

Testimony in Support of SB 17

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Board Member of But Not Representing: Ohio Chamber of Commerce,
Ohio Board of Education

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Senate Bill 17 is written to fill an obvious gap in the Financial Literacy Standards that were signed into law as Senate Bill 1 last year. This gap was not an error or oversight. SB 17 lists the key principles of Free Market Capitalism as defined by laissez faire proponents over the past 200 years. The related tenets of Capitalism have been concisely stated in SB 17 as 10 key principles so that they can be taught and understood clearly by Ohio's students.

The effort to include Free Market Capitalism in the Financial Literacy standards for Ohio's public schools began in 2010 with the formation of a Work Group convened and chaired by the Ohio Department of Education. After a year of work, Free Market Capitalism was written prominently above all the other elements important to financial literacy. It was the first topic. The Department of Education then suddenly and inexplicably argued that the principles of Capitalism are adequately taught and belong more appropriately elsewhere in the studies of economics, accounting, and other social studies courses. The net result was that the ODE staff eventually deleted all the principles and even censored the single word 'Capitalism' from the text. This was over the strenuous objection of myself, Brian Page, and others in the Group. At the time, I served on the Education Committee of the Ohio Chamber of Commerce, and I represented all Ohio business on this Work Group. Brian Page was a career Financial Literacy

teacher and represented all Ohio teachers. The Ohio Chamber even added a top staff executive to join the debate, to no avail. Today, one can do a word search in the official ODE Financial Literacy Standards and get zero (0) finds.

How can anyone expect a student growing up in America today to be financially literate without even having heard the word 'Capitalism' in their courses? It also turns out that Free Market Capitalism is not clearly and concisely taught in any other curriculum in Ohio's public schools.

It has been argued that the subject area of Economics adequately teaches Capitalism. This is not the case. Free Market Capitalism defines a financial system that enables free societies to economically thrive. Economics curriculum merely explains some of the behavior that is seen in world markets, such as supply/demand curves, the law of diminishing returns, and price elasticity of demand. Economic theory merely puts labels on natural human behavior in the world's economies. Even Communism has its own economic theories and descriptors that explain how their system is supposed to work. So do socialist countries, kingdoms and even tyrannies. Many of their economic descriptors are the same as ours, but none of their economic curricula teach Free Market Capitalism.

Another argument is that simple accounting courses teach Free Market Capitalism. This line of thinking is even farther removed from the world of American Capitalism. Accounting systems are simply a protocol for tracking and summarizing financial transactions. I have personally seen the same accounting textbooks that I used in MBA school in the United States being used in Europe, Japan, Taiwan and China. The same books, the same authors, and even the same English accounting terms – in China. They were certainly not teaching Free Market Capitalism.

Finally, the Left consistently argues that the principles listed in SB 17 are just too specific. Would they also argue that the Bill of Rights is too specific? How about the 10 principles handed to Moses for establishing the World's moral value system. In order to be clearly understood and accepted, it is simply impossible to be too specific.

Even if these argument held some substance, which they don't, one should simply ask 'why not?' If we want our kids to be financially literate, why not include this fundamental system and its principles within the boundaries of financial literacy? Would a little repetition be so bad? There is simply no logic to this point of view.

What is so different about Free Market Capitalism? Just take as an example the first principle: That ownership of private property is a right. In my opinion, this is the leading principle. I have lived and worked in places where there is no ownership of private property, including China. When you cannot own property, otherwise called wealth, why would you want to work to acquire any? Even the accumulation of money is limited by severe taxes and confiscation. In such places, you can only accumulate a fraction of your earnings if you share it liberally with a host of others via taxation and bribery. I have witnessed firsthand where rampant bribery is, in fact, the leading economic principle.

But we can work hard, study hard, take risks, and over a lifetime usually accumulate enough property to be able to relax comfortably in our old age, and maybe even have some left over to give our kids and grandkids more of a head start than we had. That is a prime motivator. It is rewarding in so many ways, and it can only be had in an economic system that embraces Free Market Capitalism.

Free Market Capitalism is an elegant system that appeals to all who know it. It gives flight to natural elements of the human spirit: to create, to grow, to produce and be rewarded, to compete, to balance risk vs. reward – each to his own appetite, to build a future and hopefully a legacy for loved ones. The urge to do this starts very, very young, but it can die if not nourished. Socialism can only be attractive if Capitalism is hated or unknown. That strategy is underway and has been stealthily for a long time.

I end by alerting you to reports that other states have encountered this same resistance to teaching Free Market Capitalism; most recently, in Florida. Last year, I was invited to sit on a panel at the end of CPAC to discuss this very problem. This is not a local problem. It is a vast and powerful leftist movement to make our kids ignorant of a prime component of America's culture of liberty; Free Market Capitalism.

Yours in Liberty,

Walt Davis, BCE, MBA