Capitalism: It's better than you think

As one of the editors of "Unleashing Capitalism," I would like to take this opportunity to thank Dave Peyton for his recent editorial concerning coal miners and capitalism in West Virginia ("About the myth of the unhappy miner…", April 6). It is a fresh reminder that myths about capitalism still abound here in the Mountain State, and that the years of folklore, rumors and catchphrases have had a tangible effect on residents' attitudes towards economic freedom.

Peyton contends that if traditional stories of powerless, endangered mine workers are in fact untrue, why don't "happy miner songs" exist? (Really.) After polling his music-making friends with "a couple hundred years combined experience with Appalachian folk songs," Peyton's group has no collective recollection of any "happy miner songs." (A search by my Statistics class this summer at WVU yielded a number of miner songs that, if not "happy," certainly don't belong in the "sad" category, but that's beside the point.) The idea is that no "happy miner songs" means that miners must not be happy, unhappy miners must be unhappy due to capitalist mine owners, and therefore all traditional coalmining "myths" are actually grounded in truth.

The article was in response to a chapter in "Unleashing Capitalism" by Claudia R. Williamson concerning the myth-based cultural opposition to capitalism here in West Virginia. The main thrust of Williamson's chapter was not that coal miners are "happy" or "unhappy"—whatever those descriptions may mean to you, me or the workers themselves—but rather that *coal miners were not and are not being taken advantage of*. It is perhaps the most damaging of myths concerning capitalism—that companies benefit at the expense of their employees. This mindset couldn't be further from the truth.

Companies and employees engage in voluntary exchange just as companies and customers do. When I purchase a hamburger for $5, Burger King gains in the transaction because they value the $5 more than the hamburger; but I gain as well, valuing the hamburger more than the $5. It is these mutual gains from trade (both Burger King <u>and</u> I are better off) that are the hallmark of capitalism and the basis for the creation of wealth. Furthermore, should either Burger King or I decide that the proposed exchange is not to our respective likings, the transaction is foregone, and we each remain with what we originally held.

Employment relationships are no different. Both employer and employee—coal companies and coal miners included—gain from the exchange of labor for income. And, like the above example, if either side is displeased with the arrangement, either can choose to end it. A common myth dispelled by Williamson in "Unleashing Capitalism" is that of the powerless coal miner who had no say in their employment situation. Employment figures from early 20th century coal mines in West Virginia show an increase in employment levels, but also an increase in turnover rates. This shows coal miners' had (and readily exercised) the liberty to choose a better job. Thousands of them did exactly that—and none of them were coerced at any point to work in a coal mine.

The mobility of early 20th century West Virginia coal miners had another positive outcome. Since these workers were highly mobile, companies were forced to offer better compensation packages in order to attract superior employees. And as Williamson notes, this isn't strictly limited to salary. Better working conditions, improved safety, and more fringe benefits are just a few of the margins by which a coal mine could make itself a more attractive employer.

Competition is another commonly misunderstood facet of capitalism; it is impetus by which newer and better goods and services are developed. Without consistently offering better products at better prices, companies will lose out to their competitors who *do* offer better products at better prices. Employment is no different—companies want the best workers they can find, and those companies that offer the best compensation packages will secure their preferred employees.

It is not unrelated that as myths of capitalism continue to abound—and Peyton's most recent article on capitalism ("Price-gouging is an American as apple pie", May 25) reflects not only his personal misconceptions but a good portion of West Virginia's as well—we here in the Mountain State are left with a horrid policy environment by which to encourage long-term economic growth. The Fraser Institute's *Economic Freedom of North America* has ranked West Virginia dead last in the United States since 2000, and never higher than 48th over the 24 years that they have ranked the states. This ignorance of free-market policies has left West Virginia third-to-last in terms of annual per capita income, behind only Mississippi and Katrina-ravaged Louisiana.

Eradicating the myths the surround capitalism will play an important role in allowing West Virginia to adopt the capitalist-based, growth-oriented strategies that will bring us out of economic stagnation and generate long-term prosperity.

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