



## Review: Michael Moore's "Capitalism"

Subtlety has never been one of filmmaker Michael Moore's strong suits. And the latest offering from Hollywood's pre-eminent leftist "documentarian," *Capitalism: A Love Story*, is, like most of Moore's work, about as subtle as a fuel-air bomb.

Because Moore has never been one to mince words or shy away from extravagant spectacle, *Capitalism* is an entertaining indictment of American business and financial practices, intercut with scenes of Moore raising a ruckus on Wall Street — cordoning off the AIG headquarters with yellow crime scene tape, or trying to force his way past unyielding rent-a-cops at Bank of America to make "citizen's arrests" of culpable bank executives. In truth, Moore exposes a fair bit of the corporate, financial, and political skullduggery that laid the groundwork for the great economic crisis of our time.



If only he understood what he was talking about.

Michael Moore, like most self-styled leftists, perceives very clearly how business and financial interests collude with political power to serve their own ends — and then lays the blame squarely on free-market capitalism. But there is nothing free-market about the Great Bush Bailout, which Moore documents in painstaking and emotional detail, and very properly condemns. Nor is there anything defensible in a Chicago corporation's recent layoff of all its workers without paying them wages owed — all at the behest of gargantuan creditors who were bearing down hard. Nor even, we venture to add, is there anything remotely decent about the myriad deceptive lending practices that encouraged gullible home buyers to take on mortgages whose upwardly adjusting interests they never fully understood when they signed on the dotted line.

But Moore and his fellow liberal fire-breathers are dead wrong to ascribe such things to free-market failures. If dishonest and deceptive lending practices and inscrutable derivatives have become the norm, it is because a suffocating blanket of regulations have encouraged such things to proliferate. If huge banks, both commercial and investment, have not scrupled to assume irrational levels of risk, it is because the moral hazards associated with being too big to fail have encouraged them to do so. And if buyers and lenders alike have failed to diagnose the bubble economy with all of its distortions, it is because the banking cartel, centered on the Federal Reserve and other central banks abroad — non-free-market enterprises if there ever were such — created the bubble in the first place.

An inherent weakness in free-market capitalism, as Henry Hazlitt once observed, is that it gives rise to fantastically complex chains of production, a spontaneous order that far exceeds the ability of any



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individual or committee to grasp in its entirety. Individuals participating in the market seldom are able to identify the myriad people and processes that go into the production of any given article (like Leonard Read's celebrated pencil). As a result, people are easily led to believe that something so complex must be untrustworthy, unfair, and easily controlled by unnamed "interests" to the detriment of the hapless "little man." The process by which certain individuals produce things that many people want, and for which they are rewarded with vast fortunes, seems numinous and unjust.

These sentiments are as old as free-market capitalism; they have grown alongside the unparalleled rise in wealth and living standards that the free market has conferred on the West and, more recently, on other portions of the globe. And wherever inequalities of talent and circumstance have produced disparities in wealth, the "leveling impulse" — the urge to use the power of government to correct the supposed injustice of these inequalities — has sought the stamp of legitimacy.

In this respect, Michael Moore's screed is nothing new; it is, in fact, a mere cinematic rehash of the same jejune appeals to human envy that animated the Levellers of 17th-century England, the Jacobins of 18th century France, the communists of 19th-century Europe, and Marxists and socialists of every stripe in the 20th century up to our own day.

One of these, the revered FDR, features prominently in Moore's piece. An ailing Roosevelt is portrayed as a misunderstood saint whose program for a "Second Bill of Rights," would, if followed, redress all the grievances inflicted by Moore's caricature of capitalism. Roosevelt wanted to recognize a new set of rights, including a right to a good job and medical care, Moore informs his viewers.

These are the sort of airy-fairy promises that the enemies of the free market — socialists all, no matter what they choose to call themselves — always trot out. But such "rights" always come with a price tag; promising a "right" to healthcare is qualitatively different from a right to free speech, for example, because the former requires that someone be compelled to provide that right. Of course, FDR or no, America has been trying in its own myopic way to provide "rights" to such things as healthcare and a college education since the end of the Second World War, subsidizing medical care for the elderly and the indigent as well as college loans, among other things. But what has been the result? Skyrocketing medical costs and college tuition rates — all of which Michael Moore and his ilk blame on the deficiencies of capitalism.

Then there is the partisan slant to *Capitalism*. Immediately after his accurate and admirable portrayal of the Bush administration's big bank bailout-cum taxpayer heist, Moore waxes rhapsodic in his description of Barack Obama and his presidential campaign. In fairness, he does mention as an aside that the same financial interests that benefitted from the Bush bailout contributed heavily to Obama's campaign coffers, but he makes absolutely no mention of the second gigantic bailout urged on us by newly elected President Obama and his cronies. Instead, Obama's victory at the polls is portrayed as an unalloyed revolution at the polls by the hard-pressed people, a harbinger of greater things to come when the common man finally discovers the power of collective action.

To be fair, Moore's antics on Wall Street make great political theater. It's hard not to chuckle at this pudgy multimillionaire posing as the aggrieved little man as he takes on impassive security guards, overeducated Wall Street traders and financial analysts, and smug, stuffed-shirt executives still digesting their bailout monies. At the same time, it's sobering to realize that, had someone with genuine free-market and constitutionalist sympathies attempted such a cinematic enterprise, he would be reviled, ridiculed, and possibly prosecuted.



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Because Moore, like all of his ideological fellow-travelers, fails to diagnose the real problem — government interference in the free market — he ends up in alignment with the very forces — Big Government — that gave us the Great Recession in the first place. Yes, it is true, as Moore adroitly points out in the early going, that the American standard of living has declined significantly since Moore was a boy. Then, families could get by comfortably on a single income, and usually managed to pay off the mortgage before they were in their dotage. Decades of servitude to college debts and the specter of crippling medical bills were unknown. The disparity between the rich and the middle class was nowhere near as great as it is now. And so forth.

But all of today's socioeconomic pathologies, including the mountains of debt that overwhelm most American households, must be laid at the feet of government interference in the free market, especially manipulation of interest rates and the money supply by the Federal Reserve system. Housing and education costs have risen to ionospheric heights because artificially low interest rates and government subsidies have driven demand far above what free-market forces would allow. The result: No one unwilling to take on decades of bondage to mortgage and school loans can afford the house and college degree that are nowadays deemed entry tickets to the middle-class lifestyle.

None of which is to say that government should not punish fraud when it occurs. Just as thieves will always find ways to ply their dishonest trade, the Bernie Madoffs will always find ways to insinuate themselves into the system despite the vigilance of regulators. To deal with thieves and cutpurses, we could institute a regime of total surveillance, and nullify all individual protections against search and seizure. But while such measures might diminish private crime, they would greatly enlarge criminality in the public sector. Most of us grasp that police and other government agents, given unlimited powers to pursue criminals by all means necessary, would soon morph into criminals themselves.

In like manner, the already-stifling (and unconstitutional) web of controls and surveillance measures that restrain financial activity, especially in the banking sector, did nothing to halt the depredations of Madoff and other financial con men. Instituting still more controls, as is now being proposed both nationally and internationally, will have little effect except to hamper the activities of honest men. Meanwhile, the same government that has arrogated unto itself the right to control and regulate every facet of economic activity will see no inconsistency in continuing to bail out selected actors in the private sector — a blatant criminal act, as Moore's yellow tape so eloquently attests, but reasonable enough if the corporate sector is regarded as the property and purview of the state.

In fine, Moore's *Capitalism* deserves points for style but tomatoes for substance. There is no basis in the fundamental premise of socialism, that government agents are somehow more virtuous and trustworthy than private citizens. Demanding that politicians and government employees — the same people who collude for kickbacks with private capital to loot the taxpayers — be given more power to nationalize healthcare, control financial activity, and keep an Orwellian vigil over corporate America is worse than pie-in-the-sky idealism. It is demanding that the foxes be entrusted to guard the henhouse.

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