

# Economics Is Philosophy, Not Science

**S**ure, economics can be a science based on systematic observations, such as supply/demand curves or cost/benefit analyses. But, for most people, that's its minor role.

When it comes to running a nation's economy, economics is philosophy. It's all about who should get what in a society, in terms of products and services.

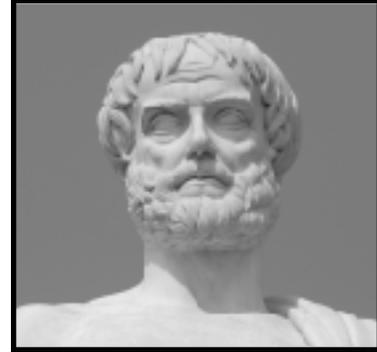
There are two basic philosophical views about the ideal economy. The first view is that a good economy is one in which individuals can rise from any level of society and achieve unlimited wealth. Since even individuals born into poverty can achieve unlimited wealth through hard work, intelligence, or even luck, a government need not concern itself with how well entire classes of citizens are faring.

Those who subscribe to this view already have a head start in the race to the top: inheritors of great wealth, those with excellent educations, fortunate persons with powerful mentors, people with connections, and so on. You could even include those in the dominant race, religion or national origin in a given society, even though they don't have an abundance of those qualities.

The second view holds that a good economy is one in which an individual can increase his wealth through hard work and creativity, but not so much that there isn't enough wealth left to be shared by others who work hard, but are not as successful in accumulating paper money.

Subscribers to this view believe that society should concern itself not only with an individual's right to improve his station in life, but also with the welfare of entire classes of its citizens: investors, workers, retirees, religious or ethnic minorities, the uneducated and unsophisticated, the victims of capricious fate (natural disasters and accidents), and so on.

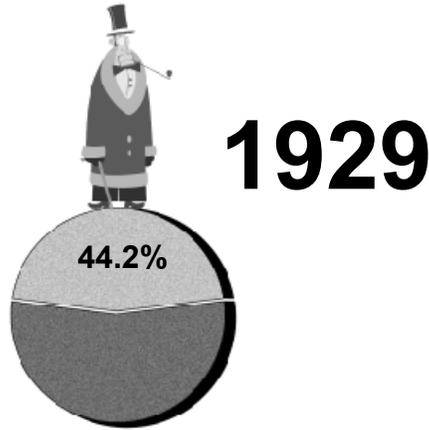
This second view is not only a moral philosophical stand, but it's a prescription for the long-term health of a society.



**Philosophy:  
the heart of economics.**

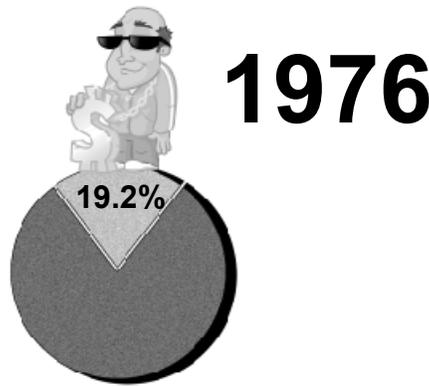
THE TOP 1% SHARE OF TOTAL WEALTH

# Which economic philosophy is better?



**Philosophy of the Roaring Twenties:**  
 Make rich people richer so they can invest in jobs—low taxes on the rich, no minimum wages, no worker protections, few consumer protections, few government services for the poor and middle class.

**RESULT:**  
 Worst depression in U.S. history.



**Philosophy of Roosevelt's New Deal (1932-1976):**  
 Create an affluent middle class and improve conditions for the poor so they create consumer demand: progressive taxes, increasing minimum wages, worker protections from union-busting corporations and wage-destroying Third World countries, increased government services for the poor and middle class.

**RESULT:**  
 The U.S. became world leader, both economically and militarily.



**Philosophy of the Roaring Twenties (1977-2008; Can you say “déjà vu”?)**

**RESULT:**  
 The destruction of the U.S. middle class and horrific decline in living standards for poor Americans. (Not to mention the fact that the U.S. is losing its role as world leader to China and India.)

\* The top 1% had 40% of the wealth in 2000. Their share has undoubtedly increased since then.