2025. Mineral Fixation by Design: How the West Engineered Africa's Resource Dependency and Economic Underdevelopment. *Afrindependent Institute Policy Paper No. 005/2025*. Available at SSRN: <https://ssrn.com/abstract=5365835>.

Tacanho, Manuel. 2025. The Nilar: A Gold-Based Framework for African Economic Sovereignty and Prosperity. *Afrindependent Institute Policy Paper No. 001/2025*. Available at SSRN: <https://ssrn.com/abstract=5256797>.

PUBLICATION:

The Myth of Modern Capitalism: Why the Western Economic Order Is Statist, Not Free-Market

Afrindependent Institute Academic Paper No. 001/2026

www.afrindependent.org/publications

