



Written by [Walter E. Williams](#) on July 2, 2014

Economic Freedom

A couple of years ago, President Barack Obama, speaking on the economy, told an audience in Osawatomie, Kansas: “‘The market will take care of everything,’ they tell us.... But here’s the problem: It doesn’t work. It has never worked.... I mean, understand, it’s not as if we haven’t tried this theory.” To believe what the president and many others say about the market’s not working requires that one be grossly uninformed or dishonest.



The key features of a free market system are private property rights and private ownership of the means of production. In addition, there’s a large measure of peaceable voluntary exchange. By contrast, communist systems feature severely limited private property rights and government ownership or control of the means of production. There has never been a purely free market economic system, just as there has never been a purely communist system. However, we can rank economies and see whether ones that are closer to the free market end of the economic spectrum are better or worse than ones that are closer to the communist end. Let’s try it.

First, list countries according to whether they are closer to the free market or the communist end of the economic spectrum. Then rank countries according to per capita gross domestic product. Finally, rank countries according to Freedom House’s “Freedom in the World” report. People who live in countries closer to the free market end of the economic spectrum not only have far greater income than people who live in countries toward the communist end but also enjoy far greater human rights protections.

According to the 2012 “Economic Freedom of the World” report — by James Gwartney, Robert Lawson and Joshua Hall — nations ranking in the top quartile with regard to economic freedom had an average per capita GDP of \$37,691 in 2010, compared with \$5,188 for those in the bottom quartile. In the freest nations, the average income of the poorest 10 percent of their populations was \$11,382. In the least free nations, it was \$1,209. Remarkably, the average income of the poorest 10 percent in the economically freer nations is more than twice the average income of those in the least free nations.

Free market benefits aren’t only measured in dollars and cents. Life expectancy is 79.5 years in the freest nations and 61.6 years in the least free. Political and civil liberties are considerably greater in the economically free nations than in un-free nations.

Leftists might argue that the free market doesn’t help the poor. That argument can’t even pass the smell test. Imagine that you are an unborn spirit and God condemned you to a life of poverty but gave you a choice of the country in which to be poor. Which country would you choose? To help with your choice, here are facts provided by Robert Rector and Rachel Sheffield in their report “[Understanding Poverty in the United States: Surprising Facts About America’s Poor](#)” (9/13/2011). Eighty percent of American poor households have air conditioning. Nearly three-fourths have a car or truck, and 31 percent have two or more. Almost two-thirds have cable or satellite TV. Half have one or more computers. Forty-two percent own their homes. The average poor American has more living space than the typical non-poor person in Sweden, France and the U.K. Ninety-six percent of poor parents stated



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that their children were never hungry because they could not afford food. The bottom line is that there is little or no material poverty in the U.S.

At the time of our nation's birth, we were poor, but we established an institutional structure of free markets and limited government and became rich. Those riches were achieved long before today's unwieldy government. Our having a free market and limited government more than anything else explains our wealth. Most of our major problems are a result of government. We Americans should recognize that unfettered government and crony capitalism, not unfettered markets, are the cause of our current economic problems and why the U.S. has sunk to the rank of 17th in the 2013 "Economic Freedom of the World" report.

Walter E. Williams is a professor of economics at George Mason University. To find out more about Walter E. Williams and read features by other Creators Syndicate writers and cartoonists, visit the Creators Syndicate Web page at www.creators.com.

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