

Capitalism: An Olympic Winner

The Freeman, a publication of The Foundation for Economic Education, Inc.,
July, 1992

The sports pages tell us that America lost the Winter Olympics. In a literal sense, that's true. But to the extent that an economic system proves itself at an Olympics, it was America's capitalistic system of economic freedom, that triumphed.

The point was made implicitly in the exhibition skating on the last Saturday of the Olympics. Viktor Petrenko, the gold medalist for men's skating from Odessa in Ukraine, put on one of the most joyous performances of the evening. He performed, besides some breathtaking triple axles, a mixture of the twist and other modern dances, all to the tune of Chubby Checker's "Let's Twist Tonight."

So what does this have to do with economics? Look at the economic system under which the twist and the song were produced. It was capitalism.

Only by being free to create and to sell the products of his creativity was Chubby Checker able to make his song and his dance popular. The tools and the means of expression that Petrenko chose were the fruits of economic freedom.

Now you might say that these are trivial examples. Then look at the big picture. Literally. Millions of people worldwide, who couldn't afford the time or money to attend the Olympics, enjoyed the Games on television.

But television is a product of capitalism, of a system in which people are relatively free to pool investors' funds and to take risks with them. That's how television stations, TV sets, and commercial satellites were developed. And although it's obvious now that televising winter sports is profitable, that's mainly because about 30 years ago, Roone Arledge of ABC had the courage to risk his employer's funds to make it work.

Few of these investors and entrepreneurs were selflessly creating for the greater good of mankind. Or, if they were, it wasn't their main goal. Their desire was to

make money, and some of them earned lots of it.

But that's not a flaw of capitalism. It's one of capitalism's principal virtues. It means that if we desire something, we can depend on people who want to make money to provide it. There are a lot of people like that-I am one, proudly, and so, I hope, are you. Because there are so many of us, an economic system that depends on us is pretty reliable.

So if capitalism is so great, why did the United States, which still has a fair amount of economic freedom, win so few medals? Why did the Unified Team, made up of athletes from five former Soviet republics, win so many? And why were 20 of Germany's 24 individual medals won by athletes from what was recently socialist East Germany?

The apparent American failure actually results from one of our country's strengths. Economic freedom doesn't guarantee gold medals. It guarantees that each person is free to pursue whatever career or leisure activity interests him. Because we have so many choices, many Americans who could be champion athletes spend their lives doing other things.

Members of the Unified Team and the former East Germans did so well because their governments, by enforcing socialism, precluded other options. In the former Soviet Union, people still cannot choose many careers or start many kinds of businesses. They look in awe at average Americans who own their own homes or rent two-bedroom apartments, and who have cars that don't break down.

Thus, for many citizens of these socialist countries, the only way to get ahead was sports. The government could guarantee them a private apartment, food, and, for some of the best athletes, a car inferior to a Yugo. In return, the government got them to work almost every day, year after year, on their "sport." Many athletes still in the former Soviet Union probably would trade everything they have for a green card that allows them to live, work, and make money in America.

I admit my disappointment that America didn't win more medals. But one of my

joys watching the Winter Olympics and anticipating the summer games in Barcelona is seeing capitalism work in all its glory.