Written by Selwyn Duke on November 22, 2025

Forget "Democratic Socialism," Says Economist; Embrace "Democratic Capitalism"

"The worst crime against working people is a company which fails to make a profit," wrote labor leader Samuel Gompers. This is also the sentiment with which economist and professor Mark Skousen opened a recent article. In it he urges readers to "share the wealth," not "redistribute it." And Skousen discourages the current embrace of democratic socialism, but at the same time touts something else: democratic capitalism.

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(Note: A better name is "economic freedom" because the term "capitalism" polls badly. This is no surprise, either: It was *originated by socialists* to demonize economic freedom, which they aimed to destroy.)

So what's Skousen talking about? He explained this in a recent article at his website, writing that

> there is no need to tax the rich or raise the minimum wage, as advocated by the democratic socialists.
>
> Major corporations are quietly solving the inequality problem by offering ordinary employees generous 401(k) plans, stock grants and stock options that are making average workers millionaires.
>
> … I estimate that Microsoft has been responsible for creating over 30,000 multimillionaires among ordinary employees due to stock options alone. Even Walmart offers to help workers start their 401(k) plans, and offers stock grants. Most major corporations offer these profit-sharing plans. Some smaller companies too.

As to other examples from Skousen, he states that AutoZone has created more than 4,000 millionaires.

And, according to Nvidia CEO Jensen Huang, almost 80 percent of his company's 36,000 employees are already millionaires.

The Socialist Error

Of course, some may point out that breeding millionaires doesn't eliminate "inequality" (there are still billionaires and others, after all). But this gets at a suppositional mistake Skousen makes. In reality, there can be a hunger problem, healthcare problem, schooling problem, sanitation problem, housing problem, and many other problems. But there is not, and can never be, an "inequality problem." Why not? Well, consider an example:

You bring your child to a doctor for a check-up. Upon its conclusion you ask, "How is he?"

"Oh, good news," replies the physician. "Your boy's health is equal to that of all the other kids I treated today."

Would this answer be reassuring? I mean, the doc might've spent that morning working in a pediatric cancer ward.

The point is that there can be equality in ineptitude, misery, poverty, privation, or stupidity — or illness. Equality tells you nothing about quality.

Speaking of quality, Skousen outlines why socialism lacks it and fails. Via an explanation that won't surprise *New American* readers, he writes that

> "free" goods are always more expensive through waste, abuse and shortages.
>
> It violates the cardinal principle of economics known as the "accountability" or "user pay" principle. If you benefit, you should pay. If someone else pays — parents, your company, insurance or the government — there is little or no discipline to keep costs down, or to encourage innovation.
>
> Populist socialism never works because it lacks the incentives to succeed.

Socialism: Tried Repeatedly — and Found Wanting

In fact, experience alone informs that socialism doesn't work — because it has a 200-year history of failure. Just consider President William Taft's thoughts on socialism, as related in a 1914 news article:

> "The most notable socialistic experiment, that of Robert Owen, at New Harmony [in 1826], failed as all socialism must fail [after just *two years*]," said Mr. Taft, "because it found no substitute for the motive essential to arouse and make constant human effort that is furnished by the institution of private property and the shaping of reward by competition and natural economic adjustment.
>
> … There were other Owenite experiments, one at Yellow Springs, Ohio; another at Haverstraw, in New York; another at Coxsackie, in the same State, and a third at Canton, Ohio, the Kendal Community.
>
> … The famous Brook Farm at West Roxbury, Mass., was one of these. There were many others, but in ten years or less, they were no more. Another Frenchman, Etienne Cabot, described what he called a voyage in Icaria, which gave his ideal of a community on a communistic and socialistic basis. This led to the attempt to establish a settlement in Texas, another one in Illinois, and a third in Iowa, called Icarian Communities, but they too faded out."

(Hat tip: American Thinker.)

Adding one more example, American Thinker tells us:

> The Red Utopia in the Bronx was an experiment in cooperative housing, with nine cooperative stores and a restaurant, in the 1920s that eventually failed, *as always*.

Freedom Breeds Wealth

In contrast, economic freedom inspires wealth creation. Late economist Walter E. Williams would often make this point. As he wrote in 2017, for example, outlining an illustrative correlation:

> First, list countries according to whether they are closer to the free market or the communist end of the economic spectrum. Then rank countries according to per capita gross domestic product. Finally, rank countries according to Freedom House's "Freedom in the World" report. People who live in countries closer to the free market end of the economic spectrum not only have far greater income than people who live in countries toward the communist end but also enjoy far greater human rights protections.

None of this is surprising, and a little perspective may drive home the point. Man's norm for virtually all of history was grinding poverty. In fact, you could say that we started with nothing.

After all, how much wealth did Paleolithic ("cave-dwelling") man have? I mean, I'm sure rocks and clubs might've been prized back then, but wealth options were, let's say, limited. Even much later, such as in biblical times, debt slavery, famine, and the selling of children were recurring realities. Such was the privation.

Whence Cometh Wealth?

So where did all today's vast wealth come from? It was created, of course. This occurs when man takes what is found in and on the Earth — timber, minerals, etc. — and uses it to produce multitudinous wonders that sustain and enhance life and lifestyles. It occurs when people invent, innovate, and industriously produce. And what motivates them to do so?

It's not directives from a central command of government oligarchs that stir the soul of enterprise. Market incentive does that. It catalyzes the creative capacities of the common man by presenting him with an adventure: You can be a creator. You can be a mover and shaker. You can enjoy the fruits of your labors, and who knows how successful you can be? The journey will tell the tale.

And, really, what are the other options? Seeking equality? The irony there is that striving for equality doesn't deliver it. It merely yields continued inequality — only, among those relegated to a much, much smaller, socialism-hobbled pie.

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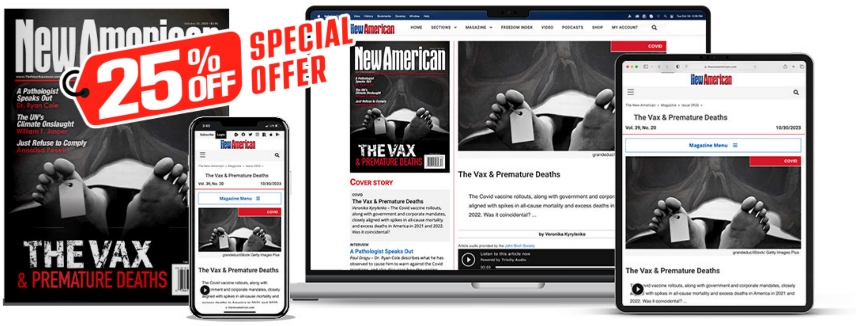

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