

Is the United States a Socialist or Capitalistic Society?

Is the United States a Socialist or Capitalistic Society? The answer depends on who you ask and whether you place more credence in what they say or their actions.

The Bush administration and Congress are planning to bail out the U.S. financial markets to the tune of almost one trillion dollars. The final cost of the bailout when all is said and done may be more, but this is just the cost of the current plan. Most of the money will be used by the federal government to purchase bad mortgage-related assets from U.S. financial institutions. The stated purpose is to ostensibly help the “little guys” keep their homes on Main Street. The real purpose of the bailout is to help the really wealthy and powerful to keep their wealth and maybe their jobs.

The current mortgage bailout plan only helps the banks and other financial institutions get the bad mortgages in their portfolio off their books so their balance sheet looks better. The mortgages that they are asking the government to bail them out are those mortgages where the borrowers have already defaulted and have either moved out or abandoned their properties. This bailout does nothing to address the problems that current homeowners all across America are facing in trying to keep their homes from foreclosure. The bailout plan does nothing about reducing their interest rates, mortgages or payments.

I don't know about you, but I always thought that America was a capitalistic society. From what I can recall from my high school history and economics classes, capitalism is an economic system where competition rules supreme. Businesses are privately owned and they live or die on their own merits and ability to compete in the marketplace. The owners of the business takes all the risks and therefore they get to reap all the rewards. It's suppose to be a society where only the strong survive. That is how it

works in reality for over 80% of American businesses, most of whom are small businesses as defined by the U.S. Small Business Administration. This doesn't appear to be the case for many of the largest companies in America. They have the luxury of being bailed out by the federal government.

If the intention of the government bailout is to help the little guys on Main Street to keep their homes, why don't we give the money directly to the little guys or to help them get affordable financing for their homes. Buying "bad" mortgage-related assets sounds like a bailout for the rich and the powerful. The large financial institutions created the problem in the first place and now they want the government to come in and bail them out. That sounds like a socialistic solution to a capitalistic created problem. The American government is becoming the piggy-bank for the super wealthy and the multinational corporations who are attempting to foist their problem investments on the American taxpayers.

If America is a capitalist society, then these large multinational corporations should play by the same rules as the rest of America. They made their bed and they should sleep in it. If they make a profit they get to keep it, but if they lose money the American taxpayers should foot the bill. The American treasury is not a piggy-bank for the rich and the powerful. If they insist on a socialistic solution to their financial problems, then maybe we should consider converting into a socialistic society. This is a question of balancing the needs of all against the interests of a few.