

## Emancipation From What...Capitalism?

*"In the year 1000, the average infant could expect to live about 24 years. A third died in the first year of life. Hunger and epidemic disease ravaged the survivors. By 1820, life expectation had risen to 36 years in the west, with only marginal improvement elsewhere. After 1820, world development became much more dynamic. By 2003, income per head had risen nearly ten-fold, population six-fold. Per capita income rose by 1.2 per cent a year: 24 times as fast as in 1000-1820. Life expectation increased to 76 years in the west and 63 in the rest of the world."* Angus Maddison, [Contours of the World Economy](#).

To paraphrase - for 1800 years, progress was virtually non-existent; then it accelerated sharply. It takes a severe case of denial for someone to ignore these lessons of history. What they show is that when freedom prevails, the ingenuity and inventiveness of people creates incredible wealth. This is the true source of improvement in the human condition.

The US Constitution was crucial in the process of freedom. It established a new country with protected property rights. The Declaration of Independence declared the "unalienable Rights" of "Life, Liberty and the Pursuit of Happiness." It also declared that "whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government..."

Yes, the US has its history with slavery and women's suffrage, but the Civil War, and 13<sup>th</sup> and 19<sup>th</sup> Amendments to the Constitution fixed those wrongs. It wasn't easy, but the system worked. No system of social and economic organization has done more to lift living standards than the US system of "free market capitalism." No system of governance has improved the lives of so many people.

So, why is this system under attack? Have we uncovered problems with free market capitalism that are the equivalent of slavery and women's suffrage? President Obama thinks so. In

a speech last week, he called belief in capitalism "blind faith." He said this philosophy, of letting people "fend for themselves" has "failed." He added that "people are frustrated, they're anxious, they're scared about the future. [But] now is not the time to quit... We've been through worse.... It took time to free the slaves. It took time for women to get the vote."

This is the Progressive's mantra - "Capitalism is unjust, unfair...A new system must be put in its place and this takes time." There is only one problem with this logic. It's not really progress and it has never, ever worked. Today's progressives are the ones that ask for *blind faith*. They want people to believe that they have finally figured out how to do it right

But this is just wishful thinking. Every economic system, no matter how it is described, is a system that distributes resources among competing interests. In a Progressive system, government officials control this process. In a free market system, resources flow to those who use them best to improve the lives of others. The market votes every day on these products and services and the successful ones are given more resources. To prove how fluid this system is, more businesses fail each year than succeed.

This is not true of government. Once started, government programs rarely fail. The system perpetuates them with more money and more resources. The waste increases over time until it becomes so overwhelming that the entire system fails. The Roman Empire, the Soviet Union, Greece, California and Illinois are all the evidence needed.

The real problem with the economy these days is that we have moved too far away from free market capitalism. As government spending has increased, so has unemployment. This is not a mystery; the bigger the government, the smaller the private sector and the less dynamic the economy. If there is any emancipation needed these days it's from the government, not from capitalism.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
10-4 / 9:00 am	Factory Orders - Aug	-0.4%	<b>-0.7%</b>	<b>-0.5%</b>	+0.3%
10-5 / 9:00 am	ISM Non-Man. - Sep	52.0	<b>53.0</b>		51.5
10-7 / 7:30 am	Initial Claims - Oct 2	455K	<b>446K</b>		453K
2:00 pm	Consumer Credit - Aug	-\$3.7 Bil	<b>-\$4.5 Bil</b>		-\$3.6 Bil
10-8 / 7:30 am	Non-Farm Payrolls - Sep	0K	<b>-28K</b>		-54K
7:30 am	Private Payrolls - Sep	+75K	<b>+63K</b>		+67K
7:30 am	Manufacturing Payrolls - Sep	+3K	<b>+4K</b>		-27K
7:30 am	Unemployment Rate - Sep	9.7%	<b>9.6%</b>		9.6%
7:30 am	Average Hourly Earnings - Sep	+0.2%	<b>+0.2%</b>		+0.3%
7:30 am	Average Weekly Hours - Sep	34.2	<b>34.3</b>		34.2