

Capitalism: Passé or neo-classic?

Steve Forbes sheds new light on the real meaning of capitalism

By PAMELA TSAI
Epoch Times Staff

The economy seems to be showing signs of recovery, but people's faith in capitalism is being put to a test in the face of tough challenges such as President Obama's health care reform south of the border. Has capitalism stopped working for the U.S.? What is the cure for today's troubled economy, "laissez faire" or a pro-socialist approach?

Steve Forbes, CEO and Editor-in-Chief of Forbes Magazine recently made frequent appearances on national TV, talk show programs and speaking events sharing his answers to these questions with his new book 'How Capitalism Will Save Us.' On December 15, 2009 hundreds of members of the World Affairs Council of Philadelphia heard his speech on why capitalism has always been and is still the best answer for the U.S. economy. In the 30-minute speech, Forbes discussed the causes of the recession and offered his optimistic forecast of a brighter economy under true capitalism.

A two-time presidential candidate, and a four-time winner of the Crystal Owl Award, the most prestigious award given to business writers who provide the most accurate economic forecasts, Forbes attributed the failed economy to a series of failed monetary, accounting, foreign exchange, and trade policies.

According to Forbes, the first and foremost mistake was the Fed's printing too much money, thus pumping too much fuel into and

flooding the economic engine. Giant government-sponsored enterprise (GSE), Fannie Mae and Freddie Mac, who owned or guaranteed about half of the US \$12 trillion mortgage market back in 2008, were to blame for the burst of the housing market bubble. The SEC (Security Exchange Commission) regulatory accounting policy regulating banks and insurance companies brought even greater disaster to the financial system. In short, the troubled economy was not a result of true capitalism characterized by a free market, but a heavy-handed government meddling with private business.

In response to the widespread negative perception toward capitalism—precipitated by Wall Street greed, the Madoff ponzi scheme fraud, and amidst the worst ever recession since The Great Depression, Forbes recaptured the origin of the capitalism defined by Adam Smith more than 230 years ago:

"Capitalism is not about being greedy or immoral. It is all about meeting the needs and wants of other people. In a mutually advantageous transaction, each gets something out of it. It is not greed, which is stealing, taking what's not rightfully yours."

Forbes described true capitalism as a free market where "if you do well, others can do well too. It is not zero sum game. Our founding fathers understood this."

Members of the audience who were practitioners of business also expressed agreement. Andrew M. Russin, a stockbroker from Pacer Financial in Paoli, Pennsylvania said,



Steve Forbes, President and Chief Executive Officer of Forbes and Editor-in-Chief of Forbes magazine. MARK VON HOLDEN/GETTY IMAGES

"It makes total sense."

David Simon, a Senior Vice President-Investment Officer at Wells Fargo Advisors, LLC said he bought "one for myself, one for my client" two copies of Forbes' new book.

Forbes recognized that capitalism is not a perfect solution "because people are not perfect. This is not a perfect world." He believes free market and free people are the best solution to today's economy. When speaking of the painful health care reform, he optimistically predicted that free market will enable entrepreneurs like Henry Ford or Bill Gates to emerge and make health care insurance an attractive and

affordable product to everyday consumers like cars, cell phones, or PCs.

Forbes believed that it is the free entrepreneurs, not the government who can "turn today's scarcity into tomorrow's abundance and develop the innovation that are the foremost drivers of the economic growth." He said a free market is the cure of today's health care problem and "it will turn something that looks like a hopeless liability to the one most exciting dynamic growth the industry has ever."

Forbes concluded the speech with a mention of his grandfather Bertie Charles Forbes, who achieved his American dream because of

capitalism. Bertie Charles Forbes, a Scottish journalist, immigrated to America in 1904 and founded Forbes Magazine, now the nation's leading business magazine and one of the most trusted resources for senior business executives.

Clearly, Forbes Magazine became successful not because it was greedy or immoral, but because it provided the products and services that are wanted and needed by the business reader - insightful reporting, thought-provoking commentaries, discerning analyses, and helpful tools that inform and empower business readers to succeed.

"Capitalism is if you do succeed,

'Capitalism is not about being greedy or immoral. It is all about meeting the needs and wants of other people.'

—Adam Smith

your success means success for others," Steve Forbes said.

Forbes' speech drew rounds of applause from the audience. A student member of the World Affairs Council said "He [Forbes] instilled a new sense of confidence in our democratic economy."

Dr. Todd Liu, a business consultant said, "His articulation of the origins and beauty of capitalism is refreshing to hear. Capitalism is a system that people can either make it or break it. It has made America the most powerful economy, why can't we continue to make it instead of breaking it?"

Liu drew a parallel with the Chinese economy. "The crux of the argument is which system promotes freedom - capitalism or socialism?" Liu said he left China because there is no freedom and happiness despite the growing economy and gigantic GDP.

"It is an economy controlled by the Chinese Communist government who has the least care for freedom and happiness of its own people."

Liu expressed full agreement with B.C. Forbes' famous quote written in the first Forbes editorial: "Business was originated to produce happiness, not to pile up millions."

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Keeping kids from being crass consumers

By TRENT HAMM

I'm a goal-oriented person. With almost everything I do in life, I set a clear goal for what I want to accomplish. I do the research needed to figure out how to get there, and then I work at it tenaciously.

The same is true for parenting. I know quite well it is impossible for me to raise my children to have every possible positive character trait, so I decided long ago to focus on a small handful of them and push my parenting in a direction that encourages those behaviours.

Really, there are three such goals.

I want my children to be self-reliant and to feel like they can handle almost anything life throws at them. I want my children to value learning (and talking about the things they've learned) and make it a normal part of their life.

And perhaps most relevant of all (to The Simple Dollar, anyway), I want my children to not derive their self-worth from the stuff they own or don't own, but instead from who they are and what they've accomplished.

I have several prongs in my approach to this:

MONITOR MEDIA CONSUMPTION

We're very picky when it comes to the media they consume. We have a DVR and use it to record specific programs, usually nature documentaries or PBS shows. That, along with some films on DVD, is all they're allowed to watch on television, and we cap that pretty tightly, too. The big reason is that we don't want them to watch commercials where children seem very happy due to owning a particular toy on a repetitive basis.

AVOID CONVERSATIONS ABOUT OWNERSHIP

We steer our own conversations away from "who owns what." This actually has a dual benefit: Not only does it keep us from creating the appearance for the kids that stuff defines people, it helps to break that connection in our own minds too.

KEEP A POSITIVE FOCUS

We try to focus on the positive qualities of various people. I usually make it a point to identify—and



The old adage "the best things in life are free" has lasting implications. By spending meaningful time with children, they can learn the value of things in life that money cannot buy. PHOTOS.COM

We actively work against defining other people by their stuff. This hasn't been an issue yet for our children, but it has come up a time or two

usually try to point out—a good quality about a person when that person comes up in a family conversation. "Your friend is really energetic! I bet he's really good at playing soccer!" and so on.

PRAISE HARD WORK

We focus our praise mostly on hard work. What does this have to do with keeping our kids from being consumer-oriented? It builds their self-worth around their positive

character traits instead of leaving them empty and searching for something to feel good about—which can often be their possessions. I don't praise everything they do, but I strongly praise their effort in a positive direction, especially when that effort is producing a good result (like my son's ongoing journey toward reading).

DON'T DEFINE OTHERS BY POSSESSIONS

We actively work against defining other people by their stuff. This hasn't been an issue yet for our children, but it has come up a time or two. "I don't like person X because he has a Batman" is the prime example I can remember from the recent past. I take a lot of time to talk about things like this and tear away the material possession from the personal choice. Here, we brought it down to a sharing issue—it is nice to share, but you shouldn't expect someone to always share what they have, and it's a good idea to set a sharing example first.

Do you have additional ideas on how to keep our kids from focusing their energy on consumerism? If so, feel free to share them with the editor at michael.feltz@epochtimes.com.

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