



Free market capitalism is under siege — from capitalists

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MARCH 03, 2022

We live in a strange world. John D. Rockefeller, the founder of Standard Oil, helped provide the energy that powered the American century beginning in the early 1900s. Today, his grandchildren spend the billions of dollars that he donated to the Rockefeller Foundation to attack the same oil and gas industry that he almost single-handedly built. Likewise, Henry Ford's trust, the Ford Foundation, now spends millions of dollars on climate change — as if the automobile was a sinister invention.

And now we learn from the *Chronicle of Philanthropy* that the Hewlett Foundation and a partner foundation will donate some \$40 million "to five academic institutions" to "rethink" the benefits of free markets.

Bill Hewlett and Dave Packard were two of America's most outstanding entrepreneurs, co-founding their iconic computer company Hewlett-Packard out of a garage in Northern California.

According to the *Chronicle of Philanthropy*, the purpose of the foundation grants is to "challenge neoliberalism, an intellectual movement that began in the late 1940s that established broadly accepted principles on the role of markets and governments that became firmly established over decades." Specifically, the grants are meant to discredit "the economic models of Friedrich Hayek and Milton Friedman, [whose] policies were to shrink the size of government, reduce government debt, open up trade, and deregulate the market." The Hayek/Friedman model, of course, was adopted under former President Ronald Reagan in the United States and under former Prime Minister Margaret Thatcher in the United Kingdom.

In short, neoliberalism was the intellectual counterassault to the faddish trend in Europe and Asia after World War II toward socialism and communism, two economic models that eventually crashed and burned by the end of the 20th century, when the Berlin Wall came down and China abandoned Maoism.

Now the trustees at the Hewlett Foundation appear to have remarkably concluded that the wrong side won in the fight against big government totalitarianism.

It raises the question of why anyone today would look back on these reforms and conclude they were a mistake. The Hayek, Friedman, Reagan, and Thatcher eras reestablished the supremacy of free market capitalism, free trade, privatization, and lower tax rates. It launched the most significant period of wealth creation, poverty reduction, and technological progress in human history. The World Bank and others had concluded that over the period when free markets regained their foothold (1980-2020), close to 2 billion people on the planet, almost half living in China and India, were moved out of severe poverty due to the triumph of liberalization and the collapse of central government planning. The median incomes in the U.S. and the U.K. soared, and the planet's wealth tripled.

A strong case could be made that free trade alone has done more to reduce global poverty than every government welfare program invented. Even 100 Hewlett and Ford foundations couldn't reduce human deprivation more than free trade, lower tax rates, and deregulation. The Brookings Institution has shown that deregulation, which began under former President Jimmy Carter and then Reagan, lowered costs to consumers by roughly one-third in the industries where price controls and other government interferences were lifted.

Larry Kramer, the president of the Hewlett Foundation, said the goal of the grants is to overcome the mantra that "government is bad, markets are good." Ironically, he said this in the immediate wake of the big government debacle of COVID-19, when politicians made decisions that crushed local economies and small businesses, got the "science" of the virus repeatedly wrong, increased government debt burdens by trillions of dollars, and made more than \$500 billion of fraudulent unemployment, healthcare, and business revival payments.

These are the government officials we should entrust with more power over the economy?

The saddest part of this saga is how foundation trustees recklessly disregard the original donors' intent, which in each case is to make the world a more livable and prosperous place for all. One wonders whether it has even dawned on those running these trusts that without the free market system they want to disassemble, there would never have been a Standard Oil, a Ford Motor Company, or a Hewlett-Packard. And indeed, there wouldn't be billions of dollars in the coffers of these giant tax-free foundations.

Ed Crane, the founder of the libertarian Cato Institute, noted that free markets have created \$100 trillion of wealth in America. Yet not even one-tenth of 1% of that wealth is used to defend the economic system that made that wealth and prosperity possible. But as the Hewlett Foundation donations remind us, it is much worse than that. Instead, much of the inherited money goes to tear down capitalism and freedom institutions.

The big question now is: What great American capitalist who has gotten rich off our free enterprise system will put up \$40 million to defend the infrastructure of economic liberalization?