

SOCIAL JUSTICE
SOCIAL DEMOCRACY
SOCIALISM



Let's Get Social

SOCIALISM (*noun*): any of various economic and political theories advocating collective or governmental ownership and administration of the means of production and distribution of goods; a system of society or group living in which there is no private property.

CAPITALISM (*noun*): an economic and social system in which participants privately own the means of production – called capital. Free market competition, not a central government or regulating body, dictates production levels and prices. Under capitalism, prices and wages are determined by the forces of supply and demand.



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The word “social” is everywhere in our world. Social media. Social studies. Social clubs. Social worker. Social services. Social security. Social justice. Social democracies.

“Social” anything has become very popular, because it connotes society, togetherness, and organization. Ask an 11-year-old about socialism, and he’ll tell you, “sure, socialism is okay.”

American democratic socialists like Senator Bernie Sanders and Representative Alexandria Ocasio-Cortez say socialism is a *great* thing, and they want us to implement it here.

Senator Sanders is old enough to remember that Socialism—with a capital “S” — was a really *evil* thing, but he insists he’s not talking about *that* kind of socialism.

No, he’s talking about the kind of socialism that’s found in social democracies like Denmark and other Nordic nations. You know, the kind that offers people lots of free social services like free college, free health care, and free child care.

That “free stuff” kind of socialism.

Who could possibly be against free social services?

Is Free Stuff . . . Really Free?

FREE (*adverb*): without cost or charge;

(*adjective*): not under the control or in the power of another.

Free is a tricky word. When used to modify another word like education, as in *free education*, it implies that there is no cost or charge associated with it.

The reality is a different story. Every single *product* — from lipstick to Lamborghinis — and every single *service* — from haircuts to education — costs something to someone. That monetary cost may be borne by someone other than the receiver of the “free” whatever, but the product and/or service still has a price tag.

For example, the American K-12 education system is called a “free” social service because people don’t pay the full, immediate tuition cost of a child’s elementary and secondary education service as they are using it.

Instead, *everyone pays* for the whole cost of K-12 education for all children *all of their lives* (or at least as long as they pay taxes). Taxes for K-12 education are collected by the federal government, the state government, and the local government to pay for this service. These governments then build the schools, hire the teachers, plan the lessons, design the tests, and decide which children are assigned to go to what schools.

There are other examples of “free” social services in America. People on welfare, for instance, receive free food, free housing, and free health

insurance and medical care.

This brings up the second tricky part of the word free.

When the word free is used to describe a state of being, it implies that we are not under the control or in the power of another. *The more “free” stuff you take, the less “free” you are* It means we have freedom of choice.

But those who receive “free” government-run social services have virtually no freedom of choice in the goods and services they receive.

For example,

- *People who receive **free housing** must live where government tells them to live.*
- *People who receive **free groceries** (or food stamp ETB cards) can only purchase the food that government permits them to buy.*
- *People who receive a **free K-12 education** can go only to the school that government allows them to attend.*
- *People who receive **free health care** can have access only to doctors, hospitals, and medical treatments that government allows.*

It’s the same in almost every case of “free stuff.” The lucky recipient of a “free” vacation doesn’t get to choose where he goes, or perhaps even when he goes. It’s all decided by others.

But that’s how free stuff works. If others pays the price tag for you, they also make your choices for you. Put another way, the more “free” stuff you take, the less “free” you are to make your own choices.

Why Can't We ... Be Like Denmark?

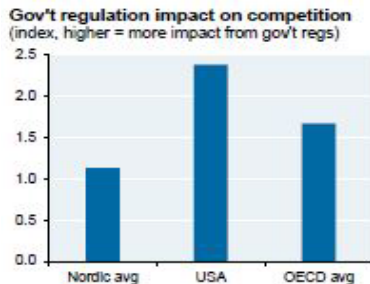
SOCIAL DEMOCRACY (noun): (1) a political movement advocating a gradual and peaceful transition from capitalism to socialism by democratic means; or (2) a democratic welfare state that incorporates both capitalist and socialist practices.

Socialists want the U.S. to be like Denmark, but Denmark isn't socialist. It's a *democratic welfare state* (definition 2 above), as Denmark Prime Minister Lars Rasmussen was recently quick to point out:

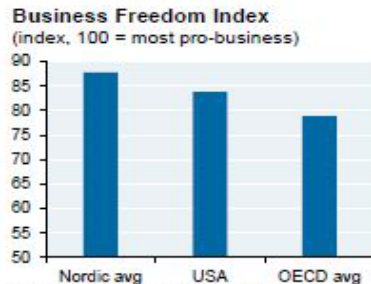
"Some in the U.S. associate the Nordic model with some sort of socialism. Therefore, I would like to make one thing clear. Denmark is far from a socialist planned economy. Denmark is a market economy."

Unlike American socialists who routinely denigrate businesses and corporations, Nordic nations treat businesses very well. Perhaps they recognize businesses as the proverbial geese laying the golden eggs.

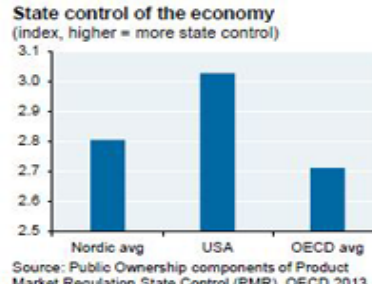
Nordic nations put minimal regulations on businesses



Source: OECD 2013.



Source: WSJ, World Bank. 2018.



Source: Public Ownership components of Product Market Regulation State Control (PMR). OECD 2013.

Source: JP Morgan Chase & Co.

The Nordic model places minimal restrictions on businesses in terms of regulations and controls—*far fewer restrictions* than the U.S. government places on American businesses (see charts below). It doesn't tax its businesses heavily either.

So, who pays for all the free government social services if it isn't businesses? ***The Nordic people themselves!***

Nordic citizens pay high wage/payroll taxes on their earnings, along with high Social Security taxes. They pay a Value-Added Tax (VAT) on every product they purchase and every service they receive. Check out the charts on the next page to compare Nordic taxes to U.S. taxes.

Health care isn't free to use, either. The Nordic people pay out-of-pocket deductibles and co-pays (a percentage of each personal medical bill) when they use the government health care system.

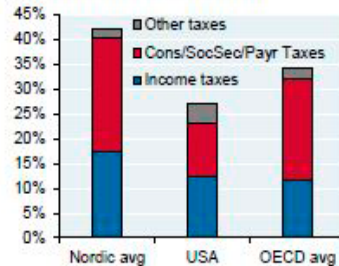
As a June 2019 J.P. Morgan Chase & Co. report concluded,

"Copy the Nordic model if you like, but understand that it entails a lot of capitalism and pro-business policies, a lot of taxation on middle class spending and wages, minimal reliance on corporate taxation and plenty of co-pays and deductibles in its healthcare system."

Nordic Citizens Pay

REALLY HIGH Taxes

Total tax burden % of GDP



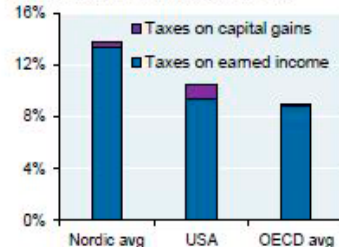
Source: OECD. 2017.

Personal and corporate income taxes % GDP (progressive)



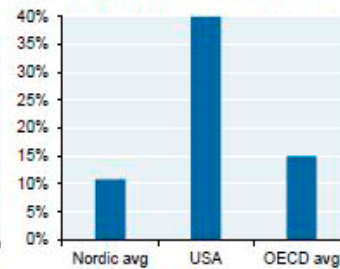
Source: OECD. 2017.

Taxes on earned income & capital gains of individuals, % of GDP



Source: OECD. 2017.

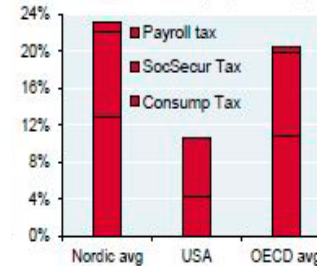
Estate Tax on generational transfer



Source: Tax Foundation. 2017.

Nordic citizens' taxes on average — payroll, social security, and VAT (consumption) — are over twice that of American citizens.

Consumption, Social Security and Payroll taxes % GDP (regressive)



Source: OECD. 2017.

What about . . . Social Justice?

Wikipedia defines SOCIAL JUSTICE as:

a concept of fair and just relations between the individual and society. This is measured by the explicit and tacit terms for the distribution of wealth, opportunities for personal activity, and social privileges.

The above definition begs a few really important questions:

- Who will be the ultimate *judge* of what is *fair and just relations between the individual and society*?
- Who gets the *power* and *privilege* of setting the *explicit and tacit terms for the distribution of wealth, opportunities for personal activity, and social privileges*?
- What if an individual *disagrees* with the terms set by society?

If “society” is merely a code word for whomever happens to be in political power at a given time, the “individual” has reason to worry.

K-12 Education Model

Our K-12 education system is an example of a Social Justice model program that sounded good in the beginning but hasn’t delivered justice.

Originally created in the early 20th century to ensure that every child, regardless of wealth, had the (social) privilege and opportunity to receive a good education, “society” (government officials) required all citizens to pay taxes to finance public schooling. Public schools were built, and children were assigned to them based on their home address.

Today, wealthy children have an array of choices: their public school or any private school. Poor and even many middle-class children, without the

wealth to buy homes in the best neighborhoods or to pay extra for private school tuition, have no option except their one assigned public school.

Good intentions. Unfair results. Despite extraordinary per pupil spending, poor children remain trapped in habitually failing public schools.

Social Security Model

Our Social Security system could also be called a Social Justice model program. “Society” decided a century ago to have government collect taxes from individuals’ wages on the promise of a retirement income someday.

The individual has no choices in this system. “Society” (in this case, Congress) controls all decisions: how much people are taxed, if and when people can receive benefits, and what amount that benefit will be.

Many believe a truly “just” system would let the individual keep control of her own wages and make all those decisions for herself.

What if Higher Ed used the Social Justice Model?

Now imagine if higher education were organized around the same Social Justice model as K-12 public education.

A college education would be paid for by all taxpayers and “free” to students who attend them, but the students would have no choice which college they attended. They would be assigned to a college based on their home address, regardless of their career interests or the majors and degrees offered at the assigned college.

How “just” would this be to students? More than half of all Americans never go to college. How “fair” would it be to make them pay for college services they never use?

Doesn't Socialism Produce Equality?

The real Socialism is best captured in this 1875 quote by Karl Marx:
“*From each according to his ability, to each according to his needs.*”

Marx is considered the father of communism. He envisioned a society organized and directed by government using a socialist economic system. In this system, every person would work hard and cheerfully for the collective society (i.e., government) – not for herself and her family – in exchange for receiving all of life's needs from society (i.e., government).

No one would own property. Government would control businesses and decide what products and goods were produced for the common good of the people. In such a system, there would be a perfect equality of economic outcome, with no one better or worse off than another.

The **Union of Soviet Socialist Republics (USSR)** implemented the socialist model in the early 20th century under the one political party rule of the Communist Party. Industry was systematically nationalized, and by the 1930s, communist leaders were operating under government-developed five-year industrialization plans that controlled and directed the economy, from factory to farm, production to distribution.

People did not cheerfully work for others; they rebelled

But human nature being what it is, people did not cheerfully work for others. When forced to work, they resisted and rebelled. Products and services became scarce, and farms failed to produce food. Rather than having all their needs met, the people suffered famines and deprivation.

Rebels were imprisoned and killed. An estimated 60 million citizens were murdered by the Soviet government between 1917 and 1987.

Despite many plans and reforms, the USSR's economic and political systems were rife with corruption and near collapse by the 1980s. Communist party president Mikhail Gorbachev tried one last

- *equality of poverty*
- *scarcity of food, basic needs & medicine*
- *widespread corruption*
- *dissidents jailed or killed*

economic reform, *perestroika* (meaning ‘restructuring’), to introduce some quasi free-market principles. It, too, failed. On December 21, 1991, the USSR – along with the world's longest-running socialist economic experiment – ceased to exist.

Venezuela: from prosperity to poverty

It took only 20 years for president Hugo Chavez and his successor Nicolas Maduro to turn **Venezuela** into a collapsing socialist state. Chavez promised he would take care of the people with an abundance of free social services. In turn, they allowed him to nationalize the country's oil and other industries and put his political friends in charge of running them. Production decreased and supplies of products and goods declined.

A thriving, wealthy oil-producing nation in the 1950s, the nation is now in economic and social chaos. By 2018, inflation had soared to an unimaginable 1,300,000 percent. Prices of goods and products double every 19 days. Venezuelans suffer routine electric power cuts and severe shortages of food, medicine, and other basic necessities. In desperation, more than 3 million Venezuelans have fled to neighboring countries.

Doesn't Capitalism Produce Inequality?

The idea of capitalism is perhaps best captured in this 1776 quote by Adam Smith in *The Wealth of Nations*:

"It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest... Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens."

No country in the world has a pure capitalist economic system, although many countries have adopted capitalist free-market economic principles. Key features of the capitalist system are: the right to own a business and keep profits, the right to private property, the right to freedom of choice, and the right to fair competition.

In a capitalist system, there is a low degree of government interference in the marketplace. Individuals have the freedom to choose what to create, how much of it to produce, and what price to set for those goods or services.

People have freedom and financial incentive to invent, create, and trade fairly with others

If sellers set their prices too high, people will not buy from them. If they set their prices too low, people may certainly buy from them, but the sellers will fail to make a profit and they won't be able to keep making their products. In either case, the seller will go out of business.

When these capitalist fundamentals are in place, individuals have the

incentive – a personal self-interest – to invent or create products to sell to others. They also have a strong incentive to live peacefully with others and trade with others honestly and fairly. Strong capitalist economies are rarely the troublemakers in the world.

Capitalist economies produced virtually all the innovations in the 20th Century

Virtually all of the bold new inventions and innovations of the 20th century originated from people in capitalist free-market economic systems.

- *inequality (variation) of wealth*
- *bold innovations*
- *new products that people desired and could afford*

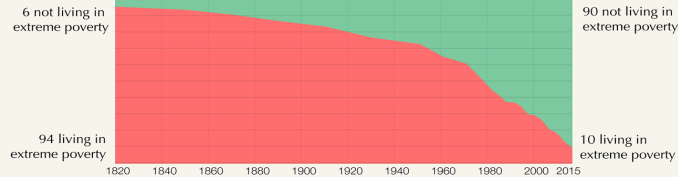
Among them were the airplane (1903), radio (1904), assembly-line car manufacturing (1908), television (1926), antibiotics/penicillin (1928), microwave oven (1945), instant photography (1947), hand held calculator (1970s), personal computer (1971), internet (1973), and cell phone (1977).

Innovators formed companies and corporations to produce and market their inventions to others. Still others adapted innovations to create new products. As competition thrived, product supplies increased and prices decreased, making more products available to people at ever lower prices.

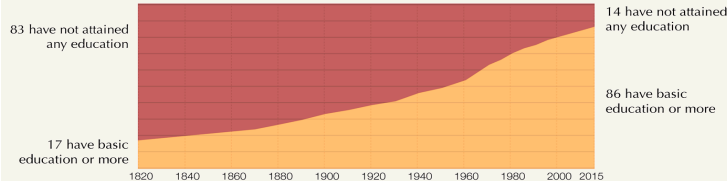
Innovators and companies often become quite wealthy as people rush to buy the newest products, yet there is no inequality of access to the market's goods. Even the poor in the capitalist societies can afford smart phones, large-screen televisions, computers, and other capitalist products.

The World as 100 People over the last two centuries

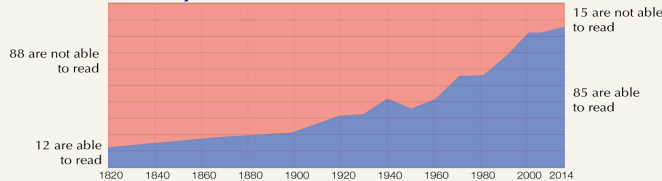
Extreme Poverty



Basic Education



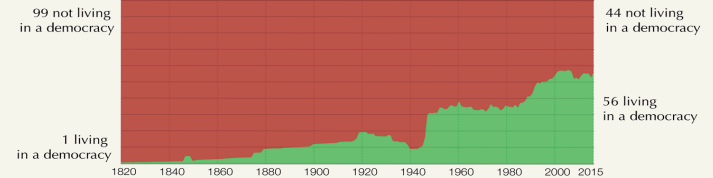
Literacy



Data sources:
 Extreme Poverty: Bourguignon & Morrison (2002) up to 1970 – World Bank 1981, and later (2015 is a projection).
 Vaccination: WHO (Global data are available for 1980 to 2015 – the DPT3 vaccination was licensed in 1949)
 Education: OECD for the period 1820 to 1960, IIASA for the time thereafter.
 Literacy: OECD for the period 1820 to 1990, UNESCO for 2004 and later.

Our World in Data

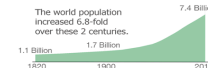
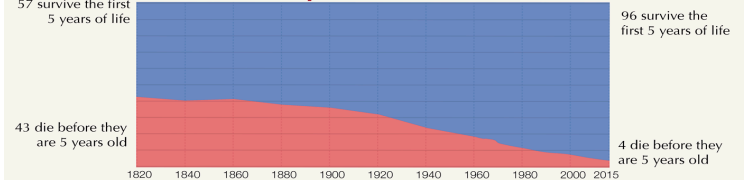
Democracy



Vaccination against diphtheria, pertussis (whooping cough), and tetanus



Child Mortality



All these visualizations are from [OurWorldInData.org](https://ourworldindata.org) an online publication that presents the empirical evidence on how the world is changing.

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Is Profit . . . a Dirty Word?

PROFIT (*noun*): money that is earned in trade or business after paying the costs of producing and selling goods and services.

In a socialist economy, profits are evil. Perhaps that's why socialist economies rarely innovate and seldom have enough products to supply their people. In a capitalist economy, profits are essential to growth of a business.

In the simplest sense, we “profit” every time we get a paycheck. That is, we earn money (wealth) as a result of producing something of value that someone else (our employer) is willing to reward. If our paycheck didn't yield us a “profit,” we'd look for another line of work. The same is true of a business.

Without the promise of the reward of profits, people and companies wouldn't take the risks necessary to open a new business, develop an idea, or research a new life-saving medical innovation.

According to the Small Business Administration, about 80% of new businesses survive the first year, half survive five years or longer, and only about a third survive ten years or more. Profits keep businesses in business.

Most entrepreneurs and businesses don't earn enormous profits, but a few do. American socialists claim that's unfair. Is it? Consider the examples of two well-known entrepreneurs and their companies.

Bill Gates & Microsoft

Bill Gates dropped out of college in the 1970s to develop an innovative proprietary idea he later named the Microsoft Disk Operating System (MS-DOS). He licensed MS-DOS to International Business Machines

(IBM) and, in time, other computer manufacturers.

Pouring profits into Research & Development, Microsoft subsequently developed Windows and a suite of business-based software: Outlook, Word, Excel, and PowerPoint. By 1990, Microsoft's software was the industry standard in preloaded software on new computers.

Without the promise of reward (or profit), few people would take the risk to innovate and create

By 1999, Gates had profited to the tune of \$90 billion, but he was already giving it away. Gates' charitable donations had grown to \$45.5 billion by 2017, and he isn't finished. He has pledged to give away 95% of his personal fortune during his lifetime.

Steve Jobs & Apple

Steve Jobs, along with business partner Steve Wozniak, started Apple Computer in 1976 in the Jobs' family garage. By 1980, the company's smaller, more user-friendly personal computers turned Apple Computer into a billion-dollar business. Apple developed new trail-blazing products such as the iMac, the Macbook Air, iPod and iPhone. Competitors rushed to develop comparable products as consumers stood in line for hours to buy Apple's latest products.

Few people today can imagine a world without Microsoft and Apple products. While these men and their companies earned enormous profits, the risks they took, and the Research & Development they pursued, produced revolutionary new technologies and products that enhanced the lives of hundreds of millions of people around the world.

Greed Rears its Ugly Head

GREED (*noun*): A strong desire to continually get more of something, esp. money.

Socialists argue that the accumulation of wealth in the capitalist system is motivated by greed.

Capitalists argue that wealth accumulation is a result of benign self-interest, in which individuals work hard to excel at what interests and motivates them.

Greed to get more money didn't drive Tiger Woods on the golf course, or Bill Gates on a computer, or Carrie Underwood and Oprah on a stage. Rather, their wealth resulted from their pursuit of their interests.

Yet what about the socialist? Why do so few question his motivation? Isn't it really he who is greedy?

Whether he calls it *democratic socialism* or *Marxist communism*, or he couches it in guileful terms of *social justice* or *economic equality*, the desire of the socialist and the social justice warrior is the same: to get more of other peoples' money and wealth by any means necessary.

Wealth flows from individuals' pursuit to excel

Keenly aware that he doesn't have the great ability of the best athletes, the great minds and ideas of the brightest innovators, the immense talent of the most popular entertainers, the socialist plots to take their wealth for himself and his friends.

In the process, the socialist methodically destroys the freedom and

prosperity of everyone. The successful among us are merely his first victims, because his desire to take what others have is insatiable.

The Nobel prize-winning economist Milton Friedman was once asked if he doubted capitalism when he saw the greed and concentration of power. Friedman replied:

Tell me: Is there some society you know that doesn't run on greed? You think Russia doesn't run on greed? You think China doesn't run on greed? The great achievements of civilization have not come from government bureaus. The world runs on individuals pursuing their separate interest. Einstein didn't construct his theory under order from a bureaucrat. Henry Ford didn't revolutionize the automobile industry that way ...

If you want to know where the masses are worst off, it's exactly in the kinds of societies that depart from that. The record of history is absolutely crystal clear: there is no alternative way—so far discovered—of improving the lot of the ordinary people that can hold a candle to the productive activities that are unleashed by capitalism and largely free trade.

The capitalist free-market system, rooted in individual liberty and property rights, offers each individual – working voluntarily and cooperatively with others – the freedom to pursue her own unique interests and achieve her personal goals.

Isn't it really the socialist who is motivated by greed?

Isn't it the socialist who schemes to take the property and wealth of others?

Socialism Feeds our Fears

At this moment in history, you have the freedom to choose what kind of society you and your fellow Americans will have.

Think of yourself as a fish swimming in a big deep blue sea.

American socialists are baiting you with a whole lot of “free stuff” hoping you will bite.

The bait is enticing. It’s a free meal ... an easy solution to whatever challenge, discomfort or fear you face in your life.

All you need to do is grab it ... say “yes” to the “free stuff.” How easy it seems.

But behind that bait — all that free stuff — is a plan.

With one bite of the enticing free stuff, a very sharp hook catches and holds you in its grip.

You are now on the socialists’ hook. You’re stuck. You can’t free yourself. You go where the socialists’ hook and line take you. The free meal has lost its enticement as the pain of your capture sinks in harder.

Oh, the socialist fishermen may let you live in the waters of a social democracy for a while, but that isn’t their end game.



Capitalism Feeds our Dreams

Remember the first definition of **social democracy** a few pages back? *“a political movement advocating a gradual and peaceful transition from capitalism to socialism by democratic means.”*

A socialist state — the evil, historical kind of Socialism — is their end game. Socialists don’t have loving hearts. Their dictates are never benevolent. Socialism in any form is first and foremost about power and control over other peoples’ lives, property, and wealth.

Socialism feeds our fears by promising security while expecting child-like submission and utter dependence. As history shows, any form of socialism is the road to despair and unfulfilled dreams.

But you have another choice in your current state of freedom. You can say no to the socialists’ bait. You can choose freedom and its essential partner, capitalism.

Capitalism feeds our dreams by promising freedom while expecting self-reliance and responsibility. As history has proven, capitalism is the only road to personal achievement and success.

Which will you choose: submission or opportunity?

Resources & Articles

For more information on economic systems and how they affect you, watch the PBS television series by Nobel winning economist Milton Friedman entitled “**Free to Choose**,” available at no cost at <https://miltonfriedman.blogspot.com/>

Volume 1: The Power of the Market

Volume 2: The Tyranny of Control

Volume 3: Freedom & Prosperity

Volume 4: The Failure of Socialism

Volume 5: Created Equal

Or read these insightful books from Regnery Publishing:

Socialism Sucks: Two Economists Drink Their Way Through the Unfree World, Robert Lawson & Benjamin Powell

The Politically Incorrect Guide to Capitalism, by Robert P. Murphy

The Politically Incorrect Guide to Socialism, by Kevin D. Williamson

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Socialist	vs	Capitalist
Dependence		Freedom
Coercion		Voluntary
Powerlessness		Empowered
Scarcity		Plenty
Equality of Poverty		Inequality of Wealth

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