

# The Moral Case For Capitalism

**WASHINGTON** – Would Hillary Clinton make a moral case for American capitalism? I am not so sure. First of all, let's point out that Hillary Clinton will not be Bill Clinton 2.0. Remember that Bill Clinton came along in 1992 as a "sobered up" new centrist Democrat who proclaimed the end of the era of Big Government and actually as President passed welfare reform, notwithstanding the fierce resistance of the left of the party. (More on this later).

But that was then. Today, strongly challenged from the left by a vociferous Bernie Sanders openly advocating wealth redistribution, Hillary Clinton's message is about expanding benefits, subsidies, tax breaks to the poor, the disadvantaged and the minorities. Her presidency will be about more of the neo-Keynesian deficit-spending stuff that failed over and over again, and yet seems to be the only medication in the cabinet of most Western left of center political forces.

## **More failed neo-Keynesian remedies**

Therefore, should Clinton become President, this will be America's death by a thousand cuts. More public programs, more welfare, more aid and assistance to this or that needy constituency. More unproductive publicly funded jobs. More stupid and counter productive regulations; and, of course, higher taxes needed to finance all this ill-advised social engineering. The combination of ad instincts and bad policies will stifle innovation, enterprise and private sector jobs creation.

## **Nobody makes the case for capitalism**

***Here is the real tragedy of American politics. In this critical election year, no one has been able to articulate in a simple, clear and cogent manner the moral case for free market capitalism. (In fact those who tried, mostly Jeb Bush***

***and John Kasich, did not do it well, and got no attention)***

By this I mean the ability to convince people, especially the poor and disadvantaged, that capitalism and free enterprise are good for everybody, including those who are currently at the bottom of the pile. And by that I do not mean that people should be convinced that on balance capitalism delivers better results than social democracy. This is true in principle. But this truth does not resonate with people who are and feel helpless because they believe that they do have any open path forward.

***By “morally superior” I mean the ability to explain how capitalism empowers people, and therefore makes them better human beings.***

Here is the simple truth. Even if well-intentioned, welfare programs make recipients perpetually dependent and listless. Whereas a system that fosters personal responsibility encourages people to take charge of their own lives. And this makes them more self-confident, more optimistic.

**Bill Clinton’s welfare reform worked**

Let’s go back to Bill Clinton’s partial welfare reforms. That was about public aid to single mothers. These were mostly uneducated, poor African American young women with small children, trapped in an endless cycle of dependence on public subsidies.

Being poor, they were entitled to get enough money to survive. But the programs as designed provided no incentives so that recipients had to do something in order to get out of poverty. The reform passed by Clinton was about sun setting benefits, while giving the women tools, so that they could find work.

**“It will not work”**

***The critics cried that this would never work. This bad reform***

*was about taking the life jackets away from shipwrecked, defenseless women, thereby drowning them.*

*Well, the reformers argued instead that the goal was to teach these women how to swim before taking their life jackets away.*

And, on balance, it worked. With assistance, women found jobs. There were lots of testimonials by women who had received training, and found work, so that they could care of themselves and their children. As a result, they felt more optimistic and more confident.

### **The “moral case” for capitalism**

This is what I mean when I talk about “the moral case for capitalism”. An economic system that encourages people to become self-reliant and independent is morally superior.

If we recognize this basic premise, then the purpose of enlightened public policy should be to make sure that all citizens “learn how to swim”, so that they do not need the perpetual life jacket of public assistance.

In today’s ultra competitive world, this means that all children should have access to quality public education. And meaningful adult education and/or training should be made available to all adults who did not have a chance to get an education as children.

### **Educated citizens do not need welfare**

I am not suggesting that this is easy. It is not. But deep down this is the case for a rules based competitive system in which all participants have a fair shot at doing something and making a decent living without help, because they are empowered by a good education that gives them the tool to become active participants.

Of course, there are special circumstances in which public assistance is warranted. But these should be the exceptions,

not the rule. Temporary relief should not morph into a permanent subsidy.

### **Making a case**

What both Democrats and Republicans have failed to do is to make a moral case for free market economics and the role of public policy in enabling and fostering it. Indeed, if we are convinced that free market capitalism on balance works, then public policy should be about making sure that everybody can and will participate.

### **Public policy is about giving everybody a good chance**

Good public policy is not about more subsidies or about creating fake jobs. It should be about making sure that all citizens get into adulthood “knowing how to swim”. And this means that everybody –all Americans– should be reasonably healthy and educated.

It is obvious that education is the functional equivalent of knowing how to swim. Without good to superior public education, the poor do not have a chance to get out of poverty. They really do not. Again, if we want capitalism to be fair, then all people should have good tools, so that they will be able to participate.

Until now we have tried to deal with poverty attacking the symptoms. While well-intentioned, this approach has done nothing to eliminate it, or substantially reduce it.

### **Capitalism works well if all citizens are active participants**

The “moral case” for capitalism is about reaffirming the superiority of a free market economy, because it empowers people; making them self-reliant and self-confident, therefore better human beings.

At the same time, the goal of public policy, (this is the job of elected officials), must be to enable everybody to

participate. Sound public policy will focus on health and education, so that all Americans can do their best, without the burden of feeling perennially disadvantaged.

### **It is going to be difficult**

I realize that transforming our value systems and the content of public policy so that it will focus on these objectives is very difficult. But this is a worthwhile cause. Perhaps the most critical one we can think of.

In the end, a successful moral case for capitalism is about more prosperity, and about self-confident citizens who know that they have the ability to take care of themselves.