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Why Socialism Is the People's Choice

by James Ostrowski

Why is socialism more popular than capitalism? We have had 150 years to dissect socialism in theory. We have had 100 years to see socialism in action. Socialism, extensive government control over the economy, is a disaster in theory and a disaster in practice. The superiority of capitalism over socialism has been amply demonstrated by Ludwig von Mises, F.A. Hayek, Murray Rothbard, Hans-Hermann Hoppe, and others. Yet it continues to be the dominant political philosophy, even in the United States. Here, in what the rest of the world sees as an anarcho-capitalist jungle, we have socialized medicine, socialized education, and socialized retirement. The state seizes 40 percent of our income and tells us what we can and cannot do with what we keep. Virtually every aspect of the economy is regulated. The long-term trend is toward ever-greater government control over the economy, our property, and our lives. This trend continues even though capitalism works and socialism does not.

Capitalism works by protecting private property and freedom of contract, thereby encouraging people to use their abilities and resources to produce goods and services that are most likely to be urgently demanded by others. Capitalism works because, unlike competing systems, it does not depend on the quality of its overseers. Capitalism's overseer is the price system, which, far from being dependant on the will of a small number of politicians, is the expression of the totality of all human knowledge about the value and scarcity of goods, services, and resources. Capitalism works by harnessing, through the principles of specialization and the division of labor, human diversity and inequality, allowing people with different backgrounds and talents to trade for mutual advantage.

Capitalism works because it does not require central planning; rather, capitalism is what happens naturally and spontaneously when there is no such planning. As seen, for example, in prison-of-war camps, markets arise spontaneously from individuals acting to advance their own interests. Markets are natural; they just happen. The formula for establishing a capitalist system is: don't just do something, stand there. Which leads into my last point that capitalism works because it

requires no change in human nature and works just fine with the natural tendency of people to act to further the welfare of themselves and their families. Here is a system that arises naturally and spontaneously, is governed by the price system, not by politicians or dictators, encourages people to be productive and cooperate with others, and works well with people as they are.

In contrast, socialism does not work, because it acts, as it must, through the coercive apparatus of the state. Therefore, in its interactions with people, there is always at least one party forced to participate and who is, therefore, abused and exploited.

Socialism does not work, because, while capitalist decisions are made by individuals and firms that know more about their particular circumstances than anyone else could possibly know, socialist planners cannot know nearly as much about the persons and institutions they deal with and thus are forced to make and enforce arbitrary general rules that apply the same to different people and different circumstances, regardless of the absurd or unjust consequences.

Socialism does not work, because, in the words of Frédéric Bastiat, people are not clay. They always react and respond to the state's use of power against them (or for them) in ways that result in unintended and negative consequences from the state's point of view. This is called blowback in foreign-policy matters; however, domestic examples of blowback include the crime wave unleashed by the "war on drugs" and the Great Society's destruction of the family structure of the poor.

Socialism does not work, because, instead of allowing the price system to be a vehicle of rational economic planning, it sabotages the price system as much as possible. In its extreme form, socialism would eliminate prices for capital goods — by seizing them — and thereby cause economic annihilation. Even socialism's less extreme interventions injure the price system. Taxation, inflation, subsidies, occupational licensure, collective bargaining mandates, and so on all distort market prices and cripple their ability to convey accurate information about preferences and scarcities.

Socialism's popularity

Why then is socialism so popular? The reasons are not complicated. First, socialism allows people to spend other people's money. Let's avoid the phrase "steal other people's money," because only libertarians see it that way.

Nevertheless, however socialists justify this spending, even they realize they are taking other people's money. Yes, I know some socialists deny the very concept of private ownership. But even they realize that socialism takes money and property that is *possessed* by some and transfers possession to others so they can spend or use it.

Reason No. 1: *Socialism allows people to spend other people's money without feeling guilty about it.*

Second, there is a related but distinct craving that animates socialism, as noted by many commentators. Envy is a strong emotion that has always had a powerful impact on society and politics. Envy is "a painful or resentful awareness of an advantage enjoyed by another joined with a desire to possess the same advantage" (Webster's New Collegiate Dictionary). Because no one admits to acting on the basis of envy, the term "equality" — robbed of its original and legitimate meaning in classical liberal thought — is used instead. Socialism is the perfect political expression of envious people because it purports to rein in greedy and wealthy capitalists and usher in social equality.

Reason No. 2: *Socialism satisfies the deeply felt and widely held emotion of envy.*

Third, free-market capitalism emphasizes the individual's responsibility for his own economic welfare. Socialism professes to place this responsibility outside the individual and with the state. Many people are happy to be rid of this burden and glad to be able to blame others for their problems. Unlike Reasons No. 1 and No. 2, this reason for the popularity of socialism is one trumpeted by its proponents. They do not see the obvious downside of the structural reduction of individual economic responsibility: laziness, profligacy, and passivity.

Reason No. 3: *Socialism purports to relieve people of the burden of worrying about their economic well-being.*

Fourth, in a secular age, socialism acts as a religion-substitute. Traditionally, religion would offer solace to people facing the numerous traumas of life. Now, for millions of people, socialism plays that role. "For who would bear the whips and scorns of time, the oppressor's wrong, the proud man's contumely, the pangs of despised love, the law's delay, the insolence of office and the spurns that patient merit of the unworthy takes, when he" could overcome all these problems with socialism?

Utopian socialism — all socialism is utopian — purports to offer a solution to virtually all human problems. In contrast, the claims of capitalism are seen as too modest, and hard work is required

as well. There is no need to quote a Marxist on the all-encompassing promises of socialism. Lyndon Johnson will do fine. In a speech given on May 22, 1964, Johnson promised that his Great Society would “pursue the happiness of our people,” conquer “boredom and restlessness,” and satisfy the “desire for beauty” and the “hunger for community.” All this and beat the Viet Cong too. Amazing!

Reason No. 4: *Socialism is a secular substitute for religion and offers people (false) solace against the traumas of this life.*

I considered giving intellectuals their own special reason for worshipping the state, but I decided that to explain why 95 percent of intellectuals have a ferocious love for socialism you merely have to combine and intensify all four reasons already stated.

These are some of the main reasons that socialism, which is silly in theory and lethal in practice, remains so popular, even in a society such as ours, whose fabulous wealth is the result of the shrinking capitalist remnants of the economy.

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