

Another Defender of Capitalism

January 22, 2024

Being old-timers (Diane and I have been in the investment business for a combined 93 years), we should reiterate our investment philosophy and how we continue to build wealth for our clients. Over the years our focus has been on investing in growth equities across an expanding economy, both domestic and foreign. In other words, we see capitalism as an essential element of a growing economy and the potential for building a client's nest egg. The definition of capitalism according to Webster's Dictionary is: *"an economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market."*

The opposite philosophy can be referred to as socialism. According to Wikipedia, democratic socialism is: *"a left wing set of political philosophies that supports political democracy and some form of a socially owned economy, with a particular emphasis on economic democracy, workplace democracy, and workers' self-management within a market socialist, decentralized planned, or democratic centrally planned socialist economy."*

Looking at these two differing philosophies, one can conclude what makes the most sense for individuals who strive for success in life and a healthy standard of living. Unfortunately, in today's world, support for the free-market solution is not broad-based given that the media imposes their own opinions and commentaries on events. So refreshing is finding a leader of a country that has experienced both socialism and free markets and has come forth to offer his opinions of each system. These opinions were forthcoming in a reprint of a speech in the Wall Street Journal reigniting the feelings that Ronald Reagan inspired in the 1980s. The newly elected president of Argentina, Javier Milei gave a spine-tingling speech to, of all groups, the World Economic Forum in Davos, Switzerland last week.

"...the main leaders of the Western world have abandoned the model of freedom for different versions of what we call collectivism. We are here to tell you that collectivist experiments are never the solution to the problems that afflict the citizens of the world."

"When we adopted the model of freedom back in 1860, in 35 years we became a leading world power. And when we embraced collectivism over the last 100 years, we saw how our citizens started to become systematically impoverished, and we dropped to spot #140 globally..."

"...I would like to leave a message for all businesspeople here and for those who are not here in person but are following around the world. Do not be intimidated, either by the political caste or by parasites that live off the state. Do not surrender to a political class that only wants to stay in power and retain its privileges. Do not surrender to the advance of the state. The state is not the solution. The state is the problem itself. You are the true protagonists of this story, and rest assured that as from today, Argentina is your staunch unconditional ally."

These words are only a few from his speech and we recommend that you read it in entirety. Adam Smith, the founder of capitalism, believed economies thrive with competition, capitalism, and a free market. We could not agree more!