

*Editor's Note: This is the first in a series of three essays by Keith DeGreen on the general topic of America and Democratic Capitalism. © 2023 DeGreenCo LLC*

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# Where I Stand: A Summary

## By Keith DeGreen, J.D., CFP®

If you stand for nothing, you will fall for anything.

Issues can be complicated. Principles are not.

This is where I stand.

### **Freedom**

Freedom is not an ideology. It is the natural state of mankind.

We were born to it. We are equipped for it. Just as a bird is equipped to fly, our physical abilities, our ability to think and – most important – to dream uniquely equip us for God's greatest gift after life itself: freedom.

Our Constitution does not *grant* us freedom. It *protects* our freedom -- those inalienable rights with which we have been "endowed by our Creator".

*Democracy* is the *wind* upon which freedom flies. *Capitalism* is the *nourishment* upon which freedom feeds.

*Democratic capitalism* is by far the most effective method to generate broad-based wealth while also pursuing justice and the common good.

These are fundamental – founding – principles of the greatest nation in history.

We face many challenges. Democracy demands that we address them. Capitalism empowers us to do so.

Here, then, is a summary of where I stand on just some of the important issues of the day.

### **Our Economy**

Democratic Capitalism has helped us create the most productive economy on earth, yet Washington keeps screwing it up.

Here's just one example: inflation is inevitable when the money supply increases more rapidly than worker productivity. More money chases too-few goods. When we paid people to stay home during COVID – when the Biden Administration eliminated the “work for welfare” requirement of the 1996 Welfare Reform Act – they virtually guaranteed that productivity would decline.

Yes, the rate of inflation now gradually abates. However, even if inflation eventually returns to pre-COVID levels, Americans will have lost forever the purchasing power that vanished in the interim.

Meanwhile, thanks to Washington's boneheaded fiscal mismanagement, today each taxpayer's share of our \$32 *trillion* national debt is about \$250,000. That's \$250,000 for *each* taxpayer.

## **Capital Markets**

I was an investment advisor for 34 years, and taught investing for many years before that. I have seen nearly every trick in the book.

While I believe that prudent long-term investors can do very well, I also know that other market players contribute enormous, unnecessary volatility at their expense. It is also apparent that many money managers – including those at the highest levels of Wall Street – often pursue self-serving agendas at the expense of ordinary investors.

Two obvious examples come quickly to mind: the volatility caused by high-frequency traders (HFTs), and the woke agendas of many Wall Street money managers.

Computers and algorithms drive thousands of high-speed securities trades each day. Merit, company fundamentals, and human research are not relevant.

Thousands of times per day, HFTs insert themselves into ordinary buy-sell transactions, capturing pennies per trade. It adds up. They alone profit. Sellers receive less than they might have received. Buyers pay more than they might have paid.

HFTs claim they add liquidity to the market. Theirs is false liquidity, benefiting only themselves. Instead, they add mindless volatility for everyone.

Meanwhile, too many money managers now pursue vague “environmental social governance” (ESG) standards on behalf of – as they say – “all stakeholders”.

Stakeholders include, well, anyone they chose to include, regardless of whether those individuals or groups have a direct financial interest in a company.

In short, many money managers use *your* money to signal *their* virtue.

Yet, an investment advisor's job – a money-manager's job -- is to represent the interests of their clients. Period. Full stop.

These are the people to whom they owe an exclusive *fiduciary* duty.

Here's a tip for money managers: Just focus on making your clients money. Let *them* decide how to spend it.

### **The Income Inequality Myth**

The *myth* of massive American income inequality is the sand upon which the redistribution-of-wealth church is built. There's one problem, though: It *is* a myth!

First, I honestly do not know a single person unwilling to help those truly in need.

However, our government gives more of your money than necessary to people who don't really need it, and to people who are perfectly capable of earning more themselves.

How much more might we have to help those truly in need if we stopped giving so much to those *not* in need?

Let us examine net disposable income in America – the money a family has left to spend *after* they pay taxes (if they pay taxes), and *after* they receive government transfer payments – that is, after they receive what most of us would call welfare.

First, let's get this straight: Any unearned government benefit is a form of welfare. Therefore, Social Security retirement benefits, and Medicare benefits, for example, are not welfare payments because they are *earned* by working Americans over their lifetime.

Another example: the Social Security disability system is just an insurance program. Like any other insurance policy, you pay into it and hope you will never need it. But it is there for those who do. That is not welfare either.

Actual welfare benefits take many forms including (but not limited to):

- Temporary Assistance for Needy Families (TANF)
- Medicaid (not Medicare)
- Supplemental Nutrition Assistance Programs (SNAP, otherwise known as "food stamps")

- Supplemental Security Income (SSI) – money sent directly to the recipient.
- Housing assistance
- The Earned Income Tax Credit (EITC); and
- Premium subsidies for qualifying individuals and families under the Affordable Care Act (the “ACA” or “Obama Care”) ...

...to name just a few.

Incidentally, a *refundable tax credit* – an amount of money paid to someone that can be greater than what that person paid in taxes -- *is* an unearned welfare benefit. Politicians use the tax code to distribute that unearned cash benefit – even when the “credit” exceeds (as it often does) the amount of tax – if any – that the filer paid.

So, in Washington-speak, using the tax code to send people more money than they paid in tax is called a “refund.”

A refund of what? No, a so-called “refundable tax credit” is nothing more than the transfer of money you pay in tax directly to someone who didn’t earn it, and who didn’t pay tax on it.

I am not opposed to social welfare programs. I am only opposed to stupid, excessive, or sneaky social welfare programs.

I *am* opposed to able-bodied people collecting money they have not earned.

Let us compare American households across certain income strata, based on data provided in the excellent 2022 book, *The Myth of American Inequality*, by economists Phil Gramm, Robert Ekelund and John Early.

According to the authors, when you subtract taxes paid by working families and add those welfare benefits received by non-taxpaying households – those households in the lowest quintile – the bottom twenty percent (2/3rds of which receive welfare benefits) -- wind up with about \$3,000 *more* to spend each year than the next twenty percent of households – America’s working poor!

After government benefits, that bottom twenty percent of American households have *net* incomes of about \$50,000 per year – about \$3,000 *more* to spend each year than the working poor. Again, that’s about \$3,000 *more* per year than the next twenty percent of households – the *working* poor.

Our bottom twenty percent of American households have slightly more purchasing power than median (middle class) households throughout the European Union.

So much for income inequality in America. But it's the excuse the left uses to take from those pulling the wagon for those sitting in the wagon.

There's one other point I would make here...

As I think about the able-bodied Americans who rely on government and not on themselves, I think of something I read the other day by an excellent sportswriter – Jason Gay.

“Failures can be abrupt and sudden,” he wrote, “but successes are incremental, their gestation and development often hidden from sight.”

Amen to that! Success is often born of our lowest moments. Over the years I have learned far more from my failures than from my successes.

This is truly what America is about: the right to fail! The right to fail, and then to get up and try again, and to fail again, and to try again – repeat, repeat, repeat – until one day you look over your shoulder and you see how much distance you have put between yourself and the person who never tried at all.

Those Americans who are pulling the wagon know in their hearts that the only *absolute* failure is the failure to try.

## **School Choice & Civil Rights**

It is the greatest civil rights issue of our day: school choice.

America is the most competitive country on earth. Yet, certain politicians and unions have blocked competition at the schoolhouse door.

The result? Generations of American children have been trapped in underperforming schools. They have been prevented from acquiring the tools they truly need to meaningfully compete.

What I am about to write will sound harsh and highly partisan. But I believe history – and current events – support my conclusion:

The left *needs* a perpetual underclass. Thomas Jefferson held the view that an educated citizenry is a vital requisite for our survival as a free people.

However, institutionally-supported ignorance – the ultimate form of racial suppression -- has been advanced by many --particularly by Washington Democrats -- since before the Civil War.

They advocated the spread of slavery among the territories, they fought the advancement of abolition, they walked out of Congress during the Civil War, and -- for nearly a century -- they imposed Jim Crow laws to suppress the education and other rights of Black Americans.

Today, by depriving youngsters of a decent – competitive -- education, they seek to ensure an underclass dependent on government. But not just any government. A government of Sugar Daddy Democrats intent on perpetuating in modern form the slavery they fought so hard to protect 170 years ago.

No, *of course* not all Democrats are of this mind! Many embrace the party's socialist agenda on its stated merits.

However, it is obvious that the professional politicians among them can count. They know that the greater the dependence of Americans on government, the greater will be their chances at the ballot box.

The Master of the plantation has been replaced by the Master in Washington.

I have strongly supported parental school choice for many years. *Of course*, parents and guardians should be able to seek the best education for their children! What a no-brainer!

What a tragedy that we continue to lose what millions of young Americans could be contributing to society -- if only they had a decent education!

Education dollars *should follow the student*, not the building – and sure as hell not a union. Schools should *compete* to attract students.

Meanwhile, in a competitive country, accountability is essential. Without publicly reporting the progress of individual students, *all* K-12 schools that receive public funds under school choice – whether public, private or charter – should report -- and be held accountable for -- the aggregate academic *progress* their students make, regardless of student study levels.

With school choice, children can be made ready to effectively compete academically beyond high school, and in the real world.

They *will* succeed...the way Americans have always succeeded – based on preparedness and merit.

Racial justice is not accomplished after the fact by admitting and then promoting poorly educated young people into college at the expense of other more academically qualified American youngsters.

Discrimination to promote affirmative action is...discrimination.

*Real* racial JUSTICE requires that *all* American children receive the education they need to compete. It requires parental school choice in grades K-12.

Incidentally, far from being a threat to good and great teachers, school choice will be a blessing. Schools will compete for the best and brightest educators. Meanwhile, poor teachers will finally be shown the door.

### **The Culture Wars & Wokeness**

College affirmative action directors and corporate and government DEI Directors -- *directors of diversity, equity and inclusion* -- are America's new political commissars.

Disagree with even the most extreme elements of the Left's agenda, and you are labeled a reactionary, a troglodyte, a racist. You are cancelled.

Meanwhile, *he, she, it, they*, whatever: Feel free to refer to yourself however you wish. But don't expect me to keep track of your pronoun *de jour*.

I write this on behalf of most Americans: nobody gives a damn who you sleep with.

However, if you were born with outdoor plumbing, you're a male. If you were born with indoor plumbing, you're a female. This is not a concept invented by rich white Republicans. It's been around awhile. It's here to stay. Deal with it.

Sure, you can dress as you please. You can mutilate yourself (if you're an adult). You might even fool me at first glance. But that does not change what God made you.

When you define yourself primarily by your membership in a group – any group -- you risk losing your *individual* identity.

Your identity – your *character* -- is not defined by what group you belong to. It is defined by what you *do* -- when no one is looking.

And please, always remember this: *You are a sacred minority of one.*

Yes, I believe it is criminal – yes, criminal -- for a parent to allow or to encourage a child – a child -- to undergo a sex-change operation, to undertake a sex-choice medication regimen, or to elect sex-choice cosmetic surgery.

It really is as simple as Andy of Mayberry made it years ago.

He said, “I’m afraid it don’t work that way. You can’t let a young-un decide for himself. He’ll grab at the first flashy thing with shiny ribbons on it. Then when he finds out there’s a hook in it, it’s too late. Wrong ideas come packaged with so much glitter it’s hard to convince him that other things might be better in the long run. *All a parent can do is say, ‘Wait!’*”

## **Climate Change**

In my opinion, there are three schools of climate change.

First there is the *science* of climate change that presents facts and findings, engages in fact-based research and debate, and that objectively reports its results. Great stuff that I support.

Second, there is the *politics* of climate change that presents, manipulates and – if necessary – invents facts to promote a political agenda; and

Third, there is the *religion* of climate change that treats those who present data – no matter how flawed -- as high priests, and that treats those who challenge them as heretics.

## **Our Southern Border**

There are so many important aspects to the tragedy of our open-border policy!

First, I believe that the left’s open border policy is far less about compassion than it is about the most cynical political ploy of my lifetime: an attempt to stack the electoral deck with a new dependent class that will support the liberal/progressive big-government agenda. (See also my comments above regarding school choice.)

Second, that flow of humanity across our border is a tragic commentary on the mismanagement and corruption of other governments that fail to provide the economic opportunity and freedom that all people deserve; and

Third – and most important – our open-door policy facilitates the entry of lethal drugs that kill more than 100,000 mostly-young Americans *every year*. More than 100,000! That’s nearly twice as many Americans *each year* than died in our entire 20-years of involvement in Vietnam.



*To be trading American lives for potential votes is absolutely, positively beneath contempt.*

## **America's Role in The World**

Chinese tradition holds that there cannot be two emperors under the sun. Over the centuries, China's literature has featured many stories of the soft, sluggish *descending* emperor overtaken by the strong, agile *ascending* emperor.

The CCP -- The Chinese Communists Party -- fancies itself as the ascending emperor and the U.S. as the descending emperor.

But they have it all wrong. The United States is not an emperor at all.

We are the emperor's messenger.

The emperor is freedom.

In my opinion, the CCP represents the most serious existential threat to freedom and democracy in generations -- maybe ever. Ironically, we helped it grow powerful.

Now, as we confront the CCP we must -- absolutely must -- apply every responsible effort *politically, economically, and militarily*, to protect freedom throughout the world.

Unfortunately, we are losing ground in all three areas -- politically with other nations, economically as we continue to facilitate the CCP's rise and hamstringing the growth of our own economy (with endless regulations and other misguided policies), and militarily as defense expenditures continue to decline as a percentage of our federal budget *and* as the current administration compels our military to focus on a bunch of woke BS that fails to advance readiness and discourages enlistment.

Regarding our foreign policy generally: President Obama once famously said that the U.S. should lead from behind. That policy was a disaster. In my opinion, it resulted in, among other things, the occupation of Crimea by Russia in 2014.

Today, President Biden leads from nowhere.

Robert Gates, who served as defense secretary for the Obama administration, recently wrote that Mr. Biden has -- and I quote -- "been wrong on nearly every major foreign policy and national security issue over the past four decades."

From the botched Afghanistan withdrawal to our loss of credibility in the Middle East, to our sluggish -- although substantial -- aid to Ukraine, to our weakened position in Asia and

the threat to Taiwan, to the hard left turn many Latin American countries have now taken against the U.S. – all these things signal, in my opinion, perhaps the most pitiful foreign policy incompetence in my lifetime.

America – *as freedom's messenger* can – and *must* reassert itself.

### **The Right to Life *and* To Choose**

Yes, I support both the right to life *and* the right to choose!

I believe a woman has the right to choose whether to have sex, with whom, where, and how; and I believe she has the right to use birth control before, during and immediately after sex. All of these are fundamental elements of a woman's right to choose.

But, if after the exercise or non-exercise of those rights a child is conceived, then – in my opinion -- that child *also* has rights.

On June 24, 2022, in the Dobbs case, the Supreme Court overturned Roe v Wade, which had previously found a carte-blanche constitutional right to abortion. Even many liberal Constitutional scholars who had supported Roe's result acknowledged that its reasoning was deeply flawed.

I am not a medical doctor, a philosopher, or a theologian, but I do know that at six weeks an unborn child has a beating heart. At between no more than 20-30 weeks it can feel pain. At around 25 weeks it apparently even dreams.

And -- as any expectant mother with morning sickness can attest – an unborn child quickly declares with all the power at its command: "I am here -- and / choose life!"

### **Other Issues – Your Role**

There are many other issues of fundamental importance to our nation and the world. Issues I will attempt to address on our podcast and in these essays.

Three such issues come immediately to mind: the arrogance of bureaucratic power; the lack of accountability among elected officials; and the war on the nuclear family.

We all have something to contribute as we seek to steer our country, our culture, and the world toward its highest aspirations. My greatest hope is that we will not sit on the sidelines. Agree or disagree with me but *enter the arena!*

*"It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man*

*who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.”*

*Theodore Roosevelt (1910)*

## **A Special Call to Action**

I offer a special challenge to members of my generation – the Baby Boomers -- those of us born from 1946 through 1964.

We who are a bit older are sometimes inclined to throw up our hands and walk away from these or other issues.

But, as have all generations, we stand on the shoulders of those who came before us. Upon the shoulders of those who made incredible sacrifices *for us!* We owe it to them – and to our progeny -- to carry the banner of freedom to our last breath.

Our incredible American system remains under assault – not just from foreign adversaries, but from within as well.

Therefore, we have not only the *right* but also the *duty* to share our experience, our knowledge, our hopes and dreams for our families, our communities, and for our great country.

We must fight today's battles with all the energy at our command.

Grey hairs or not, have we the right to step aside? Have we the right not to protect, to our last breath, the cause of freedom?

Our race has not yet been run! We have miles to go before we sleep!

As Dylan Thomas put it:

*Do NOT go gentle into that good night!  
Old age should burn and rave at close of day;  
Rage, rage against the dying of the light!*

Indeed, you and I – we have miles to go before we sleep!

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