

# Obama's Rock Is Not Capitalism

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In mid-April, at Georgetown University, President Barack Obama said he wanted to "rebuild" our (economic) house upon a biblical rock. The president used Jesus's Sermon on the Mount as a centerpiece of his speech, even though his staff wanted all the religious symbols behind the podium covered up. Obama argued that the current downturn "was different" from a normal cyclical recession and represented a "perfect storm of irresponsibility." Therefore, he continued, we "cannot rebuild this economy on the same pile of sand." Instead "we must build our house upon a rock," we must lay a new foundation. This foundation should be built on "five pillars that will grow our economy." This is what he proposed:

- 1) New rules for Wall Street
- 2) New investments in education
- 3) New investments in renewable energy and technology
- 4) New investments in health care
- 5) New savings in our federal budget

Having our president follow the lead of the Bible is a positive thing. No other person in the world is more powerful, and if the president of the United States does not look up, then he stands very much alone. Without moral or spiritual guideposts, his decisions can appear capricious or motivated by politics or personal desire.

All this aside, the president's interpretation of the Sermon on the Mount is nonetheless suspect. His five pillars are more like plumbing,

staircases, or windows. When Jesus talked about building our house upon a rock, he was talking about the ground, the base, the land. He was not talking about anything having to do with the actual structure.

Jesus was using a metaphor to describe the condition of our souls. If our souls, or our fundamental beliefs, are not with God, then we will be swayed by worldly things and led astray. There are other metaphors in the Bible that address the same issue, such as the parable of planting seeds in rocky, thorny, or fertile soil. The seed sown in fertile soil will be able to establish roots and thrive. The parable is not about what kind of seed is planted or about some particular arena of economic activity; it is about the condition of the soul.

To remain philosophically consistent, President Obama should not have made specific recommendations. He should have made a clear case for the fundamental economic order he favors. He should have argued that socialism is the rock and capitalism is the sand.

His pillars—new rules to regulate Wall Street, new government spending on health care, education, and the environment—are not a new theology or philosophy.

These are arguments the left has made for decades. They are plans to alter the allocation of scarce resources in certain parts of the economy. A capitalistic system would count on competition and innovation to bring progress and lower prices. A socialist system uses the government to allocate these same resources by coercion.

As you read this, you have probably concluded that this is exactly what the president wants. However, the left knows that moving to socialism cannot happen quickly. Not in a democratic country that has a long history of capitalism. As a result, the president would rather use the current political environment and financial market crisis to move incrementally toward more government control over key sectors of the economy.

National health care is not a fix for the financial crisis, nor will it keep another crisis from occurring, but it is a desire that the left has had for decades. The liberal cause in America has always pushed for greater governmental control over the economy, all in the name of fairness, equality, and social justice. The financial crisis and recession have provided a new opportunity to intensify this push. This happened in the Great Depression as well, when the government used the economic crisis to sow doubt about the private sector and expand its reach into the economy. Such a response to the current crisis is flawed on three fronts.

First, the government is at least 75 percent responsible for the financial market crisis. Alan Greenspan's extremely easy monetary policy (1 percent interest rates) and the government's willingness to use Fannie Mae and Freddie Mac to hold mortgage rates down artificially and encourage more people to buy houses are a major source of the problem. Yes, financial firms (and individuals) made mistakes, but when

government creates an artificially attractive environment to buy houses, it's easy to understand why a bubble forms.

A fair analysis of current troubles would never put the entire blame on capitalism. What's more, our financial problems today are no worse than those of the 1980s and 1990s, when roughly 3,000 banks failed. But for some reason, perhaps the recent decades of prosperity, the American people seem very vulnerable to a downturn. While 8.5 percent unemployment is painful, it is hard to fathom how anyone can believe that it signals a complete breakdown of the capitalist system.

Second, the American system of free market capitalism has been exponentially better at creating wealth and raising living standards than any other system on earth. American capitalism is no longer an experiment. This does not mean that human nature has changed. Nor does it mean that capitalism is perfect. But people always tend to think that the grass is greener on the other side of the fence. Thus when problems inevitably occur, it is very easy for people to desire fundamental change. This is a huge mistake. There is

absolutely no proof that government allocation of resources lifts living standards.

Third, men's souls are undermined by government. When government assumes responsibility for creating jobs or providing retirement and health care, some people are encouraged to stop taking care of themselves. When people count more on government, they lose sight of God and start taking personal responsibility less seriously.

Socialism is like sand. It promises more than it can actually provide. Government allocation of resources undermines the human condition. Why work hard, innovate, or create when success has limited reward? And why work hard or innovate when lack of success has little consequence? A socialist system also provides its leaders ultimate power over others that often leads to its gross abuse.

Capitalism, despite its flaws, honors hard work and innovation. As a result, it is like rock. It encourages and allows people to be the best they can be. The capitalist system rewards people who serve their fellow man. Those who provide goods and services to others at low cost and high quality

win. Every day consumers vote with their own hard-earned money on which products or services they value. Producers who don't make the grade go out of business, while those who provide what people want continue to prosper.

It is true that some people on Wall Street either abused or appeared to abuse the system in order to reward themselves. But these issues can be handled by creating rules to keep firms from becoming "too big to fail" and to stop the abusive use of stock options.

Clearly this will not be enough for many politicians. While President Obama has not declared socialism better than capitalism, his use of the rock and sand parable from the Sermon on the Mount suggests this is what he believes. Because of its history, America has always run away from this vision.

Our country was founded by individuals who believed in freedom and responsibility. Only time will tell if that is what we as a people still believe.

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