



## “Why Has ‘Capitalism’ Failed?”

Now, after informing the host that I avoid the word “capitalism” — as it was originated by a communist — and instead prefer “Natural Economy,” I stated the obvious: Blaming our problems on the Natural Economy is like blaming airplane crashes on auto design. After all, there is a reason why Rogers Holdings CEO Jim Rogers [said](#) in 2008 that the United States was now “more communist than China.” With thousands of laws, regulations, and mandates and a multitude of bureaucracies that stifle the private sector, our system can hardly be called a Natural Economy. But more on that later. This issue is better illuminated by examining a truth hiding in plain sight.



I have a little exercise for those who find the siren of socialism suddenly seductive. Go into your neighborhood supermarket and, looking at the thousands of products to be had at a reasonable price, ask yourself if the Natural Economy has failed. Then ponder that there are more than 255 million registered passenger vehicles in the United States — more than one for every adult — and ask yourself if the Natural Economy has failed. Next, you can stop at the local electronics store, scan the flashy wall-to-wall, hi-tech gizmos that all vie for your attention, and ask yourself if the Natural Economy has failed. Consider also that the U.S. is almost unique in being a nation that has fat poor people — and that these folks often have cars and some of those electronic wonders.

Then ask yourself if the Natural Economy has failed.

Clearly, claiming it has is silly. It’s like having a golf instructor who helps your seven-year-old to mature into one of the best golfers in the world and, then, after your kid hits one ball into the water and blows one tournament, asking the coach, “Why has your instruction failed?” How soon they forget.

And that is the issue. While people take what they have always had for granted, the reality is that we enjoy a lifestyle unthinkable for most of man’s history.

Thank you, Natural Economy.

And it does deserve the credit. How much of what has made our lives better is the result of government action? None of our great inventors and innovators, from Alexander Graham Bell to Thomas Edison to the Wright brothers to Jonas Salk to Henry Edward Roberts (father of the personal computer), operated under orders from government bureaucrats; rather, they exhibited private initiative and worked, in almost every case, in the private sector. Related to this, a good thought exercise is to ask yourself what would have made your life worse: if your nation never had its businesses — or if it never had its bureaucracies. Do I hear IBM or IRS?

In reality, only emotion carries the socialist argument, for the evidence is indisputable. As George Mason University professor Walter Williams [asks](#), why is it that Egyptians, Nigerians, Cambodians,



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Jamaicans, and others from the underdeveloped world do well in the U.S. but not in their native countries? The answer, he says, is that their homelands lack the economic liberty and human-rights protections necessary for prosperity.

"But wait," some will say, "Third World nations are so culturally dissimilar from the U.S. that such a comparison is hardly apt." Okay, then consider the following two examples. After WWII, China's communist party outlawed competitive markets and abolished most types of private property; consequently, [writes](#) economics professor Roger B. Butters, "without the profit incentive, entrepreneurial activity ground to a halt. [And through] the 1950s and 1960s the standard of living for the average Chinese citizen actually fell to levels below those that existed during the Ming Dynasty." In contrast, the tiny, resource-poor British territory of Hong Kong, which was ethnically identical, became an economic powerhouse during the same period. Then there are the two Koreas. While the south long ago embraced a Natural Economy and became one of the vaunted "Asian Tigers," the north has bred innovators only in the area of pain and cannot even feed its own people.

So the fact is that history's verdict was in long ago: Nothing has improved mankind's material well-being like the Natural Economy, as it produces the most wealth for the most people. And socialism?

How can a system that stifles competition even begin to compete with one that extols it?

People won't understand this, however, if they're constantly fed propaganda about how our obsession with "laissez faire 'capitalism'" causes the U.S. to be "under-regulated," which is a lot like saying that Saudi Arabia's obsession with feminism is causing it to adopt too many women's rights initiatives. As to this, economist George Reisman [wrote](#):

There are presently fifteen federal cabinet departments, nine of which exist for the very purpose of respectively interfering with housing, transportation, healthcare, education, energy, mining, agriculture, labor, and commerce, and virtually all of which nowadays routinely ride roughshod over one or more important aspects of the economic freedom of the individual.... The economic interference of today's cabinet departments is reinforced and amplified by more than one hundred federal agencies and commissions, the most well-known of which include, besides the IRS, the FRB and FDIC, the FBI and CIA, the EPA, FDA, SEC, CFTC, NLRB, FTC, FCC, FERC, FEMA, FAA, CAA, INS, OSHA, CPSC, NHTSA, EEOC, BATF, DEA, NIH, and NASA.

So does our system even remotely resemble an unfettered, free-enterprise model? Note that under laissez-faire "capitalism," 11 of the 15 cabinet departments and all the agencies and commissions - save the FBI - would get the axe.

At the end of the day, it isn't capitalism that has failed. It is our parents, schools, and media that have failed miserably enough to breed millions of citizens who confuse the past's failures with its triumphs.



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