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ISFE affiliate John Garen comments on the morality and fairness of capitalism and socialism

- **Debates on capitalism and socialism often center on the morality and fairness of outcomes in both systems**
- **Often forgotten in these discussions are mixed economies, that have characteristics of both**

ISFE affiliate John Garen has authored an essay that expands on a presentation he gave to the Central Kentucky meeting of Americans for Prosperity and the Bluegrass Economic Education Society. The essay presents an overview of capitalist and socialist economic systems with a comparison on their morality and fairness. Fundamentally, he explains, capitalism is based on individuals having decision-making authority over both economic and non-economic aspects of their lives, while socialism awards that authority to government. He also discusses mixed systems, where government has decision authority in substantial but not all-encompassing ways. In many of these cases, Garen remarks, there is an “illusion” of a capitalist society, “where ‘private’ companies are awarded sweetheart contracts from government, are allowed monopolies over certain markets, have special tax and regulatory deals, and are protected from foreign competition.” He adds that this, “frequently occurs where large companies (and their large unions) exert heavy political influence over the government such that it may be hard to see where the government starts and the company ends, i.e., government officials (explicitly or implicitly) may have substantial say over the companies’ activities. This is no way, shape, or form a capitalist economy.”

Garen compares both systems based on three common moral standards to analyze whether capitalism is unfair and immoral when compared to socialism: (i) “From each

according to his ability, to each according to his needs;” (ii) “People should get what they earn;” and (iii) “‘Agreement without conformity’ or ‘conformity without agreement.’” He remarks that, on the surface, socialism seems to edge out capitalism on the first standard. However, he notes, this is no longer the case once it is realized that government cannot accurately assess everyone’s needs and abilities. Garen also argues that capitalism fares better on the latter two standards.

Garen comments that even in seemingly capitalist societies there is often a dissonance between the value of human liberties and economic liberties noting, “economic liberties are often abused in many ways: limits on entering occupations, onerous fees and red tape for opening businesses, unnecessary regulation of what you can sell and buy, limits on what you may pay for a product or sell it for, taxes that special interest groups do not pay, and so on.”

He continues, “these effects on ‘the economy’ are not divorced from individuals’ lives. These undermine people in the occupations they may enter, their livelihoods, and how they spend their time and money. All limit the way we live our lives. Advocating for human liberties implies advocating for economic liberties as well.”