

ATLANTA BUSINESS CHRONICLE

It's time to implement capitalism

As the economic recovery from the financial crisis continues to disappoint on a variety of fronts, particularly concerning job creation and real income growth, calls for a more inclusive capitalism continue to emerge and have become louder in the face of a stock market that has increased close to 200 percent since the depths of the downturn.

Importantly, as opposed to income inequality, income mobility is a significantly more meaningful gauge of a country's economic well-being. The opportunity and potential to move across the various income quintiles has long been a key hallmark to a dynamic, free and open economy. On this front, movement remains vibrant.

While the current income inequality situation is not as dire as some are claiming, we are faced with a host of serious economic problems that merit immediate attention, including an alarming increase in our national debt, an impending entitlement and unfunded liability crisis, and an economic recovery that is exceedingly disappointing on a variety of fronts.

Fortunately, economic history has demonstrated that an elegantly simple solution is available to rectify these problems, which is to actually implement capitalism.

The current American

model is a far cry from the limited government, free enterprise system that has lifted more people out of poverty and raised living standards more successfully than any other method in the history of mankind.

Government spending at all levels now accounts for 41 percent of our national income, and the heavy hand of government now directly or indirectly controls large swaths of our economy.

In the meantime, entitlement spending, a good proxy for redistributing wealth as opposed to creating it, has grown from 31 percent of the federal budget in 1962 to over 62 percent today.

Related to this has been the increasing emergence of crony capitalism, where government intervention, mandates, regulations and subsidies have prevented a free market from flourishing in many important areas, including the industrial (think Export-Import Bank), energy (think wind and solar power), agricultural (think ethanol), and financial (think too big to fail) sectors. This is bad for both taxpayers and innovators, as a rigged system that showers favoritism on certain industries promotes both economic inefficiencies and corruption. Of particular concern is the increasing prominence of a rule-making bureaucracy, including zealous federal



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agencies that, when combined with a cascade of executive orders flowing from the White House, continue to move our economy in a direction that is outside of our constitutional principles and antithetical to free markets.

Unfortunately, a relatively supine Congress has shirked their responsibility on this

front by ignoring the wisdom of James Madison, who advised in the Federalist No. 58 that withholding funding would be the most effective way to curb presidential excess.

As an always skeptical Benjamin Franklin indicated at the Constitutional Convention of 1787, we have given you a republic "if you can keep it."