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THEY SAID IT

No economist ever dared to assert that interventionism could result in anything else than disaster and chaos. The advocates of interventionism – foremost among them the Prussian Historical School and the American Institutionalists – were not economists. On the contrary. In order to promote their plans they flatly denied that there is any such thing as economic law. In their opinion governments are free to achieve all they aim at without being restrained by an inexorable regularity in the sequence of economic phenomena. Like the German socialist Ferdinand Lassalle, they maintain that the State is God. The interventionist do not approach the study of economic matters with scientific disinterestedness. Most of them are driven by an envious resentment against those whose incomes are larger than their own. This bias makes it impossible for them to see things as they really are. For them the main thing is not to improve the conditions of the masses, but to harm the entrepreneurs and capitalists even if this policy victimizes the immense majority of the people.

Ludwig von Mises, Epilogue, published in 1947, to *Socialism*, first published in 1922.

THE BRAVE OLD WORLD.

Okay, here's why the Republican's lost. Under ordinary circumstances, just about half of the American voting population likes the idea of the federal government giving handouts and the other half doesn't. Simply stated, those who like government handouts vote for the Democrat, and those who don't vote for the Republican.

Contrary to popular belief, the lion's share of the above-mentioned "handouts" traditionally does not go to "the poor" but to the middle class through a variety of "entitlements" and tax subsidies. This explains the ubiquitous presence of large numbers of "undecideds." The large majority of these folks are not driven by ideology, but by practical considerations involving the complex question of whether, at any given time, they are getting more from the government than they are giving, or vice versa. Those "undecideds" who feel that they are getting more from the government than they are giving generally end up voting for the Republican. Those who feel they are getting more than they are giving generally end up voting for the Democrat. This entirely understandable circumstance has a tendency to make for close races on a national level.

The reason the race wasn't so close this year is that the Republican politicians in Washington suddenly got it in their head to give hundreds of billions of dollars of borrowed government money to individuals and organizations that are regarded by most "undecideds" as "rich," and this prompted an unusually large number of them to feel that they were getting royally screwed by the Republicans, so they voted for the Democrat.

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The Brave Old World.

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A simpler way to look at this is that the Republicans suddenly turned themselves into living, breathing, highly visible examples of the stereotype that they had worked for years to overcome, i.e., being the party of “the rich.” Sarah Palin, with her working class, pick ‘em up truck, gun-toting shtick, represented a valiant effort on the part of the Republicans to fortify their blue-collar image. But, as good as she was, she couldn’t overcome the picture of the Bush crowd giving hundred of billions of dollars to the rich and famous on Wall Street. One might ask how the Republicans could be so dumb. But that would be like asking why bees buzz.

Some keen observers see a sudden rise of socialism in Obama’s victory. To which anyone who doesn’t have the sense to remain quiet among fools, might respond, “Where the hell have you been for the past forty years?” Becoming suddenly excited about the threat of “socialism” at this point in time is bit like shooing away the rats after the purpura appear. “Ring around the rosy, a pocket full of posies. Ashes, Ashes. We all fall down.” Socialism? Really? In America? Who knew?

Listen. Americans have been traveling together, hell bent for leather, on the same bus down the road to serfdom for well over a half century now. All Barack Obama is doing is relieving George Bush at the wheel of the bus, much the same as Bill Clinton relieved George’s father. In his 1944 book, F.A. Hayek provided the roadmap for all of the drivers of this errant bus. The book is called *The Road to Serfdom*. Read it. You won’t like it. The only difference with Obama is that he has pledged to drive the bus a great deal faster than his predecessors. The good news is that he could crash if he gets going too fast. The bad news is that he may not.

Any confusion about where this bus is headed is purely semantic. One man’s socialism is another man’s “big government conservatism,” which was the phrase used by Fred Barnes, one of the nation’s leading and most articulate spokespersons for what today passes for a “conservative” movement, in a piece he wrote some time ago in the *Wall Street Journal*.

Perhaps we can clear away some of the fog surrounding this issue by offering a description of socialism from Mikhail Bakunin, the larger-than-life, co-founder of the 19th century anarchist movement and dedicated foe of Marxist socialism. His fear of the latter was that it would turn quickly into as great a tyranny as the one that the leftists of his day were hoping to destroy. Bakunin put it this way in his 1877 book, *Statism and Anarchy*.

But in the people’s state of Marx, there will be, we are told, no privileged class at all. All will be equal not only from the judicial and political point of view, but also from the economic point of view. At least, this is what is promised, though I very much doubt whether that promise could ever be kept. There will therefore no longer be a privileged class, but there will be a government and note this well, an extremely complex government. This government will not content itself with administering and governing the masses politically, as all governments do today. It will also administer the masses economically, concentrating in the hands of the state the production and division of wealth, the cultivation of land . . . All that will demand . . . the reign of scientific intelligence, the most aristocratic, despotic, arrogant, and elitist of all regimes. There will be a new class, a new hierarchy . . . the world will be divided into a minority ruling in the name of knowledge, and an immense ignorant majority. And then, woe unto the mass of ignorant ones!

Socialism? “Big government conservatism?” A distinction without a difference. Perhaps, given Barack Obama’s fondness for the role of Messiah, we could substitute a phrase employed by Bakunin’s fellow anarchist Pierre Proudhon in a letter he wrote to Marx: namely “a new religion.”

Regardless of the term, it is important to understand that the bus on which we are all traveling is *not* entering a brave new world of socialism. It is just speeding up.

It is not clear whether this bus can be stopped. Here's what Ludwig von Mises had to say on the subject in his 1947 Epilogue to *Socialism*, the first comprehensive book on the subject and still arguably the most authoritative. This chapter in the Epilogue is, by the way, entitled, "The Alleged Inevitability of Socialism."

Many people believe that the coming of totalitarianism is inevitable. The "wave of the future," they say, "carries mankind inexorably towards a system under which all human affairs are managed by omnipotent dictators. It is useless to fight against the unfathomable decrees of history."

The truth is that most people lack the intellectual ability and courage to resist a popular movement, however pernicious and ill considered. Bismarck once deplored the lack of what he called civilian courage, i.e., bravery in dealing with civil affairs, on the part of his countrymen. But neither did the citizens of other nations display more courage and judiciousness when faced with the menace of communist dictatorship. They either yielded silently, or timidly raised some trifling objections.

One does not fight socialism by criticizing only some accidental features of its schemes . . . The problems of society's economic organization are not suitable for light talk at fashionable cocktail parties. Neither can they be dealt with adequately by demagogues haranguing mass assemblies. They are serious things. They require painstaking study. They must not be taken lightly.

The socialist propaganda never encountered any decided opposition. The devastating critique by which the economists exploded the futility and impracticability of the socialist schemes and doctrines did not reach the moulders of public opinion. The universities were mostly dominated by socialist or interventionist pedants not only in continental

Europe, where they were owned and operated by the governments, but even in the Anglo-Saxon countries. The politicians and the statesmen, anxious not to lose popularity, were lukewarm in their defense of freedom. The policy of appeasement, so much criticized when applied in the case of the Nazis and the Fascists, was practiced universally for many decades with regard to all other brands of socialism. It was this defeatism that made the rising generation believe that the victory of socialism is inevitable.

It is not true that the masses are vehemently asking for socialism and that there is no means to resist them. The masses favor socialism because they trust the socialist propaganda of the intellectuals. The intellectuals, not the populace, are moulding public opinion. It is a lame excuse of the intellectuals that they must yield to the masses. They themselves have generated the socialist ideas and indoctrinated the masses with them. No proletarian or son of a proletarian has contributed to the elaboration of the interventionist and socialist programs. Their authors were all of bourgeois background. The esoteric writings of dialectical materialism, of Hegel, the father both of Marxism and of German aggressive nationalism, the books of Georges Sorel, of Gentile and of Spengler were not read by the average man; they did not move the masses directly. It was the intellectuals who popularized them.

The intellectual leaders of the peoples have produced and propagated the fallacies that are on the point of destroying liberty and Western civilization. The intellectuals alone are responsible for the mass slaughters that are the characteristic mark of our century. They alone can reverse the trend and pave the way for a resurrection of freedom.

Not mythical “material productive forces,”
but reason and ideas determine the course
of human affairs. What is needed to stop
the trend towards socialism and despotism is
common sense and moral courage.

Pardon our pessimism, but neither of these qualities
are present in abundance among Washington’s
Republicans today.

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