

What cause the Economic Collapse?

- Green on Wall Street?
- Deregulation? (repeal of Glass-Steagall?)
- “Unbridled” capitalism?
- Speculation?

True Causes: Market distortions caused by government intervention

- Fannie Mae & Freddie Mac – guarantors of loans from uncreditworthy people
- The CCRI
- Affirmative Action loans
- The Federal Reserve keeping interest rates artificially low

General Principles

- The more complex the economy gets, the worse central planners do
- Economics is based on human action, so prediction is as difficult as those in psychology or sociology
- Central planning causes market distortions, including so-called boom and bust “business cycles.”
- Recession of the 20s

Five Principles of Prosperity

- Rule of Law
- Property rights
- Low taxes
- Low regulation
- Free Trade