THE FREEMAN
IDEAS ON LIBERTY

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Perspective

Creating Capitalists

Nothing is easier than thinking up ways to dispose of other people's money. Most politicians devote their lives to this activity, but there is a robust amateur division as well. It consists of pundits, professors, and think-tank fellows who focus their energies on turning out endless plans for transferring A's income to B. The details are sometimes simple, sometimes complex. The authors may invoke the latest "social science" theory or a hoary moral philosophy. Often no justification is given at all, as though the merits were self-evident.

Code words may shroud the nature of a transfer measure. The most popular code word today is "affordable," as in, "We must make health insurance (or prescription drugs or housing or any number of other things) affordable." Translated this means: "Some must pay for others."

The beneficiary of the transfer programs varies from plan to plan: the elderly, children, the poor, farmers, corporations, foreign governments, and so on. But the essence of each plan is identical. It calls for officers of the government to require us—under threat of violence if necessary—to surrender the fruits of our labor so that they may be given to someone else. You who have worked to create wealth will not be permitted to use a large portion of it. Your plans for yourself and your family are to be overridden by someone else's plan. It won't be by request. It will be by decree, backed up by force.

The typical advocate of a formal plan to dispose of other people's money isn't stupid. He knows the money will have to be taken from those who earned it, and he knows a threat of force must underlie his plan. He accepts it. Somehow he rationalizes it.

A recent example illustrates the point. David Brooks, the *New York Times* op-ed page's resident conservative, favors a plan in which "the government would open tax-deferred savings accounts for each American child, making a $1,000 deposit at birth, and $500 deposits in each of the next five years. That money could be invested in a limited number of mutual funds, but it couldn't be withdrawn until retirement" when, thanks to compound interest, "over $100,000 [would be] waiting."

We'll ignore the obvious objections: that those from whom the money is taken won't be able to invest it and that the beneficiaries will have one less reason to save.

For Brooks this plan is not only part of the fix for Social Security; it is also a way to create a social revolution by enabling everyone to own financial assets. The principle is called "asset-based welfare," which seeks, in Brooks's words, to give low-income people "a share of the growing national economy [and] the psychological benefits of ownership."

Brooks exposes the hollowness of the plan when he writes, "The idea is that just as the Homestead Act turned people into pioneers, we would turn more people into capitalists if we distributed capital more broadly."

Had Brooks simply implored philanthropists to voluntarily finance the plan it would have been bad enough. The principle that strangers can teach people lessons about ownership by giving them unearned handouts is palpably ridiculous. Gifts don't build character. Self-generated commitment and work do.

That Brooks wants his plan carried out by the government only multiplies the folly. One doesn't create capitalists by having the government distribute capital—a shameful euphemism for expropriation. Nothing could be more opposite the principles of capitalism, if by that we mean free markets.

Brooks, like many other advocates of that politicized idea "The Ownership Society," has absorbed more Marxism than he thinks. His claims for asset-based welfare betray a belief that one's ideas about capitalism are determined by one's proximity to capital. Give people savings accounts and they'll assume a capitalist mentality, right? But maybe they'll assume an entitlement mentality instead. Considering that they wouldn't have to do anything to deserve the money but be born, that's the more likely outcome.

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Here's something from the man-bites-dog department: A multimillion-dollar art exhibit was placed in Central Park—and it cost the taxpayers nothing! James Payne celebrates.

Many people believe that if Congress doesn't reform the tort system soon, our society will be crushed by the costs of litigation and outrageous damage awards. But is this a problem for the federal government? Robert Levy says, with a few exceptions, no.

The pundits and politicians who incessantly call for Canadian-style national health care in the United States probably never waited in line for medical attention. Nadeem Esmail reports on the latest study of waiting times in Canada's health-care paradise.

In the campaign against even the most modest and partial privatization of Social Security, critics claim that Great Britain's bad experience is proof that tampering with the basics of the New Deal program would be dangerous. So what happened in Britain? Philip Booth has an eyewitness account.

Long-time FEE friend John C. Sparks died recently. In his memory we reprise some of his past writings.

Why would a union seeking to represent immigrant farm workers boycott a pickle company? William Pike demonstrates that there was method in this madness.

A society is in trouble when economic ignorance is widespread. In this FEE Timely Classic, F. A. Harper maintains that economic understanding begins naturally and need only be nurtured.

When a small town on the Kansas plains was about to lose its government elementary school, the residents took matters into their own hands. Mark Ahlseen says the children weren't the only ones to benefit.

Governments don't only inflate money supplies. George Leef sees a parallel between monetary and education policy.

Our columnists' ruminations the past month have yielded the following gems: Richard Ebeling explores academic socialism. Lawrence Reed tells the remarkable story of abolitionist Thomas Clarkson. Thomas Szasz examines university suicide-prevention policies. Burton Folsom discusses the pro-freedom views of Frederick Douglass and Booker T. Washington. Walter Williams gives the first in a series of economics lessons. And Michael Tanner, hearing it averred that Social Security is in good financial shape, responds, "It Just Ain't So!"

This issue's book reviewers dissect volumes on dictators, Isabel Paterson, the drug war, and ancient morality.

— *Sheldon Richman*
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