

Grading the Legislature

House Bill 4601 – The Capitalism-for-All Act

In general, bills before the West Virginia legislature are mostly one-dimensional—an increase in taxes or more regulation. Issues like these do not typically extend beyond their economic impact. HB 4601, however, is unique in its range. So instead of the typical pass/fail grading, it's worth looking simply at the many angles of this particular measure.

HB 4601 calls for the state “to provide...[the] basic, yet essential understanding of capitalism” to 11th and 12th graders. “The principles of free markets, free enterprise...,” the bill continues, “[are] essential because it will improve our students’ success within the (capitalist) system and make them better citizens...” Such a bill is not simply calling for a tweak to the existing economic structure; it's pushing for a change in the mindset towards capitalism within West Virginia.

That new attitude towards capitalism can't come soon enough. At the root of the bad policies that drove West Virginia to the bottom of the United States was a general aversion to capitalism—the same aversion to capitalism felt in North Korea and the Soviet Union. Instead of relying upon wealth-creating capitalism, West Virginia sought instead to centralize its economy by levying taxes and mandating government intervention. Government used to be viewed as an engine of economic prosperity; this is no longer the case. Embracing capitalism would provide the foundation for an economically strong West Virginia.

One of the crucial facets to capitalism is voluntary action. Taxes are money that individuals and companies must pay to the government; in this light, higher taxes are more coercive and less voluntary. Business regulation restricts the ability of a company to act as it would like; therefore, more regulation leads to less voluntary action. When voluntary trade takes place, *both* parties benefit. The \$5 I pay Wendy's is of less value to me than the hamburger I get in return; if it were not, I would not choose to give them my money. Similarly, Wendy's prefers my \$5 to their hamburger. Both parties are better off after the transaction. Capitalism thrives where voluntary action is maximized.

Is it then not a bit ironic to mandate that students study the virtues of capitalism? Perhaps, but a proper analysis would need to figure what *additional* coercion the bill proposed. Are high school students presented with any less voluntary activity as a result of the bill? High school education is already compulsory; it's hard to argue that HB 4601 imposes an additional burden. Compare the mandatory educational commitment required for 16-year-olds to that required of 40-year-olds. If every 40-year-old were required to take a class in capitalism, would there be an additional burden? Absolutely; most 40-year-olds would be forced to take time away from work in order to comply. This same additional burden does not exist for high school students.

Are schools adversely affected? The bill does restrict the ability of public schools to tailor a curriculum specific to their school, but to what extent to public schools currently have the ability to act in their own best interests? A public education system based in choice and competition would generate a better-performing, better-serving and less costly public school system; short of

that (and West Virginia is well, well short of that), it is not clear that HB 4601 causes any additional burden on the public school system.

As voluntary action is crucial to capitalism, so too is the idea of individual responsibility. Individuals must claim both the benefits and consequences of their actions. Actions can have good and bad consequences; the concept is a simple one. Yet governments often choose to shield consequences from their citizens, and often at the expense of those that benefit. Successful corporations are frequently legislated against in order to protect their inferior competitors. It is not unlike forcing an entire class to forego the first ten minutes of recess due to one student's bad behavior. If successes in the economy are not properly rewarded, the incentive to engage in such behavior is reduced. And if consequences are buffered, riskier behavior is no longer as risky.

In order for West Virginia to become economically vibrant, its citizens must understand and embrace the ability of the market economy to generate wealth. Educating them may prove successful, but allowing the people of West Virginia to experience the full power of a capitalist economy would be the best learning experience of all. It is up to the Legislature to press the state towards a free market economy in order to hammer home the lessons of liberty.

For those interested in incorporating economics into their curricula at any grade level, please visit <http://www.ncee.net>.

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