

THE STEWARDSHIP ECONOMY

by David Rippe

The science of economics is really about the poor. Poverty is the natural condition of man – the default condition. Humans come into the world poor and spend their lives trying to elevate their standard of living – not an easy task because no one has all the answers or all the skills.

When people, both weak and strong, smart and slow, put their heads together, cooperate and learn about each other, they find they have things to share for their mutual enrichment. Thus begins the continuous process of exchange - a process far more civilized and rewarding than simply stealing what you want from the other guy or killing him and taking it. As one skill is exchanged for another skill, one good for another good, people develop respect for one another.

By virtue of these transactions, a system or market materializes that contains a built-in "wisdom" of its own, being based on the desires and perceptions of a multitude of human inputs. Resources are made available in desired quantities to various needs within an established value or price system where the pressure of the seller is countered by the vicissitudes of buyers' resistance. The resulting supply and demand balance allows more to participate.

The greater the participation, the better the system works. Nobody benefits from keeping the poor in poverty.

"Trickle-down," a term with origins in an 1896 speech by William Jennings Bryan and popularized by zealots of the progressive Left, is an unfortunate expression used widely and always incorrectly to impugn the American economic system, a.k.a. capitalism. All too often, the term is thrown around innocently and naively by those who have an erroneous understanding of economics or who have simply heard it dutifully repeated in the media.

The "trickle-down" narrative attempts to cast a negative shadow on free market economies by painting an image of greedy individuals who enrich themselves off the labor of others. According to the narrative, after these rapacious capitalists have satisfied their own wants by treading on the backs of the poor, a tiny, inadequate amount of money from their surplus expenditures trickles down to the masses – hence the name.

No one would deny the universality of greed; that self-absorbed individuals do exist and always have is uncontested. But to broad-brush the entire system based on a minority of ne'er-do-wells is grossly inaccurate. As anyone who truly understands economics can attest, trickle-down is not what happens in America. Here, capitalism has enabled more innovation and wealth creation and a higher standard of living for the poor than anywhere

else on earth. In fact, the "trickle-down" indictment of capitalism is no more accurate than narratives characterizing Catholicism as a religion that oppresses women.

"Trickle-down" is joined at the hip with another socialist slogan, "Tax cuts for the rich!" Ignoring the fact that the wealthiest already shoulder a grossly disproportionate and unjust share of the income tax burden in America - while nearly half the country now contributes nothing - the Left nonetheless wages ongoing class war on the private sector's engine of production, demanding the transfer of greater and greater sums of money to the government so that work, enterprise and human dignity can be replaced by welfare dependence. The sorry results of this wealth-killing campaign are demonstrated in decaying inner cities and an economic nightmare of \$17 trillion in debt - a looming financial catastrophe teetering on the brink of the abyss. The societal destruction left in the wake of the socialist juggernaut is an embarrassment and a tragedy that never should have happened in America.

The most accurate description of what occurs when capitalism or supply side economics is allowed to operate in a relatively unencumbered environment is not "trickle-down" but *wealth-sharing*.

Contrary to popular belief on the Left, the modern sophisticated version of capitalism as practiced in America does not begin with brutal whippings of poor people but instead with someone who has an idea for a product or service that other people will want. He works to develop and market the idea. If he fails, he must try something else. But if his assumptions are correct, people will buy it. He then starts a business and hires others to work for him. They in turn can provide for their own families on the salaries he pays them. The new entrepreneur puts some of the business' profits back into it to grow it, and hires yet more new employees. He risks other profits in various investments. Some of these investments become capital for loans to people who want to buy homes or cars or start businesses of their own. Other invested money from the business enables more companies of different kinds to grow and hire additional people; some investments - municipal bonds, for example - help fund public works projects like hydroelectric dams, bridges and highways. The entrepreneur also donates some of his surplus to his church and other charities. The more he earns, the more he has available to share and to enrich the common good.

If the entrepreneur had merely buried his profits in the backyard, none of these things would happen. But the fact that he shares them and risks them is what enables the formation of a healthy economy. Within such a system, more people can participate and raise their own standards of living through interaction and cooperation with each other; opportunities for exploitation by corrupt governments are minimized; resources, both finite and renewable are allocated efficiently; and through emphasis on private property rights, the natural environment is kept cleaner and healthier by rising standards of living for all.

For these reasons, the free market economy has been called a *stewardship* economy.

Ironically, "trickle-down" more accurately characterizes the *command* economy the Left is determined to impose on America and the world. By eliminating freedom, they seek to accumulate and centralize power in the government which they then use to control people by deciding for them what they should buy and how much they can own. In what is mis-named "crony capitalism," corporate friends, union bosses and enablers of a powerful central government are gifted with certain privileges not extended to lower-downs. This is, more properly, "*crony socialism*."

Trickle-down is the machinery and excuse the Left employs when they use confiscatory taxation, bailouts and quantitative easing to pick winners and losers, to prop up failing firms with other peoples' money, and to empower labor unions at the expense of everyone else. This top-down management favoritism results in a gigantic inequality: on one hand, enormous wealth for the few bundlers, but on the other, the meager trickle-down causes widespread poverty and unemployment everywhere else— i.e., it creates an *anti-stewardship* economy.

Beware unfettered capitalism! That warning on the lips of every progressive, betrays their professed fear that if controls on the supply siders could suddenly go off unrestrained it would produce greed and selfishness potent enough to darken the sun. The Left needn't worry however because unfettered capitalism has never been tried. Unfettered socialism, on the other hand, which disempowers individuals and vests excessive control with the central government, sent 100 million people to early and grisly deaths in the 20th century. Curiously, the government usually gets a pass from the Left, no matter how much evil it creates.

Hoping to discredit capitalism, progressives point to the extent of poverty in the U.S. But it isn't the fault of capitalism that the U.S. poverty rate hasn't improved since the 1960s. Capitalism hasn't had a fair chance to show what it can do. The Left's specious claims attributing poverty to free markets are equivalent to tying up an Olympic swimmer's hands and feet and then pushing him into the water. As he struggles to keep his head above the surface, you can then say, "See how poorly he swims." Capitalism in the U.S. is amply "fettered" by the current Code of Federal Regulations - all 175,000 pages of it - which contains more than one million individual regulatory restrictions.

How effective has the government been in its effort to aid the poor by shackling capitalism? This year marks half a century since the inception of the War on Poverty. Spurred by a tax cut initiated by President John F. Kennedy, U.S. poverty rates were improving until the mid-1960s. At that point, the Lyndon Johnson administration launched its Great Society campaign which consisted of massive transfers of money – altogether, to

date, about \$21 trillion has been spent on those and similar programs. The "war" failed to bring the poverty rate down further and, in fact, created a permanent plateau for it by persuading generation after generation of lower income people to look to the government for help instead of inside themselves. The feminist movement and the accompanying sexual revolution finished the destruction with a dagger to the heart of the traditional family. Soon America had thrown off its work ethic and had begun slouching toward entitlement utopia behind the vanguard of a brand new grievance industry preaching envy, division and worship of the almighty state. The trickle-down welfare system was born and began enlarging like a hungry maggot as it preyed on human weakness.

The trickle-down narrative is neither about markets nor about true capitalism. It is sleight-of-hand, a masterful verbal deception for concealing the envy, tax-hungry wealth-destruction, power-addiction, control and other damnable goals of progressives that have maintained existing poverty and created new poverty where it didn't exist before. "Trickle-down" is the battle-cry screamed by the defiant Left in a desperate attempt to shift blame away from themselves for the human misery littering the tidelands of socialism. The time is long overdue for this profane term to be stricken from informed discourse about capitalism and free market economies.

Capitalism has been described as the economic dimension of freedom. Yet too many in post-modern times are willing to exchange their freedom for a false promise of security championed by those who would put them in permanent fealty to the government. This makes the work of the real trickle-downers on the Left much easier.

The free market system is not perfect. Nobody ever said it was. Human beings are imperfect creatures stained by the effects of original sin and subject to temptations of greed and self-absorption. Market activity in the practice of capitalism must necessarily be constrained to some degree in order to contain man's inherent thirst for power. Likewise, a market economy is not a stand-alone solution to the problem of poverty and it must necessarily be supplemented with charity for those who are unable to gain upward mobility. But, being based on freedom, it is far superior to anything else the world has experimented with. The dynamic stewardship economy is the best hope for the poor to be able to improve their lot. America is clear proof of that. If we truly care about the poor, it is time we acknowledge the successes of the stewardship economy, give thanks for them and reject the "trickle-down" falsehood and other empty shibboleths of the Left.

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Posted: March 14, 2014