
FUTURE OF FREEDOM

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*If we did all the things we are capable of doing, we
would literally astonish ourselves.*

— *Thomas Edison*

FUTURE OF FREEDOM

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The Future of Freedom Foundation

11350 Random Hills Road

Suite 800

Fairfax, VA 22030

...

www.fff.org · fff@fff.org

...

tel: 703-934-6101 · fax: 703-352-8678

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The Case for Open Immigration

by *Jacob G. Hornberger*



Every American living today has lived his entire life under an immigration crisis. That shouldn't surprise anyone. America's system of immigration controls is based on the concept of central planning, which is a core feature of socialism, which, as anyone from North Korea, Cuba, and Venezuela will attest, always produces crises. Government officials centrally plan the movements of millions of people, mostly in a complex international labor market. The government's plans involve allocations of immigrants that will be allowed entry from certain countries and designate the qualifications and types of skills they are required to possess for entry into the United States.

It cannot be done. Even if the government put the top 100 immi-

gration experts into a room that contained the 10 most powerful computers in the world and came up with what the mainstream media call a "comprehensive immigration-reform plan," it would not work. There is a simple reason for that: Central planning is an inherently defective system, one that is incapable of working and that produces crises, or what the economist Ludwig von Mises called "planned chaos," a term that perfectly describes the immigration situation in the United States for the past 90 years.

There is but one solution to the immigration mayhem that America's system of immigration control has brought into existence. That solution is open immigration — the free movement of peoples into and out of the United States.

Let me repeat that for emphasis, because it is a critically important point: Open immigration — or, better yet, open borders, which is encompassed by the principle of free trade — is the only — I repeat, only — solution to America's decades-long, ongoing, never-ending, perpetual immigration crisis. Any "comprehensive immigration plan" that leaves a system of immigration controls in place is doomed to fail. Trying to come up with a central

plan that will work is nothing but a waste of time, energy, and money.

The most important point about open immigration is that it is consistent with the principles of individual liberty, free markets, morality, religion, and limited government.

Freedom consists of the right to live one's life any way he chooses, so long as he isn't initiating force or fraud against another person. Therefore, as long as a person isn't murdering, stealing, raping, robbing, or committing some other act of violence or fraud against another person, he has a right to live his life any way he wants. That is what genuine freedom is all about.

Open immigration is consistent with the principles of individual liberty, free markets, morality, religion, and limited government.

As the U.S. Declaration of Independence points out, everyone in the world possesses the rights of life, liberty, and the pursuit of happiness. That is, such rights are not limited to American citizens. They inhere in Mexicans, Russians, Cubans, Guatemalans, Egyptians, South Africans, and everyone else. These rights are endowed to people by nature and by God and, there-

fore, preexist government. In fact, as the Declaration also points out, it is the responsibility of government to protect, not destroy or regulate, the exercise of man's natural, God-given rights.

Freedom encompasses the principles of economic liberty. Those principles entail the following: (1) the right to engage freely in any occupation or trade in order to sustain one's life through labor; (2) the right to enter into mutually beneficial trades with others, including labor contracts; (3) the right to accumulate unlimited amounts of wealth; and (4) the right to do whatever one wants with his own money.

Freedom also encompasses the principles of private property and freedom of association. In fact, when Thomas Jefferson described "life, liberty, and the pursuit of happiness" as natural, God-given rights that inhere in all men, he was drawing on the phraseology of the English philosopher John Locke, who had referred in his *Second Treatise on Government* to life, liberty, and property as natural, God-given rights.

Your home belongs to you. You are the owner. As such, you have the right to invite anyone you want into your home. That is what the rights of private property and freedom of

association are all about. Other people might not like your invitees, just as they might not like other peaceful choices that you make in your life. But their dislike of how you choose to live your life is irrelevant when it comes to the exercise of your natural, God-given rights. Other people have no right, either directly or indirectly by employing the force of government, to interfere with whom you decide to invite into your house,

The same principle applies to your business. You have the right to hire whomever you want. It's your money. It's your business. It's your private property. No one else, including the government, has the right to interfere with how you choose to run your business.

That's not to say, however, that your invitees have the right to enter into the homes and businesses of others. Everyone has the same rights of economic liberty, private property, and freedom of association that you have. Everyone has the same right to invite anyone he wants into his home and hire anyone he wants in his business. In fact, if people don't like the people whom you hire in your business, they can express their displeasure by choosing not to patronize your business.

Crossing borders

When a person crosses a political border, he is violating no one's rights. On the contrary, he is exercising his natural, God-given rights of life, liberty, and the pursuit of happiness, especially given that freedom of travel is another aspect of the natural, God-given right to liberty.

Everyone has the same rights of economic liberty, private property, and freedom of association that you have.

For example, every day countless Marylanders cross the Potomac River and enter Virginia. No one knows how many because neither the federal government nor the two state governments keep count. By simply crossing the border and entering Virginia, those Marylanders are not violating anyone's rights. If they commit a crime after entering Virginia, such as murder or theft, they obviously violate someone else's rights and should be punished for it.

Suppose it could be established that 5 percent of Marylanders who cross into Virginia commit violent crimes inside Virginia. Would it be appropriate to amend the Constitution in order to permit the govern-

ment of Virginia to station border guards at the interstate bridges that span the Potomac so that they could monitor and control the movements of people from Maryland? Of course not. That would violate people's natural, God-given rights of economic liberty, private property, freedom of travel, and freedom of association.

Advocates of immigration controls claim that open immigration means no borders. But our example of Maryland and Virginia demonstrates that such is clearly not the case. Merely because people are free to cross borders it doesn't follow that borders disappear. It simply means that people are free to cross them, back and forth.

The same principle applies to the concept of political sovereignty. Advocates of immigration controls assert, mistakenly, that open borders mean the destruction of sovereignty. Not so, as we see with our Maryland-Virginia example. When Marylanders cross the border and enter Virginia, the state of Virginia does not lose its sovereignty. Instead, once people enter Virginia, they are immediately subject to the laws of Virginia. If they violate Virginia law, they cannot claim immunity on the basis of their being from a different state. Virginia retains its

sovereignty even though the border between Maryland and Virginia is completely open.

These principles apply, of course, to city and county borders as well. People who cross such borders are not violating anyone's rights simply by crossing the border. Moreover, the fact that people are free to cross such borders doesn't mean the borders disappear or that county or city governments disappear or lose jurisdiction. The borders remain in existence, as does each political jurisdiction.

Advocates of immigration controls assert, mistakenly, that open borders mean the destruction of sovereignty.

These principles apply to international borders as well. Whenever someone crosses an international border, he is not violating anyone's rights, any more than a person who is crossing a state, county, or city border violates anyone's rights. A person who crosses the international border between the Mexican state of Tamaulipas, Mexico, and the U.S. state of Texas violates no one's rights any more than a person from Maryland violates anyone's rights when he enters Virginia. Moreover, the border between the

United States and Mexico does not disappear. Texas retains its sovereignty, as does the United States. The person crossing the border from Mexico is now subject to the laws of Texas and the United States.

Immigration and the division of labor

The reason that Americans have trouble understanding the principle of open international borders is that they have all been born and raised under a system of border controls. If the Constitution had permitted the states to enact border controls and if that had been the system since the founding of the country, people would very likely have just as difficult a time understanding the principle of open domestic borders.

America's system of open immigration was one of the principal reasons for the rise in prosperity in the 19th century.

We take it for granted, but it was a remarkable achievement — the largest open-border region in history — the United States of America. And that wasn't all. The Framers also brought into existence a system of open international immigration. Thousands upon thousands of penniless immigrants were flooding

America's shores on the east coast and west coast. Most of them stayed. Many of them returned to their countries of origin. After the signing of the Treaty of Guadalupe Hidalgo in 1848, which enabled the United States to absorb virtually the entire northern half of Mexico, including its inhabitants, who were given immediate U.S. citizenship, people were free to cross back and forth over the new border for some 75 years.

America's system of open immigration was one of the principal reasons for the tremendous rise in prosperity in the 19th century. Americans were discovering that the division of labor that comes with open immigration actually increases overall productivity, thereby contributing to rising standards of living for society generally.

Moreover, the poor were at first surviving, then prospering, and then getting rich. That was why people from all over the world were coming to America. Of course, there were other factors for America's prosperity — no income tax, Social Security, Medicare, Medicaid, farm subsidies, education grants, paper money, Federal Reserve, drug laws, welfare, public schooling, foreign aid, national-security state, Pentagon, CIA, NSA,

FBI, or foreign wars, coups, invasions, or occupations.

Immigration and the price system

Unlike a system of immigration controls, which relies on central planning, open immigration relies on the price system that is part and parcel of a free-market economy. For example, Mexican laborers in the interior of Mexico learn that farmers in Oregon are paying \$15 an hour to help pick their crops. The workers don't have to know what the reason for the high wage is. They just know that it far exceeds the \$1 an hour they are receiving in Mexico. They rush to Oregon and get hired. Once the crops are picked, the price of labor goes down. The workers either return home, flush with cash, or they seek out another part of the country where the wage rate is inordinately high, as reflected in the price system.

That's how the price system works. It becomes an information-transmitting mechanism by which people make economic choices as to what they want to do. If wage rates go up in a part of the country, people respond by going there. If they go down, they return home or go elsewhere seeking to make more money.

That's how the free market works. No central planning and,

therefore, no crises and no planned chaos. Instead, there is a harmony of interests in which people are pursuing their own happiness and coordinating with others in the process of doing so.

To enforce the immigration controls, officials enact an ever-growing series of harsh enforcement measures.

Some people express concern that millions of people will suddenly come to the United States. Not likely, again owing to the laws of supply and demand. Why doesn't everyone in the United States suddenly move to San Francisco, San Diego, or Jackson Hole, Wyoming, all three of which are widely recognized as beautiful places in which to live? The reason: It's too expensive for many people to live in those places. Moreover, as more people move into those areas, prices go up, thereby making it more financially difficult for more people to move there.

The same principle applies to countries. As more people move into a country, the prices of housing and other essentials begin rising, making it financially unpalatable for others to follow. Just because people would like to move into a

particular area it doesn't follow that they are able to. The natural laws of supply and demand regulate the flow of people into and out of cities, towns, states, and countries.

There is something else to consider about a system of immigration controls: death, suffering, and tyranny. When people are trying to sustain or improve their lives, many of them are willing to take risks to do so. Thus, when entry into the United States is made illegal, there will be those who are willing to take the risk of getting caught. Given the tremendous disparities in economic opportunity between their country and the United States, the risk is worth it to them. That's why people die of thirst or dehydration while crossing the desert in the American Southwest or in the back of an 18-wheeler that is packed with illegal immigrants or while carrying a child across the Rio Grande. Such deaths and suffering are the indirect consequence of America's system of immigration controls. With open borders, foreigners would be entering the United States in the normal way, by simply crossing the border at public crossing points.

To enforce the immigration controls, officials enact an ever-growing series of harsh enforcement measures. Decades of immi-

gration enforcement have brought into existence an immigration police state, especially along the U.S.-Mexico border. The only reason that Americans put up with this police state is that they have become accustomed to it, even thinking that it is part and parcel of America's "free" society and "free-enterprise" system.

Decades of immigration enforcement have brought into existence an immigration police state.

Americans returning from vacation in a foreign country are subject to full-body searches, even the search of their body cavities. They are now required to turn over cell phones and divulge passwords so that officials can copy everything that is in the cell phone. It's all part of America's system of immigration controls, even though such actions bear no relationship whatsoever to preventing foreigners from illegally entering the United States.

Under America's system of immigration controls, federal officials are authorized to enter onto farms and ranches within 100 miles of the border without a judicially issued search warrant. There are also roving Border Patrol searches, where

agents stop cars and search them for arbitrary and capricious reasons, again without a search warrant. There are immigration checkpoints on U.S. highways, where federal agents have the same full authority to search people and their vehicles that they have at the border, even if the travelers have never entered Mexico. Immigration agents board buses and demand to see people's papers. There are violent raids on American businesses. There is forcible separation of children from parents. There are detention centers with wretched conditions for both adults and children.

**You don't destroy the rights
of the innocent just because some
people are guilty.**

If one were to read that a communist or other totalitarian regime were doing such things, no one would be surprised. But since they are being done by officials who have an American flag on their sleeves, it's all considered normal and part of living in a free society.

The police state

Among the justifications for all this mayhem, death, and destruction of liberty is the notion that a certain percentage of immigrants

will go on welfare. The same point might be made about Virginians who cross the border into Maryland — that they are moving there to take advantage of more-generous welfare benefits.

Should we, therefore, permit Maryland to enact immigration controls to prevent that sort of thing from happening? Of course not. Rights are immutable. You don't destroy the rights of the innocent just because some people are guilty. If 5 percent of immigrants are going on welfare, then people should focus on ending the welfare, not on letting the government destroy the natural, God-given rights of those who are coming to the United States for legitimate reasons. After all, even if a certain percentage of immigrants are causing an increase in taxes owing to their going on welfare, is that any reason for Americans to abandon their principles? Of course not. Throughout history, there have been those who have paid a much higher price for adhering to principle. What's a few thousand dollars in taxes compared to the destruction of liberty and privacy under an immigration police state?

Is immigration the same thing as citizenship? Of course not. There is no reason that immigrants should be expected to give up their citizen-

ship and become American citizens. Many of them would choose not to, especially if they were free to come and go. Today, there are more than a million Americans living in Mexico. Many of them are refusing to assimilate. They're not learning Spanish. They retain their American citizenship. I say: So what? Leave them alone. They are pursuing happiness in their own way. The same applies to foreigners who come here. If they wish to apply for citizenship, fine. If they don't, that's fine too.

Open borders is the only system that is consistent with religious and ethical principles.

There are those who say that immigrants destroy America's "culture." Really? Which culture is that? Is it the culture of my hometown of Laredo, Texas, where 95 percent of the populace are Hispanic, where streets are named after Mexican heroes, where 20 percent of the residents can't speak English, where many of the daily conversations are in Spanish, and where store signs are in both English and Spanish? America's culture is one of liberty and diversity.

Moreover, open borders is the only system that is consistent with religious and ethical principles. Love thy neighbor as thyself. Do unto others as you would have them do unto you.

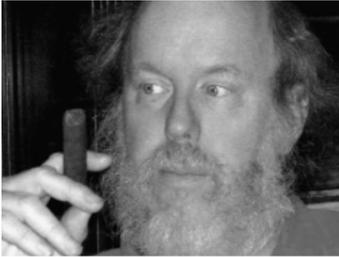
Throughout the world, there are people who are mired in poverty, oppression, or tyranny. Americans should lead the way out of this statist morass. The way to do that is by example. A great place to start is with immigration. Abolish ICE and the Border Patrol. Open the borders to the free movements of goods, services, and people. It is the *only* solution to America's decades-old, never-ending, ongoing immigration woes.

Jacob Hornberger is founder and president of The Future of Freedom Foundation.

NEXT MONTH:
"The Destruction of American Liberty"
by Jacob G. Hornberger
"The 'Officer Friendly' Police Fantasy"
by James Bovard

The Sham of Government Transparency

by James Bovard



The Supreme Court in June ruled that the federal government can keep secret the food-stamp sales totals of grocery stores. By a 6 to 3 vote, the Court declared that such business records are exempt from disclosure under the federal Freedom of Information Act (FOIA). This case, started eight years ago by the *Argus Leader*, a South Dakotan newspaper, is another landmark in cloaking federal data from the American people.

The Court upheld keeping the data that the federal government receives secret despite there being no evidence that such disclosures would harm anyone. *Argus Leader* news editor Cory Myers labeled the decision “a massive blow to the public’s right to know how its tax

dollars are being spent, and who is benefiting.” Grocery stores were not conscripted to take food stamps but they somehow have rights superior to American citizens, whose privacy continues to be ravaged by the National Security Agency.

Controversies over the food stamp program have multiplied as evidence accumulated revealing that the program is a public-health disaster. A 2017 study published in *BMC Public Health* found that food-stamp recipients were twice as likely to be obese as eligible non-recipients. That confirms a 2015 USDA report that revealed that food-stamp recipients are far more likely to be obese than eligible non-recipients (40 percent versus 32 percent). But the feds have consistently sought to limit public information on the program. The USDA and the Obama administration helped block a 2013 congressional proposal to disclose how recipients actually spend food stamps. Restrictions on disclosure have deterred bipartisan-supported reforms that would discontinue the use of food stamps for purchasing sugar-sweetened beverages — the item most commonly purchased with food stamps.

But instead of pushing for substantive reforms that would make

the program less unhealthy, the Trump administration floated a proposal to distribute food boxes instead of food stamps to low-income Americans. The “Blue Apron” option was always doomed, but it allowed the Trump team to pretend they sought real reforms while keeping the grocery-store lobby happy.

Judicial Watch characterized the Bush administration’s FOIA attitude as “arrogance throughout.”

Justice Stephen Breyer’s dissent in the *Argus Leader* case warned that the decision “will deprive the public of information for reasons no better than convenience, skittishness, or bureaucratic inertia.” The Supreme Court gave a kick to a disclosure law that had already lost most of its teeth.

FOIA

In October 2001, Attorney General John Ashcroft assured federal agencies that the Justice Department “will defend your decisions” to deny FOIA requests on broader grounds than previously prevailed. Judicial Watch characterized the Bush administration’s FOIA attitude as “arrogance throughout — that the government is not to be questioned.” The Bush administration blocked

disclosures of almost all USA PATRIOT Act abuses and the ACLU later complained that “responses to FOIA requests are hopelessly slow.”

“Hope and Change” arrived on Barack Obama’s second day in office, when he called FOIA “the most prominent expression of a profound national commitment to ensuring an open government.” He declared that FOIA “should be administered with a clear presumption: In the face of doubt, openness prevails.”

Unless, of course, White House political appointees objected. Three months after Obama took office, White House counsel Gregory Craig quietly notified all federal agencies that “all documents and records that implicate the White House in any way are said to have ‘White House equities’ and must receive an extra layer of review, not by agency FOIA experts, but by the White House itself,” a 2016 congressional report noted. Anything that could tarnish the administration’s image violated its “equities.” A memo by the staff at the National Archives admitted, “We live in constant fear of upsetting the WH (White House).” *Politico* noted in 2016 that, in some cases, White House FOIA “referrals have led to years of delay. One federal FOIA officer grouched that “the White House

wanted to see requests far in advance, and they wanted to control the timing of the release and what was going to be released,” the *Washington Times* reported. Americans did not learn of the White House subversion of FOIA until 2014 and even then it received minimal news coverage.

In 2011, Obama’s Justice Department formally proposed permitting federal agencies to falsely claim that requested documents did not exist. If federal agencies believed information should not be disclosed, the agency “will respond to the [FOIA] request as if the excluded records did not exist,” the *Federal Register* notice announced. The ACLU complained that the proposal perverted “a law designed to provide public access to government information to be twisted to permit federal law enforcement agencies to actively lie to the American people.”

That proposal was dropped after a media backlash but the Obama administration’s other policies undercut the law. A 2016 congressional report, titled “FOIA Is Broken,” noted that many journalists had abandoned “the FOIA request as a tool because delays and redactions made the request process wholly useless for reporting.” The Pentagon responded to a request for a list of titles

of its reports by offering a partial response if the journalist promised to never file another FOIA request. The Drug Enforcement Agency effectively torpedoed a FOIA request regarding notorious Mexican drug lord “El Chapo” by charging \$1.4 million for the response. The DEA denied a FOIA request by someone seeking “information about his own kidnappers ... because he did not have a signed waiver from the men who had held him hostage,” the *Washington Examiner* reported.

The Obama administration’s other policies undercut the law.

The 2016 congressional report concluded that “the Executive Branch culture encourages an unlawful presumption in favor of secrecy when responding” to FOIA requests. Some federal agencies routinely and unjustifiably denied most FOIA requests, presuming that people are not seriously seeking information until they file a lawsuit. “Nearly every document handed out by the Office of the Director of National Intelligence has been prompted by a lawsuit,” the blog Techdirt noted in 2014.

While Obama boasted of “the most transparent administration in history,” federal agencies slammed

the door on routine requests — especially from the media. The Associated Press reported in 2015 that the Obama administration “set a record again for censoring government files or outright denying access to them” under FOIA.

The FOIA and I

My own experience, stretching back more than 30 years, is that federal agencies routinely act as if anyone who has publicly criticized their programs forfeits his rights under FOIA. When I was researching a cover story for *Reason* magazine in 1985 on the 25th anniversary of the Peace Corps, I requested copies of their audits from the 1960s. The FOIA officer complained that it would be too burdensome to copy all those reports and suggested I ask for the summaries of the report instead. I obliged him, but when I returned a few weeks later to get the summaries, I was told that the reports had “abstracts” instead of “summaries” so I would need to file a new request and start the FOIA process (and its delays) all over again. The FOIA officer knew that I was on deadline. That chicanery flavored the resulting article.

In 1989, when I was investigating the Job Training Partnership Act for *Readers’ Digest*, I filed a

FOIA request with the Labor Department to garner the information they received on the program from around the nation. Eventually, I was notified that the documents were available for viewing at Labor Department headquarters. I arrived — took one glance at the smattering of pages they provided — and told the FOIA deputy thumb-twiddler that this material had nothing to do with what I requested. The 40ish, pasty-skinned bureaucrat leaned back in his chair, crossed his arms across his narrow chest, and sneered, “Gee — that’s too bad.” His response wasn’t a complete surprise, since he’d glared at me as if I had the bubonic plague when I entered his office. Anyone seeking potentially embarrassing official records was presumed to be a scoundrel. But I found ways to get enough inside information that my article was vehemently denounced by Labor Secretary Elizabeth Dole.

FOIA is “getting worse
under Trump.”

In subsequent decades, I’ve had plenty of FOIA strikeouts with agencies ranging from the FBI to the TSA. Some agencies, such as AmeriCorps, have provided partial responses to my requests in a timely manner.

We owe it to Hillary Clinton for finally obliterating FOIA's credibility. After she was appointed Secretary of State, Mrs. Clinton effectively exempted herself from FOIA, setting up a private server to handle her official email. The State Department ignored 17 FOIA requests for her emails prior to 2014 and said it needed 75 years to comply with a FOIA request for her aides' emails. In 2015, Federal judge Richard Leon condemned State's FOIA foot-dragging, declaring that "it appears they didn't get anything done for two years." Regarding the State Department's excuses for one FOIA request for 60 emails, the judge snapped, "Now, any person should be able to review that in one day — one day. Even the least ambitious bureaucrat could do this." The Federal Bureau of Investigation shrugged off the fact that Mrs. Clinton's aides used Bleachbit to destroy 30,000 of her emails under subpoena by a congressional committee. Federal judge Royce Lamberth recently labeled the Clinton email affair "one of the gravest modern offenses to government transparency."

FOIA is "getting worse under Trump," according to the Freedom of the Press Foundation. FOIA requesters received nothing or censored files in 78 percent of cases in

2017, and stonewalling often seems to be encouraged from the Oval Office downwards.

The Supreme Court could have taken many cases in recent decades that spurred rulings to make FOIA more binding on federal agencies. But, as on issues such as the Fourth Amendment prohibition on unreasonable searches and property rights violations, the Supreme Court was satisfied with sporadic pretty phrases that did nothing to place government under the law.

Forty-one years ago, the Supreme Court declared that FOIA's purpose was "to ensure an informed citizenry, vital to the functioning of a democratic society." After the Supreme Court's *Argus Leader* decision, perhaps the law should be retitled "The Freedom *from* Information Act." If democracy depends on transparency, and government transparency is an illusion, then what is American democracy nowadays?

James Bovard is a policy advisor to The Future of Freedom Foundation and is the author of a new ebook, Freedom Frauds: Hard Lessons in American Liberty, published by FFF, Public Policy Hooligan, Attention Deficit Democracy, and eight other books.

The Specter of Communism Is Haunting Illinois

by Laurence M. Vance



A specter is haunting Illinois — the specter of communism.

Although the governor of Illinois, Jay “J.B.” Pritzker, said earlier this summer, upon signing the state’s \$40 billion budget for the 2020-2021 fiscal year, that the budget was balanced “for the first time in decades,” according to the state’s own actuarial calculations, the budget is actually billions in the red. It turns out there is quite a difference between how lying politicians account for the state’s retirement debts and how financial professionals do.

Every year, the state’s actuaries determine what amounts the state should contribute toward state-worker retirement benefits. And every year, Illinois lawmakers under-

pay those amounts because statutory contributions set by previous Illinois lawmakers are much lower than what’s actuarially required. This time the shortfall was \$4 billion. Payments for state-worker retiree health insurance are also grossly underpaid. All of those underpayments make the state budget look far better than it really is. Over the next twenty-five years, Illinois pension costs are expected to consume 25 percent of Illinoisans’ tax dollars. No other state in the country is in worse financial shape. The Mercatus Center at George Mason University ranks Illinois dead last in its annual *Ranking the States by Fiscal Condition* report. And no wonder, since “Illinois performs poorly on just about every metric that goes into calculating its overall rank.”

So what do state governments do when they “need” more revenue? They raise taxes. And what is the easiest way to sell a tax increase? Promise to raise taxes on “the rich,” or, in the case of Illinois, on the top 3 percent. When faced with a deficit of more than \$1 billion, Illinois adopted a state income tax in 1969. The first income tax was at a flat rate of 2.5 percent. It was flat because the attempt to impose a graduated state income tax in the 1930s

was struck down by the Illinois Supreme Court as unconstitutional under the state's 1870 constitution. A flat-tax requirement was enshrined into the state's new constitution in 1970: "A tax on or measured by income shall be at a non-graduated rate" (Art. IX, Sec. 3). Naturally, the initial 2.5 percent rate has increased over the years. The Illinois legislature most recently raised the rate from 3.75 to 4.95 percent in 2017. Corporate income taxes were also raised from 5.25 to 7 percent. And now Illinoisans can expect even higher rates.

A progressive tax imposes lower tax rates on low-income earners and higher tax rates on those who have higher incomes.

The state budget wasn't the only thing that Governor Pritzker signed into law earlier this summer. After the Illinois House and Senate passed — on a strict party-line vote — a proposed amendment to the state constitution to remove the flat-tax requirement, the governor signed it into law, thus setting the stage for Illinois voters to approve a change this November in the state's income tax from a flat tax to a graduated tax. Remarkd Pritzker,

Our effort to restore firm fiscal footing for Illinois continues in November of 2020, when voters will have the power to say yes to a fair tax system that will improve the trajectory of our state's finances forever.

They will have an opportunity to vote to make sure that 97 percent of Illinoisans pay the same or less in income taxes.

It's official: the Fair Tax will be on the ballot in November 2020. Today's vote is a giant leap forward for the middle class and those striving to get there.

Illinois voters won't actually be voting on a tax increase, just on allowing the legislature to make the state's income tax progressive or graduated in nature. A progressive or graduated tax imposes lower tax rates on low-income earners and higher tax rates on those who have higher incomes. And why would Illinois voters want to go along with that? Because then the state can slightly lower taxes on "the poor" while significantly raising them on "the rich."

Under Pritzker's "Fair Tax for Illinois" proposal, the existing single

4.95 percent flat income rate would be replaced with a six-bracket progressive tax. The graduated rates would be 4.75 percent on income up to \$10,000; 4.9 percent on income between \$10,000 and \$100,000; 4.95 percent on income between \$100,000 and \$250,000; 7.75 percent on income between \$250,000 and \$500,000; 7.85 percent on income between \$500,000 and \$1 million; and 7.95 percent on income exceeding \$1 million. Those in the top bracket would also be subject to a recapture provision wherein their entire income, not just their marginal income, would be subject to the highest rate. Only the states of Connecticut, Nebraska, and New York have similar rate-recapture provisions. The corporate income-tax rate would rise to a flat 10.45 percent while “pass-through” business income would have a top tax rate of 9.45 percent. The *Chicago Sun Times* editorialized that this was “a tax for Illinois that, thankfully, puts the middle class first.”

Progressive taxation

What does the potential change in Illinois’s state income tax have to do with communism? At the end of section two of Karl Marx’s *Communist Manifesto*, in addition to calling for the abolition of private property

and the centralization of the means of production in the hands of the state, he called for “a heavy progressive or graduated income tax.” This is based on the Marxist dictum (that many Americans think appears in the Constitution), “From each according to his ability, to each according to his needs,” and on Marx’s mistaken notions about the unjustness of the unequal distribution of wealth in society.

A progressive tax is based on the nebulous concept of fairness.

A progressive tax is based on the nebulous concept of fairness. “It’s wrong that I would pay the same tax rate as someone earning \$100,000 or, even worse, pay the same tax rate as someone earning \$30,000,” said Pritzker, a billionaire, echoing another billionaire, Warren Buffet, who has repeatedly urged Congress to raise taxes on “the rich” like himself, lest they pay a lower tax rate than their secretaries. In reality, progressive taxation is the means by which wealth is transferred from “the rich” to “the poor” by the welfare state, after it is funneled through the federal bureaucracy. Progressive taxation punishes productivity and success, while reducing capital formation and eco-

conomic mobility. Progressive taxation is based on envy of “the rich,” who don’t “deserve” their wealth because it comes at the expense of “the poor.” And besides, “the rich” can “afford” to pay more in taxes.

Pritzker’s main selling point is that 97 percent of all Illinois wage earners will get a tax break under his “Fair Tax” plan, while only “the rich” (in this case, those making more than \$250,000 a year) will see higher taxes. And as Austrian economist Ludwig von Mises explained in his work *Human Action*, “Nothing is more calculated to make a demagogue popular than a constantly reiterated demand for heavy taxes on the rich. Capital levies and high income taxes on the larger incomes are extraordinarily popular with the masses, who do not have to pay them.”

“Nothing is more calculated to make a demagogue popular than a constantly reiterated demand for heavy taxes on the rich.”

Although no Illinois Republicans voted in favor of the proposed amendment to the Illinois constitution to remove the flat-tax requirement, their central argument against it was not based on the evils of progressive taxation. Following the

House minority leader, many maintained merely that it wasn’t needed to balance the budget. Illinois Republicans, like Republicans in other state legislatures and in the Congress, generally have no philosophical objection to progressive taxation.

Illinois will not be alone if it changes its income-tax system to a progressive one. According to the Tax Foundation, forty-three states levy individual income taxes. Forty-one of those states tax wage and salary income, while two states (New Hampshire and Tennessee) tax only dividend and interest income. Seven states have no state income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. Of the states taxing wage and salary income, eight of them besides Illinois have a flat tax: Colorado, Indiana, Kentucky, Massachusetts, Michigan, North Carolina, Pennsylvania, and Utah. The thirty-two states with progressive, that is, Marxist, income-tax rates include Kansas, with three tax brackets, and Hawaii, with twelve tax brackets. Top marginal tax rates range from 2.9 percent in North Dakota to 13.3 percent in California. The highest rate kicks in at just \$7,000 in annual income in Georgia, but not until one’s income reaches \$5 million in New Jersey.

The Marxist federal income tax

It is not just state income taxes that are Marxist in nature: The United States has had a Marxist tax code from the very beginning of the income tax under the Sixteenth Amendment, which applied to the years 1913–1915, up to and including the latest major reform of the tax code, Donald Trump’s Tax Cuts and Jobs Act, which first applied to the year 2018.

The United States has had a Marxist tax code from the very beginning of the income tax.

The income tax began with a 1 percent tax on taxable income exceeding \$3,000 followed by a series of surcharges up to 6 percent applied to higher incomes. The maximum rate of 7 percent was applied to taxable income exceeding \$500,000. In addition, there was an exemption of \$3,000 for a single person and \$4,000 for a married couple. The highest tax rate then rapidly increased. After rising to 67 percent in 1917 and 77 percent in 1918, it reached 81 percent in 1940, 88 percent in 1942, and a whopping 94 percent in 1944. After dropping briefly, the top rate stayed near or higher than 90 percent between 1950 and 1963. Under Ronald Rea-

gan in the 1980s, the top rate fell from 70 percent down to 50 percent, and then down to 38.5 percent before stopping at 28 percent. The tax brackets were also eventually reduced from fifteen to just two. After both the rates and brackets increased under George H.W. Bush and Bill Clinton, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) — signed into law by George W. Bush — instituted six brackets of 10, 15, 25, 28, 33, and 35 percent. They were augmented by a new top rate of 39.6 percent with the passage of the American Tax Relief Act of 2012. The Tax Cuts and Jobs Act changed the tax brackets to 10, 12, 22, 24, 32, 35, and 37 percent. For tax year 2019, the top rate kicks in once one’s income reaches \$510,301 (\$612,351 for married filing jointly).

The tax brackets tell only part of the story. Another way that “the rich” are targeted is through the phase-out of tax deductions and credits. That means that the value of the deduction or credit is reduced as one’s income rises. And in some cases, they are disallowed altogether. Just to cite a few examples: No American Opportunity Tax Credit (AOTC) for qualified educational

expenses can be claimed if one's modified adjusted gross income exceeds \$90,000 (\$180,000 for married filing jointly), and a phase-out of the credit begins once one's income exceeds \$80,000 (\$160,000 for married filing jointly). No student-loan interest deduction can be claimed if one's modified adjusted gross income exceeds \$80,000 (\$165,000 for married filing jointly), and a phase-out of the credit begins once one's income exceeds \$65,000 (\$135,000 for married filing jointly). The amount of the child and dependent care credit decreases as one's income rises. The Child Tax Credit (CTC) begins to phase out for taxpayers with modified adjusted gross incomes exceeding \$200,000 (\$400,000 for married filing jointly). No Earned Income Tax Credit (EITC) can be taken unless one's adjusted gross income, for those with three or more children, is less than \$50,162 (single) or \$55,952 (married filing jointly), and the limits are even lower if one has fewer than three children.

But the tax code is even more progressive than it seems. While "the rich" are punished through the phase-out of tax deductions and credits as their income rises, "the poor" receive tax refunds from the government of money that they

never paid in, in refundable tax credits. Those are tax credits one can take even if one has no tax liability. An amount up to \$1,000 of the AOTC is refundable. An amount up to \$1,400 of the CTC is refundable. All of the EITC is potentially refundable, the amount of the benefit depending on the recipient's income and number of children. The maximum credit for tax year 2019 is \$529 with no qualifying children, \$3,526 with one qualifying child, \$5,828 with two qualifying children, and \$6,557 with three or more qualifying children.

A minority of Americans pay the majority of federal individual income taxes.

The result of progressive tax rates, phase-outs of deductions and credits, and refundable tax credits is that a minority of Americans pay the majority of federal individual income taxes. According to the latest figures available (2016) from the Internal Revenue Service (IRS), the top 50 percent of all taxpayers (in terms of adjusted gross income) pay 97 percent of all individual income taxes, while the bottom 50 percent pay the remaining 3 percent. The top 1 percent of taxpayers pay a greater share of individual in-

come taxes (37.3 percent) than the bottom 90 percent combined (30.5 percent). The top 1 percent of taxpayers pay a 26.9 percent individual income-tax rate, which is more than seven times higher than taxpayers in the bottom 50 percent (3.7 percent).

The phony flat tax

Ostensibly recognizing the nature of progressive taxation, some conservatives have proposed that the federal income tax be changed to a flat tax — like the one Illinois and eight other states currently have. There is just one problem: The flat tax they propose is not flat.

Social Security tax is actually quite regressive in nature.

Conservatives talk about the need to shift to a flat tax that is “fair,” “efficient,” and “simple,” yet still raises enough money for the federal government. The idea of a flat tax has been around a long time. Economist Milton Friedman actually proposed a flat tax back in 1962. The idea was resurrected in the 1980s by Hoover Institution economists Robert Hall and Alvin Rabushka. A few bills based on the Hall-Rabushka plan were introduced in Congress. Various think

tanks and tax-reform organizations have come out with some form of a flat-tax plan to reform the tax code.

The typical flat-tax plan taxes all income at a flat rate (there is no consensus on the rate), often with the exceptions of capital gains, Social Security benefits, interest earned, and dividends received. A flat tax generally includes generous personal and dependent allowances. However, the number of tax credits and deductions is greatly reduced. Some plans would limit deductions to just medical expenses, home mortgage interest, and charitable contributions. Some plans retain refundable tax credits. The result is that, in some cases, the flat tax could be just as progressive as the current system. Progressivity doesn’t require graduated tax rates. Just ask Hall and Rabushka. They maintain that the flat-tax system they propose is both “fair and progressive — the poor pay no tax, and the amount that a family pays rises with income.”

Even though everyone pays the same tax rate, the Social Security tax is not a flat tax. In fact, it is actually quite regressive in nature. A regressive tax takes a greater percentage of income from those with low incomes than from those with higher incomes. The Social Security program is funded by a 12.4 percent

payroll tax (split between employer and employee) on just the first \$132,900 of an employee's income. Self-employed persons pay the full 12.4 percent.

Libertarians believe that taxation is government theft.

The closest thing to a genuine flat tax is the Medicare tax. It is funded by a payroll tax of 2.9 percent (split between employer and employee) on every dollar of an employee's income. Self-employed persons pay the full 2.9 percent. There are no deductions, exemptions, credits, exclusions, or wage bases. Every American who earns income — from minimum-wage fast-food workers to the CEOs of every Fortune 500 company — pays the same rate regardless of his marital status, age, number of dependents, medical bills, home mortgage interest paid, or donations to charity. However, even the Medicare tax is no longer a true flat tax. Thanks to the Patient Protection and Affordable Care Act (Obamacare), the Additional Medicare tax is a tax of 0.9 percent imposed on earnings exceeding \$200,000 (single) or \$250,000 (married filing jointly). It took effect in 2013, and is fully paid by employees.

The Libertarians

Liberals and conservatives both accept a Marxist-inspired tax code. They differ only in the particulars. In contrast to both are the libertarians. They not only reject the Marxist progressive income tax, they reject the income tax altogether. A progressive tax merely adds insult to injury.

The libertarian view of the income tax is not that it should be fair, adequate, sufficient, constitutional, uniform, flat, simple, efficient, equal, or low. There is no "optimal" tax rate. Because libertarians believe that taxation is government theft, they don't believe that anyone should be paying some arbitrary "fair share" of the income tax. As Frank Chodorov explained in his book *The Income Tax: Root of All Evil* (1954), the income tax means that the state says to its citizens,

Your earnings are not exclusively your own; we have a claim on them, and our claim precedes yours; we will allow you to keep some of it, because we recognize your need, not your right; but whatever we grant you for yourself is for us to decide.

The amount of your earnings that you may retain for

yourself is determined by the needs of government, and you have nothing to say about it.

If government spending were limited only to that which is authorized by the Constitution, the federal government wouldn't "need" an income tax.

But since the United States has an income tax, libertarians reason that anything that keeps more money in the hands of Americans is a good thing. Thus, tax increases of any kind, revenue-neutral tax reform, tax-base broadening, replacement of one tax with another, the elimination of tax deductions, and tax shifting from one group of taxpayers to another are not in the least bit desirable.

Laurence M. Vance is a columnist and policy advisor for The Future of Freedom Foundation, an associated scholar of the Ludwig von Mises Institute, and a columnist, blogger, and book reviewer at LewRockwell.com. Send him email: lmvance@laurencemvance.com. Visit his website at: www.vancepublications.com.

NEXT MONTH:
**"Monsters and
U.S. Foreign Policy"**
by Laurence M. Vance

There is no man so good that if he placed all his actions and thoughts under the scrutiny of the laws, he would not deserve hanging ten times in his life.

— Michel Eyquem de Montaigne

Free-Market Liberalism vs. Corrupted “Capitalism” and La-La Land Socialism

.....
by *Richard M. Ebeling*



One of the issues that confronts the friends of freedom is how best to make the case for liberty as a political idea and ideal and as a policy proposal. A central element in that is making sure that we know what it is that we are advocating and why, and what it is that we oppose and why. For instance, what is “capitalism” and what is “socialism”? And are those always unambiguous terms concerning the difference between the free and unfree society?

It is certainly true that collectivist ideas of various types have made so much headway both in the realm of ideas and in actual policies that

there are few people in American society who advocate a “laissez-faire” political, social, and economic system under which government would be narrowly limited to little more or nothing else than protection of each individual’s right to his life, liberty, and honestly acquired property.

Public opinion about capitalism and socialism

In June 2019, the Pew Research Center released the results of one of its political-opinion surveys about people’s positive or negative conceptions of “capitalism” and “socialism.” While overall, 65 percent of Americans said they had a favorable view of capitalism, 42 percent said that they had a favorable one of socialism.

Among Republicans or Republican-leaning voters, a positive view of capitalism was held by 78 percent, while among Democrats and Democrat-leaning voters that number was only 55 percent. Among those Democrats, 44 percent held a negative view of capitalism, while that was the case among only 20 percent of Republicans.

On the other hand, 65 percent of Democrats and Democrat-leaning voters were positive about socialism, with 15 percent of Republi-

cans and Republican-leaning voters having such a positive view. Only 33 percent of Democrats were negative about socialism, while 84 percent of Republicans were negative on socialism.

Among voters 30 years old or younger, 50 percent were positive on socialism. Also, 46 percent of women thought positively about socialism, while only 38 percent of men did. Among white Americans, positive views of socialism were held by 35 percent, while among African-Americans that rose to 65 percent, and among Hispanics it was 52 percent.

Many groups and individuals are positive and negative about socialism and capitalism at the same time.

Among those less than 30 years old, 52 percent had a positive view of capitalism. Among men that number was 74 percent and among women it was 56 percent. Whites were 66 percent positive about capitalism, while 57 percent among African-Americans and 61 percent among Hispanics had such a view.

One thing that immediately stands out is the overlapping attitudes in which the total of positive and negative attitudes about capi-

talism and socialism comes to more than 100 percent in the same age, sex, or racial categories. In other words, many groups and individuals were positive and negative about socialism and capitalism at the same time.

One conclusion that can be drawn is that people do not really understand what capitalist and socialist systems represent, or they like and dislike various aspects of both, and wish they could just pick and choose, a la carte: items A and B from the capitalism column and items C and D from the socialism column. In other words, mixing free enterprise and various civil liberties with government-provided health care and minimum-wage laws, and various redistributions of income.

Turning socialism into pleasant “progressivism”

Socialism’s recent advocates, such as Bernie Sanders and Alexandria Ocasio-Cortez, have failed to detail how their socialism is different from the older twentieth-century experiences with socialism, other than to assure that theirs is “democratic,” John McWhorter, a professor of linguistics at Columbia University states, while the opponents of socialism only want to tar and

feather it with the Soviet emblem of tyranny and terror.

What does McWhorter propose in its place? He argues that “progressive is a far better term for the people and ideas described as [socially] liberal or democratic socialist today.... Progressivism is ‘etymologically transparent’ in its clear signification of progress, of moving forward. And unlike socialism, the term doesn’t require supporters to clear ‘cobwebs’ of negative historical and tonal associations when they identify with it.”

For the classical liberal, a better term in place of “socialism” might be political and social “regressivism.”

McWhorter explains that “liberalism” originally had the “classical” connotation of meaning the absence of political coercion in social and economic affairs, and then was transformed into a “social liberalism” in the early decades of the twentieth century of government intervention and redistribution that became institutionalized in the 1930s during the New Deal days of the Franklin Roosevelt administration. But he offers no alternative word to describe the political philosophy of individual liberty and

limited government (other than to mention in passing that some classical liberals nowadays call themselves libertarians).

Concerning McWhorter’s proposed rebranding of socialism, who can be against “progress,” and, therefore, “progressivism”? Perhaps that’s why he offers no alternative term for presumed out-of-date classical liberalism. What would be the point of having a term designating a political position against “progress”? But what is considered to be progress?

For the classical liberal, a better term in place of “socialism” might be political and social “regressivism,” since socialism is really a regressive system of steps backward to the politics of an older age when governments controlled and commanded most of what went on in society before nineteenth-century liberalism began to peel it away.

Free-market liberalism vs. “historical capitalism”

We are left in a situation where existing political labels seem confusing and misunderstood in the minds of many in society.

In the January 1993 issue of *Future of Freedom* (when it was called *Freedom Daily*), I wrote an essay entitled “Historical Capitalism versus

the Free Market.” I pointed out that “capitalism” had emerged out of the previous feudal and monarchical systems of government, with the result that markets and individuals were gradually freed from the heavy hand of political controls and restrictions.

Markets had never been permitted to be entirely free from government intervention and regulation.

But its development had been handicapped by the fact that markets had never been permitted to be entirely free from government intervention and regulation. Even in the heyday of nineteenth-century liberalism, governments even in the most “enlightened” of limited-government regimes continued to interfere in the social and economic affairs of the citizenry. And before any further reforms could remove the remaining vestiges of government intervention, the new forces of modern-day nationalism and socialism arose to start moving Western societies in the direction of new versions of the regulatory-redistributive state.

At the same time, “socialism” has existed in various forms in theory and practice, from Soviet-style communism to post-World War II

British “democratic” socialism under the Labor Party, to an amorphous, emotive post-scarcity la-la land in which everything is “free” for the masses, and where work and worry and “hateful” words disappear from the human condition, which seems to be its current incarnation for the likes of Sanders and Ocasio-Cortez.

Saving and preserving the noble word “liberalism”

For myself, I am not willing to give up the word “liberalism” as a reflection of the philosophy of freedom that I believe in and hold dear. It is strongly connected with the idea and reality of human liberty in modern history. Historically, liberalism was identified in the nineteenth century with the crusade to end slavery, first in Great Britain and then in the rest of the world, including the United States. Liberalism called for the end to restrictions on the civil liberties of freedom of religion, the press, and speech, and freedom of association, and for protection of the individual’s person, property, and privacy from unwarranted search and seizure.

Equally important, liberalism campaigned for the abolition of restrictions on economic freedom. This was captured in Adam Smith’s

happy phrase of calling for a “system of natural liberty,” under which the individual person would be free to pursue any goals and purposes he set for himself, in peaceful association and competition with others in the marketplace and the institutions of civil society. That included the individual person’s right to enter into free exchange with anyone he chose, whether at home or abroad, on terms reached through voluntary agreement among the trading participants. In addition, the individual was to be secure in his private property and any uses he found for it that did not abridge the equal rights of others. And the individual was recognized as having a right to the honest earnings he had acquired in those market transactions with other people.

Socialism means command; liberalism means freedom.

Through all of its transformations, socialism has meant government control, planning, and redistribution. In the early decades of the nineteenth century, socialists argued over whether the collectivist and planned society of the future would be agrarian or industrial, local communes or nationally centralized, and, of course, whether it would be more or less “democratic.”

Indeed, the entire controversy between “democratic” socialists and Leninist communists through most of the twentieth century was not over the goal, which was the end to all or nearly all private ownership of the means of production, with government central planning replacing competitive private enterprise, but whether the collectivist society should or could come through the peaceful method of the ballot box or the violent means of revolution and dictatorship. The great debate was over the possible political means to the commonly shared ideological end: the end to “capitalism” and the imposing of government socialist central planning.

The individual should be considered the slave and property of no other man.

Liberalism is founded on the idea of the distinct and unique individual human being. The individual should be considered the slave and property of no other man; he owns and governs himself. He decides on his own ends and selects his own means to pursue his goals, and gives meaning, value, and purpose to his own life in all its aspects. He respects the equal rights of all others, and therefore accepts and tries to live by

the moral principle of mutual respect and peaceful association in all dealings with his fellow man.

The free man, in spirit as well as in action, abjures envy of the achievements and successes of other people. He accepts the fact that while all people should be recognized as possessing equal rights to their respective life, liberty, and property before the law, humans are amazingly diverse in their natural talents and their chosen inclinations. Each chooses his own way, but he is not guaranteed success in all things or protection at others' expense when he experiences disappointments and failures in life.

Liberalism is founded on the idea of the distinct and unique individual human being.

Since no man is an island, every reflective human being understands that he lives among others and shares a community of everyday life with them. But the liberal outlook is to see the ethical avenues and the most effective practical means to the common concerns and interests among men to be the voluntary associations of civil society. The voluntarist approach is ethical because it recognizes each human as a self-owning and self-

directing person for his own chosen ends, who should not be compelled to accept or participate in any activity or group without his own consent.

Secondly, the liberal understands that human knowledge is imperfect and divided among all the multitudes of people in any society. The answers to common problems needing to be solved are far more likely to be found when people are at liberty to decide how best to apply what they know in conjunction with others than when all are forced to follow the designs and dictates of a few who arrogantly presume to know enough to solve the joint matters of human concern.

The liberal also believes that the freeing of all the minds of society will produce the creative innovations in the marketplace of supply and demand that will, over time, improve the quality and standard of living of all, on terms each considers most attractive, and far better than when confined within the restrictions of government regulations and controls over how men should apply their talents.

Liberal optimism, tempered by political suspicion

The liberal is both optimistic and cautious about the characteris-

tics of his fellows. He has confidence that man has the ability to plan and direct his own life. He believes that men can understand and follow the longer-run rules of social order that permit each to have his liberty and that also facilitate cooperative collaboration in markets and voluntary associations.

**Socialism insists,
in all of its variations, that the
individual must conform to the
central plan.**

Yet his reason and the sad experience of human history warn that his fellow creatures are too easily tempted to turn to the use of private or political force to obtain the things desired, when the costs of applied coercion seem to be less than the costs of mutual and peaceful agreement with others. The liberal, therefore, has a healthy skepticism and concern for any and all unrestrained political power, regardless of the authoritarian or democratic form it may take.

Thus, the liberal strongly proposes and, indeed, insists on clear and explicit constitutional limits on the delegated and enumerated functions assigned to any government, with its duties confined to the protection of the individual rights

of the citizenry, with the fewest linguistic ambiguities through which power may be extended and expanded beyond the securing of people's freedom.

Socialism presumes groups and demands planning.

Socialism, in all its proposed and experienced forms, invariably begins with the presumption of groups rather than individuals. It may be social classes (as was declared by Marxists), or nations (as was heralded by fascists), or races (as was insisted on by Nazis). But in each one the individual is submerged and disappears within the collective, which is made the defining characteristic of each and every person and from which escape is virtually impossible. Individuals are expected to think, value, and act in the context of their classified collective. To think, value, or act differently than how your group is required to think, value, and act demonstrates only one of three possibilities: you have been wrongly indoctrinated to not understand where your "true" interests lie; you are in the paid and traitorous service of an enemy social class, nation, or race; or you are a renegade individual who "selfishly" betrays his group for his own personal gains.

Furthermore, socialism insists, in all of its variations, that the individual must conform to the central plan designed and implemented by those in political power, who declare their superior knowledge about what the purposes of society should be, and who insist that all must be confined within “the plan,” with each person’s rightful share of the collective production being decided for him on the basis of some claimed notion of social justice.

Part of what is earned may be the result of the interventionist-welfare state and not market-based profit-making.

Indoctrination for acceptance and obedience; compulsion to ensure fulfillment of the goals of the plan; and de-individualization of all relationships and attitudes in society so that everyone’s actions conform to the collective idea and ideology imposed on society — these are the presumptions of socialism.

Socialism can be one overarching and uniform central plan (as represented in the former Soviet Union), or it can have a set of interlocking plans based on the politicking of competing pressure groups within the collectivist society that decides the goals and divides up the

group output. This latter is “democratic socialism,” when partly or fully implemented.

The confused reality of capitalism and socialism mixed together

The confusion in the real world is that there are existing side by side degrees of competitive enterprise guided by the existing forces of supply and demand; and elements of government intervention, regulation, restriction, and redistribution that, while not doing away fully with markets and market-based activities, do distort, misdirect, and imbalance what otherwise would have been the outcomes generated by a functioning free-market liberal system.

That mixture also blurs the distinction between just and unjust market outcomes and income distributions. Goodly portions of incomes earned are no doubt due to people’s responses to relatively market-driven opportunities. But overlaid on the patterns of production and relative income shares earned and influencing them are the impacts of government regulatory, redistributive, and planning policies meant to influence the outcomes of the market processes.

Thus, wealth earned and accumulated may be due to private en-

terprisers' success in satisfying the market demands of their fellows. But part of what is earned and accumulated may be the result of the interventionist-welfare state, and therefore to that extent they may be unjust rewards arising from political pull and plundering, and not market-based profit making.

It's such confusions that plague political and policy discourse in America and most other places around the world. What economic system are we living under, "capitalism" or "socialism"? Which political visions are implicitly guiding people's attitudes, beliefs, and voting patterns? A desire for free (or freer) market liberalism, or a more "progressive" coercive socialism?

Are the outcomes that we see in society and the market the result of competitive capitalism, or of crony political interventionist favoritism? Or is it socialism in terms of its utopian rhetoric and depressing reality? Or is it some intertwined mixture of both, the specific contributing elements of each difficult to separate from one another; which are the ethical outcomes of voluntary exchange and which are the results of governmental intervention? In some cases, it may be relatively clear to say which is the outcome of one

versus the other. But in too many instances, they blur together, and are far from easy to dissect and determine.

What is crucial for the friend of liberty, nonetheless, and, indeed, precisely because of this conflicting and confusing reality, is to explain the logic and morality of a truly free-market liberalism that is distinct from the corrupted "historical capitalism" under which we live, and the nature of socialism regardless of the promised version offered as an alternative to what currently exists in America. The future of freedom depends upon it.

Richard M. Ebeling is the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel. He was Professor of Economics at Northwood University and at Hillsdale College and president of The Foundation for Economic Education, and served as vice president of academic affairs for FFE.

NEXT MONTH:
**"Habits of the Heart and
Character of Mind"**
by Richard M. Ebeling

Insane and Ill-Advised: Trump's Future War with Iran, Part 2

by Daniel A. Sjursen



Iran is an enigma to most American policymakers. Iranian foreign and defense policies, according to Kenneth Katzman, are “products of overlapping, and sometimes contradictory, motivations.” The key question is whether Iran is an expansionist, theocratic, Shia-chauvinist state, or a rational, defensive bulwark with only limited regional aspirations. While it is a bit of both, it is generally more defensive and decidedly not a strategic or existential threat to the United States.

Iran's role in the region is not entirely negative. Particularly in Iraq, Iran and the United States have recently found themselves on

the same side. Both states opposed the Islamic State. Iraq's Popular Mobilization Units, a largely Shia Iraqi militia network, were critical in stopping the spread of ISIS and then fighting back against them. These militias have enjoyed significant Iranian support, without becoming a totally Iranian initiative. At the same time, they have been significant drivers of sectarianism and have raised worries that they will undermine the Iraqi government's authority at Iran's behest. Iran and the United States also both opposed the independence referendum in Iraqi Kurdistan and the attempted coup in Turkey. Those areas of overlapping interest are narrow and often temporary, yet they highlight the danger of viewing U.S.-Iranian relations as a zero-sum competition.

There are also limits on the threat Iran poses to vital U.S. interests in the Middle East. Thanks to the 2016 nuclear agreement, the prospect of an Iranian nuclear weapon has been delayed for a number of years. Iran would have to either develop covert facilities, which the agreement's inspection regime makes more difficult; or signal its intentions to weaponize by expelling inspectors, an act that would quickly isolate it diplomatically.

Overestimating Iran's power

For all the standard neocon alarmism of the Trump team, Iran's conventional military power is actually quite limited, especially in comparison with the United States. In order to achieve control of the key oil regions at the western end of the Persian Gulf, Iran would have to advance over the same open desert terrain where American air power and ground forces crushed Saddam Hussein's army in 1991. Even before being confronted by America, Iranian invaders would have to defeat the Gulf Arab militaries, which enjoy better equipment than Iran and are more capable than the forces Iraq routed in Kuwait. Iran's military is not built to engage in offensives, but to defend against attackers by means of a "mosaic" of independent military commands across the country. Any shift to include some offensive elements will take many years to realize — years in which Iran's neighbors can strengthen their defenses.

Iran's threat to the Gulf oil flow is also overstated. In order to stop oil shipments, Iran would have to deploy large numbers of mines, swarming small craft, and missile launchers. Strategically, the global economic impact of choking the oil flow would isolate Iran, a very nega-

tive outcome that Iranian policymakers would have to consider in deciding whether to launch a Gulf offensive. Thus, there are many reasons to suspect Iranian action in the Strait would be focused more on harassment than on achieving a sustained interruption in the oil flow. And a harassment campaign, while it would boost oil prices, would allow much oil to get through, limiting the impact on the U.S. economy.

Iranian terror attacks have often been not bolts from the blue, but responses to attacks by others.

Even Iran's most dastardly activity, its support for terrorism, has a measure of predictability. Iranian terror attacks have often been not bolts from the blue, but responses to attacks by others. For example, between 2010 and 2012, Iran faced a wave of assassinations of nuclear scientists and the use of the U.S./Israeli-created Stuxnet cyber weapon against Iranian centrifuge facilities. Outside Iran, there was a similar uptick in Iranian-backed terror attacks and plots against Israeli, American, and Saudi targets, along with a major cyberattack on Saudi Arabia's state oil company. The 1992 bombing of the Israeli embassy in Argentina came one month after an

Israeli airstrike killed the leader of Hezbollah; the terrorists explicitly stated that their action was a response to that killing. This is not to excuse such activity, but rather illuminates that there are two sides to this, and every, story.

Iran and its neighbors

In general, Iran's (limited) assertiveness has only damaged its relations with its neighbors. Their fear of Tehran, coupled with a perceived U.S. withdrawal during the Obama administration, encouraged them to strengthen their militaries, including advanced missile defense systems. That was by far preferable to the United States' taking the lead to check Iran which, as recent history demonstrates, only increases tensions.

Iran's support for Syria has only compounded its own regional isolation. Sending Shia militias to back a tyrannical non-Sunni regime in its brutal war against a largely Sunni opposition has turned Sunnis against Iran in large numbers. While the West favors Iran's current president, Hassan Rouhani, far more than his predecessor, Mahmoud Ahmadinejad, the Syria war has helped make the reverse true in the Arab world. Iran's best proxy, Hezbollah, has had a similar expe-

rience — it went from great popular support after fighting Israel to a draw in 2006 to growing isolation as it became entangled in Syria.

Iran's support for Syria has only compounded its own regional isolation.

At the same time, Iran has been able to cooperate successfully with Russia, particularly in Syria. Given Iran's strong nationalistic tendencies — including a constitution that forbids any foreign military base to be established on its soil — it is noteworthy that Iran has allowed Russian aircraft and cruise missiles to overfly Iran on their way to Syria, and even allowed Russian bombers to temporarily operate from an airbase in western Iran for operations in Syria. That arrangement fell apart after a week because of Iranian frustration with Russia's giving it major publicity, amplifying controversy in Iran. Russia also sold Iran the S-300 air defense missile system, a relatively advanced system that could significantly complicate any U.S. or Israeli attack on Iran. However, the Iranian-Russian relationship has many complexities. Roughly a decade elapsed between Russia's selling Iran the S-300 and the system's being delivered and going operation-

al, in part because of a Russian decision to withhold the weapons. That was above and beyond its obligations under Security Council restrictions on weapons sales to Iran, signaling a potential hesitation on the part of Russia to empower Iran with the technology.

Russia has long had a friendly relationship with the Kurds, and responded to Iraqi Kurdistan's independence referendum ambiguously, contrasting sharply with Iran's opposition to the referendum and support for Iraqi military operations against the Kurds. Russia's oil giant, Rosneft, a firm majority-owned by the Russian government, has provided the Kurds with significant financial support and expanded its position in Kurdistan, even during the height of the crisis with Baghdad.

Iran's influence in Iraq, Syria, and Lebanon is clearly greater than it was prior to the Iraq War and the Arab Spring.

In Syria, Russia favors a strong, central Syrian state, and Iran favors another Lebanon, with local sectarian proxies loyal to Tehran, not Damascus. Russia fears Sunni jihadism, and can reasonably expect that the Iranian tendency to sectarianize

conflicts would strengthen such jihadism in Syria. Moreover, Russia has at times worked to limit Iranian influence in key areas of Syria, and has a close relationship with Iran's bitter rival, Israel.

Iran's influence in Iraq, Syria, and Lebanon is clearly greater than it was prior to the Iraq War and the Arab Spring. Iraq, in particular, went from being Iran's firmest foe and a serious check on its power to being an area where Iranian-backed militias and political factions have a notable impact. That was the ultimate outcome of America's invasion of Iraq, and should give policymakers pause before repeating the folly in Iran. Iran has a greater ability to shape events in Syria, thanks to its growing weakness, and in Lebanon, thanks to its perennial divisions. The key question for U.S. interests is whether it will lead to Iranian dominance of the region — and specifically, of the region's oil exports. It won't!

In the near-to-medium term, Iraq and Syria are unlikely to be great assets for Iran, since both states have been wrecked, divided, and destabilized by war. Syria in particular will require tremendous reconstruction in order to be a source of strength for those who control it. The proxy forces and for-

eign militiamen Iran has used to expand its regional influence aren't likely to be effective at governance, especially in the inclusive and professional way that would foster reconciliation. Moreover, given the ethnic and sectarian divisions in Iraq and Syria, fearful local powers will find many potential partners as they seek to raise the costs of Iranian rule in the area. Thus, it is possible that American allies in the region will empower radical jihadist groups in their efforts to build resistance to Iran, or that they will unwittingly cause a regional conflict while trying to counter Iran.

**Re-imposed sanctions
on Tehran hurt the people more
than they hurt the governing
elites of Iran.**

Over the last few months, Trump's team — led, apparently, by John Bolton — has edged the United States to the brink of war by provoking Iran's insecure and defensive leaders. Re-imposed U.S. sanctions on Tehran hurt the people more than they hurt the governing elites of Iran and serve mainly to drive the populace into the arms of the nationalist mullahs. Then the United States declared an official portion of Iran's military — the Revolu-

tionary Guards Corps (IRGC) — a “terrorist” organization. That unnecessary and absurd decision prompted Tehran to counter (with some validity) that the U.S. military command in the Middle East, USCENTCOM, was the actual terrorist organization.

Iran, strangled by sanctions, and threatened by public pronouncements of U.S. bellicosity as well as American troops based in a veritable ring around the country, then proceeded to “act out.” Trump's response to these modest provocations has brought the United States to the edge of war — something Bolton has long desired. When various oil tankers in the Persian Gulf were attacked, Trump immediately (with little evidence) blamed Iran. Then, when Iran shot down an unmanned American drone in the Gulf, Trump claimed that he'd come within ten minutes of bombing Iran before standing down. He has not, however, ruled out future use of military force against Tehran, and, with Iran now declaring its intent to enrich more uranium than was allowed by the JCPOA — which admittedly the United States dropped out of — the war drums have certainly not ceased to beat.

Exit and engage.

For most of its history, the United States has not been deeply involved in the Middle East. However, with the Persian Gulf intervention in 1991, America shifted to an active, interventionist (even hegemonic) role. Aided by a large military presence posted throughout the Gulf region, the United States attempted to actively manage Gulf security. That new strategy has entangled the United States in constant conflict, from enforcing the Iraqi no-fly zones, to overthrowing Saddam, to a system of deadly sanctions on Iraq, to attempts to stabilize Iraq, to driving back ISIS in Syria, and to containing Iran. All that has proven disastrous for the American republic and for the region as a whole.

We should generally expect Iran's neighbors to respond to Iranian pressure with resistance, not acquiescence. The United States does not need to play any role in the region. Indeed, a policy of nonintervention on the part of the United States would give them stronger incentives to work together and to bear more of the burden of their own defense. Conversely, increased U.S. support for Iran's neighbors against Iran may yield less cooperation among them and greater de-

pendency on the United States. The recent Qatar crisis, which broke out days after a firm U.S. declaration of support for Saudi Arabia, highlights the danger that stronger U.S. backing can suppress regional cooperation.

**The United States
does not need to play any role
in the region.**

Iran must be given some breathing space and an assurance of security. An American pledge not to undertake a regime-change operation in Tehran would be a solid start. Let us remember that matters in the Persian Gulf, the Arab world, and Central Asia are vital strategic interests and potentially existential threats to the Islamic Republic. U.S. presence and interests in the area are but distant and tangential by comparison. Courage and statesmanship do not need to mean war. Context and nuance ought to reign, and Trump must realize that even the loss of a drone, potential attacks on foreign oil tankers, and Iranian support for regional proxies — even if all that is true — ought not to reach the threshold of war. It is time, in short, for the “dealmaker” to strike a deal with Iran.

Avoiding catastrophe or destabilization

Given the chaos that followed regime change in Iraq and Libya, the U.S. government should not pursue regime change in Iran and should simply get out of the Middle East entirely. It should not engage in a war with Iran. Period. An invasion of the large, mountainous, nationalistic Iranian plateau would be a military and diplomatic disaster. Instead, America should offer Iran a path to better relations, even under its current regime. The United States must accept the world and region as it is, not as it would like it to be. That requires an understanding of two inconvenient truths: that the view from Tehran demonstrates the United States has often been the aggressor in the bilateral relationship, and furthermore, that Iran is

not the monster of the hawkish imagination. Iran is complex and nuanced — there are no simple solutions. America's favorite policy tool, its military, has the least efficacy in the current situation. Every president from Jimmy Carter to Barack Obama to Donald Trump has refused to take U.S. military options "off the table," but that's precisely what prudence requires.

Danny Sjursen is a retired U.S. Army officer and a contributor to the Future of Freedom Foundation. He served combat tours in Iraq and Afghanistan and later taught at West Point. He is the author of Ghostriders of Baghdad: Soldiers, Civilians, and the Myth of the Surge. Follow him on Twitter at @SkepticalVet.

A people who are afraid to demand respect for their rights, can have no rights worthy to be respected.

— Benjamin Hill

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11350 Random Hills Road
Suite 800
Fairfax, VA 22030

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www.fff.org

fff@fff.org

Tel: 703-934-6101

Fax: 703-352-8678