

“Socialism vs. Capitalism”

This article is from the “Edifying the Body” section of the Church of God Big Sandy’s website (churchofgodbigsandy.com). It was posted for the weekend of Dec. 27, 2025. (A version was posted at townhall.com on Dec. 24.)

By John Stossel

NEW YORK, N.Y.—People criticize capitalism. A recent Axios-Generation poll says, “College students prefer socialism to capitalism.” Why? Because they believe absurd myths. Like the claim that the Soviet Union “wasn’t real socialism.”

Socialism guru Noam Chomsky tells students that. He says the Soviet Union “was about as remote from socialism as you could imagine.” Give me a break. The Soviets made private business illegal. If that’s not socialism, I’m not sure what is.

“Socialism means abolishing private property and . . . replacing it with some form of collective ownership,” explains economist Ben Powell. “The Soviet Union had an abundance of that.”

Socialism always fails. Look at Venezuela, the richest country in Latin America about 40 years ago. Now people there face food shortages, poverty, misery and election outcomes the regime ignores. But Al Jazeera claims Venezuela’s failure has “little to do with socialism, and a lot to do with poor governance . . . economic policies have failed to adjust to reality.”

“That’s the nature of socialism!” exclaims Powell. “Economic policies fail to adjust to reality. Economic reality evolves every day. Millions of decentralized entrepreneurs and consumers make fine-tuning adjustments.”

Political leaders can’t keep up with that.

Still, pundits and politicians tell people, socialism does work—in Scandinavia. “Mad Money’s Jim Cramer calls Norway “as socialist as they come!” This too is nonsense.

“Sweden isn’t socialist,” says Powell. “Volvo is a private company. Restaurants, hotels, they’re privately owned.”

Norway, Denmark and Sweden are all free-market economies. Denmark’s former prime minister was so annoyed with economically ignorant Americans like Bernie Sanders calling Scandinavia “socialist,” he came to America to tell Harvard students that his country “is far from a socialist planned economy. Denmark is a market economy.”

Powell says young people “hear the preaching of socialism, about equality, but they don’t look on what it actually delivers: poverty, starvation, early death.”

For thousands of years, the world had almost no wealth creation. Then, some countries tried capitalism. That changed everything. "In the last 20 years, we've seen more humans escape extreme poverty than any other time in human history, and that's because of markets," says Powell.

Capitalism makes poor people richer.

Former Rep. Jamaal Bowman (D-N.Y.) calls capitalism "slavery by another name." Rep. Alexandria Ocasio-Cortez (D-N.Y.) claims, "No one ever makes a billion dollars. You *take* a billion dollars."

That's another myth.

People think there's a fixed amount of money. So, when someone gets rich, others lose. But it's not true. In a free market, the only way entrepreneurs can get rich is by creating new wealth. Yes, Steve Jobs pocketed billions, but, by creating Apple, he gave the rest of us even more. He invented technology that makes all of us better off.

"I hope that we get 100 new super billionaires," says economist Dan Mitchell, "because that means 100 new people figured out ways to make the rest of our lives better off."

Former Labor Secretary Robert Reich advocates the opposite: "Let's abolish billionaires," he says. He misses the most important fact about capitalism: It's voluntary.

"I'm not giving Jeff Bezos any money unless he's selling me something that I value more than that money," says Mitchell. It's why, under capitalism, the poor and middle class get richer too. "The economic pie grows," says Mitchell. "We are much richer than our grandparents."

When the media say the "middle class is in decline," they're technically right, but they don't understand why it's shrinking.

"It's shrinking because more and more people are moving into upper-income quintiles," says Mitchell. "The rich get richer in a capitalist society. But guess what: The rest of us get richer as well."