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# FUTURE OF FREEDOM

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*The individual who practices integrity is teachable  
for, by definition, he is a Truth seeker.*

— Leonard E. Read

# FUTURE OF FREEDOM

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## The Future of Freedom Foundation

11350 Random Hills Road

Suite 800

Fairfax, VA 22030

...

[www.fff.org](http://www.fff.org) · [fff@fff.org](mailto:fff@fff.org)

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703-934-6101

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# Let's End the Cold War Racket

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by *Jacob G. Hornberger*



One of the most under-reported aspects of President John F. Kennedy's term in office was his decision to end the Cold War and establish peaceful and friendly relations with the Soviet Union, Cuba, and the rest of the communist world. In 1963 America, that was a remarkable — and highly dangerous — thing for any president to do.

After all, that's what got the democratically elected president of Guatemala, Jacobo Arbenz, regime-changed by the CIA in 1954, six years before Kennedy became president. Having no interest in helping the United States wage the Cold War, Arbenz reached out to the Soviets in a spirit of peace and friendship and was immediately deemed a threat to U.S. national security. He

was ousted from power in a violent coup orchestrated by the CIA.

Ten years after the Kennedy assassination, the democratically elected president of Chile, Salvador Allende, was also ousted in a coup that was orchestrated by both the CIA and the Pentagon. The reason? Allende had no interest in waging the Cold War. Instead, like Arbenz, he reached out to the Soviets and Cubans in a spirit of peace and friendship, which is why the Pentagon and the CIA deemed him a threat to national security, both here in the United States as well as in Chile.

**Kennedy challenged the national-security state**

That is precisely what Kennedy was doing. He was openly challenging the prevailing mindset in Washington, a mindset that was firmly ensconced within the U.S. national-security establishment. It was a mindset that held that there was an international communist conspiracy to take over the world that was supposedly based in Moscow. The only way to defeat this conspiracy and prevent America from going Red, it was believed, was to wage the Cold War against “godless communism” and against communist nations, especially those within the Soviet bloc.

Kennedy threw down the gauntlet in his famous Peace Speech at American University on June 10, 1963. While he didn't formally declare an end to the Cold War, that was the practical import of his message. He pointed out that there was no reason for the United States and the Soviet Union to have a hostile relationship. The two nations had worked together to win World War II, Kennedy pointed out, and there was no reason why they couldn't work together peacefully and harmoniously, notwithstanding their different ideologies.

Needless to say, the U.S. national-security establishment was vehemently opposed to Kennedy's new direction for America, just as they were opposed to the same vision when it was expressed by Jacobo Arbenz in 1954 and Salvador Allende in 1970. In the eyes of the Pentagon and the CIA, the Cold War was a war to the finish. The communists were hell-bent on conquering the United States and the rest of the world, military and CIA officials believed, and would never cease trying to do so. In their minds, Kennedy was engaging in naive thinking and, in the process, endangering the United States.

Interestingly, the issue raised by Kennedy in his speech was never

seriously discussed or debated within the mainstream press or among the American people, especially since he was assassinated just a few months later. After his assassination, his successor, President Lyndon Johnson, who was on the same page as the Pentagon and the CIA, continued moving American down the Cold War road.

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**There was no reason for the United States and the Soviet Union to have a hostile relationship.**

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Was Kennedy right? Should the United States have ended the Cold War in 1963? Could the United States and the Soviet Union have peacefully coexisted rather than continued engaging in a hostile relationship?

**The Cold War was the wrong war**

I submit that Kennedy was right, but I go a step further. I say that the Cold War should never have been waged in the first place. Doing so was one of the greatest mistakes in U.S. history, one that came with massive death, suffering, and destruction of the rights and liberties of the American people.

The Cold War also fundamentally altered America's governmental structure by converting the fed-

eral government from its founding system of a limited-government republic to a national-security state, a type of totalitarian system in which officials wield omnipotent dark-side powers, such as assassination, kidnapping, torture, indefinite detention, coups, and alliances with foreign dictatorships.

Over time, the national-security establishment — the Pentagon, the CIA, and the NSA — effectively became a separate branch of the federal government — and the most powerful branch. Today, it is that branch that actually runs the federal government, with the other three branches maintaining a veneer of being in control but in actuality deferring to the overwhelming power and control of the Pentagon, the CIA, and the NSA.

The Cold War became a lucrative racket that enriched not only the national-security establishment but also its ever-growing army of “defense” contractors who were feeding at the public trough.

Waging the Cold War caused the United States to get embroiled in two land wars in Asia, one in Korea, and one in Vietnam, which unnecessarily cost the lives of more than 100,000 U.S. soldiers.

The Cold War also brought the United States and the Soviet Union

to within an inch of all-out nuclear war during the Cuban Missile Crisis in 1962, a crisis that was in large part caused by the U.S. national-security establishment.

Perhaps most important, the Cold War stultified the consciences of the American people and warped and perverted their moral values, a phenomenon that unfortunately continues to exist today.

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**It is the national-security  
branch that actually runs the  
federal government.**

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Why did the United States decide to wage the Cold War? After all, as Kennedy pointed out in his Peace Speech, the United States and the Soviet Union had partnered together in World War II to defeat Nazi Germany. Why couldn't they continue to work together after the war was over? Why was it necessary for the United States to immediately go into a Cold War against its wartime partner and ally as soon as World War II was over?

With its invasion of Russia, Nazi Germany came extremely close to conquering the entire nation. In the process of doing so, it wreaked massive death and destruction across Russia. By the end of the war, Russia had lost more than 20 million

people. Moreover, the entire nation, including its industrial capacity, was decimated.

When Soviet troops began pushing Nazi troops back toward Germany, they necessarily did so by invading and occupying Eastern European nations. By the time Germany surrendered, the Soviet Union was occupying Eastern Europe and the eastern half of Germany.

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**The Soviet's actions weren't justifiable in a legal sense, but they were understandable in a practical sense.**

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After the war was over, the Soviet Union refused to return to its borders and instead insisted on continuing to occupy and control Eastern Europe and East Germany. The Soviet's actions weren't justifiable in a legal sense, but they were certainly understandable in a practical sense. The Soviets didn't want another German invasion of their homeland. They looked on Eastern Europe as a buffer against that possibility. They also saw a divided Germany as an additional insurance policy against another German invasion.

U.S. officials took the Soviet Union's decision and used it to jus-

tify the Cold War. They said that the Soviet Union's aggressive actions against Eastern Europe and East Germany proved that the communists were hell-bent on conquering the world, including Western Europe and the United States. That's why U.S. officials brought NATO into existence — ostensibly to protect Western Europe from a Soviet attack.

That rationale was pure nonsense. There was never any reasonable possibility that the Soviet Union was going to initiate a new world war against Western Europe, especially since that would almost certainly have meant going to war against the United States. Remember, after all, that at the end of World War II, the Soviet Union was decimated while the United States still had its industrial might. Moreover, the United States had nuclear weapons and had shown a willingness to use them against populated cities.

There were people within the United States who were determined to convert America's governmental system to a national-security state. In order to do that, they needed to scare the American people to death. That's what they did with "godless communism" and the Soviet Union. They made Americans convinced that the Reds were coming to get

them. If the federal government wasn't converted to a national-security state, the argument went, the Reds would succeed in taking over America. Before long, communists would be running the federal government and America's public schools.

Still shell-shocked over the massive death and destruction wreaked by World War II, a war that most Americans were opposed to entering prior to the Japanese attack on Pearl Harbor, the American people passively deferred to the judgment of U.S. officials. Most everyone, including Senator John Kennedy, became a Cold Warrior and an anti-communist crusader.

Here in the United States, officials went after people who believed in communism with a vengeance. They didn't kill them, but they did everything they could to destroy them. That's what the McCarthy hearings were all about — trying to ferret out which Americans had any connection to communism in their past and then doing everything possible to get them fired from their jobs and destroyed. Moreover, the FBI and the CIA did everything they could to infiltrate and destroy such entities as the U.S. Communist Party and the Fair Play for Cuba Committee, a

national organization that opposed the U.S. government's policies toward Cuba, especially its brutal economic embargo that targeted the Cuban people with death and impoverishment.

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**Still shell-shocked, the American people passively deferred to the judgment of U.S. officials.**

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In the process, most Americans forgot a fundamental principle about liberty: In a free society, people have the natural and God-given right to believe in and advocate any political and economic philosophy, no matter how destructive or harmful others might consider it to be. In a free society, it is the role of government to protect, not destroy, the exercise of such a right.

Even though they might not have recognized it, American communists were actually the lucky ones. That's because the Pentagon and the CIA took an entirely different approach toward foreign communists. With the conversion of the federal government to a national-security state, military and CIA officials now wielded the authority to actually kill foreigners who believed in or advocated communism. That's where the power of assassination came into play. The CIA and the



Pentagon now wielded the power to assassinate foreign communists.

### The war on Cuba

The best example of this phenomenon was Cuba. After Fidel Castro's forces succeeded in ousting Cuba's pro-U.S. right-wing dictator, Fulgencio Batista, from power, Castro declared Cuba's independence from the United States, an action that did not sit well with U.S. officials, who had controlled Cuba for more than half-a-century. More important, Castro declared himself a socialist and a communist. Most important, Castro reached out to the Soviet Union in a spirit of peace and friendship, just as Arbenz had done and just as Kennedy and Alende would later do.

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**It has always been the United States that has aggressed against Cuba.**

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In the eyes of the Pentagon and the CIA, Castro's actions were enough to justify not only his assassination but also acts of sabotage and terrorism within Cuba, not to mention an invasion of Cuba with the aim of effecting regime change.

One of the most fascinating aspects of all this was the response of the American people, including the

U.S. mainstream press, to the acts of aggression on the part of the U.S. national-security establishment. In their minds, there was nothing wrong with what the Pentagon and the CIA were doing. It was all considered normal and right. After all, Castro was a communist, right? The communists were hell-bent on conquering the world, right? Castro was reaching out to the Soviet Union in peace and friendship, right? Then, what was wrong with trying to assassinate him? What was wrong with committing acts of sabotage and terrorism within Cuba? What was wrong with targeting the Cuban people with death and impoverishment with a brutal, never-ending economic embargo? What was wrong with invading Cuba with the aim of ousting the communist regime and replacing it with another pro-U.S. dictatorship?

That was the prevailing mindset among the American people and the U.S. mainstream press. That mindset was a perfect example of what the Cold War and the conversion to a national-security state had done to stultify, warp, and pervert the consciences and moral values of the American people.

After all, keep something important in mind: Cuba never committed any act of aggression against

the United States! It has always been the United States that has aggressed against Cuba, with its assassination attempts, embargo, sabotage, terrorism, and paramilitary invasion.

Moreover, consider the response of the U.S. mainstream press to learning about the CIA's repeated assassination attempts against Castro. It's always a yuk-yuk attitude with references to the CIA's plans to assassinate Castro with an exploding cigar. But never does the U.S. mainstream press confront something important: that the CIA's assassination plots against Castro constituted nothing less than acts of attempted murder.

The fact is that as deadly and destructive communism might have been, Castro and everyone else in the world, including American citizens, had the right to subscribe to it without being harassed, abused, spied on, and assassinated by the CIA, the Pentagon, and the FBI. Again, freedom necessarily entails believing in and advocating any political or economic philosophy whatsoever. Moreover, what happened in Cuba is a matter for the Cuban people, not the CIA and the Pentagon, to resolve.

There is something else that is important to keep in mind. Although the Soviet Union unilater-

ally declared an end to the Cold War in 1989, the U.S. government did not. U.S. officials were not about to let go of their Cold War racket that easily. Rather than dismantle NATO, whose mission of protecting Western Europe from a Soviet invasion was now moot, U.S. officials instead kept NATO in existence and, even worse, had it begin absorbing former Warsaw Pact countries, which would enable U.S. (and other NATO countries) to station troops, tanks, planes, and missiles ever closer to Russia's borders.

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**Freedom necessarily entails believing in and advocating any political or economic philosophy whatsoever.**

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The Pentagon and the CIA, of course, were fully aware of where NATO's actions would ultimately lead — to Ukraine, which is located on Russia's borders. They knew that once they threatened to absorb Ukraine into NATO, Russia would have to act to prevent that from happening, especially since it would mean that both American and NATO troops and armaments would now be stationed on Russia's borders. They knew that Russia's response would be no different from what the U.S. response would be if

Russia stationed troops, missiles, and armaments in Cuba.

But once again, the U.S. mainstream press and many Americans could not see what was actually happening. Having had their consciences stultified and their moral values warped and perverted, they could only view Russia as an “aggressor,” one that was supposedly threatening to revive its Cold War quest to take over the world and make it Red.

One of the most interesting aspects of the Cold War involved an American woman named Ana Montes, who got convicted of spying for Cuba. She had worked for many years within the bowels of the national-security establishment, where she was feeding secret information to the Cuban regime.

After Montes got caught, she stated that she was only trying to help the Cuban people, with whom she genuinely sympathized. In 2002, she pled guilty and was given a 25-year jail sentence by a federal judge who made it clear that she was a very bad person who had betrayed her country. She is set to be released next year.

While we don’t know the full extent of the secret information that Montes gave the Cubans, it necessarily had to be related to acts of ag-

gression by U.S. officials. Keep in mind, again, that in the adverse Cold War relationship between the United States and Cuba, it has always been the U.S. government — specifically the Pentagon and the CIA — who have been the aggressors. They have been the assassins, the murderers, the saboteurs, the terrorists, and the enforcers of the embargo against Cuba. As such, it is they who have committed the acts of evil against a country that should never have been any of their business — a country that they never had the legitimate moral or legal authority to aggress against.

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**After Montes got caught, she stated that she was only trying to help the Cuban people.**

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Suppose Montes, for example, gave Cuban authorities secret information about CIA’s plans to murder a particular Cuban official. Under the Cold War mindset and under the laws of a national-security state, she would be considered a bad person, one who had betrayed her country. Or what if she gave Cuban officials secret information about how to circumvent the U.S. government’s brutal embargo that targets the Cuban people with death and impoverishment as a way to achieve

a political goal (i.e., regime change). Once again, she would be considered a bad person who had betrayed her country.

But one thing is for sure: If the U.S. government had not been waging its Cold War and if the U.S. government had not been converted to a national-security state, the U.S. government would never have been initiating its immoral and evil actions against Cuba, in which case there would have been normal relations between the United States and Cuba. That would have meant that Montes would never have been placed in a position of having to help Cuba protect itself from U.S. acts of aggression against Cuba.

According to Wikipedia, one U.S. national-security official, Scott Carmichael, alleged that Montes provided information to Cuba about a “clandestine U.S. Army camp in El Salvador.” Carmichael said that Montes was responsible for the death of Green Beret Sergeant Gregory Fronius, who was killed in El Salvador in 1987.

Questions, though, naturally arise. What business does the U.S. military have being in El Salvador? Were Fronius and other U.S. soldiers there to kill “communists?” Or were they supporting a right-wing pro-U.S. military dictatorship

whose death squads were assassinating, executing, raping, and torturing innocent people — that is, people who were guilty of nothing more than believing in communism or socialism? Did the information that Montes supposedly provided save innocent people from being killed, raped, executed, or assassinated?

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**The Ana Montes case is a good example of what the Cold War's perversion of moral values has done to people.**

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One thing is for sure: In a national-security state, those types of questions are not supposed to be asked. Everyone is expected to automatically and blindly support whatever U.S. forces are doing with their interventions and acts of aggression against foreign regimes. Failure to do so is considered a betrayal of one's country.

Granted, Montes didn't have to go to work for the U.S. national-security establishment, and she didn't have to break her contract to keep national-security state matters secret. Montes made her bed and she had to sleep in it. But the fact is that it was the Cold War and the U.S. conversion to a national-security state that gave rise to the overall

situation. The Ana Montes case is a good example of what the Cold War's perversion of moral values has done to people.

There are also the many Cold War coups that the CIA and the Pentagon orchestrated to consider in all this, especially given the massive death, suffering, and destruction they wreaked around the world. The CIA's Guatemala coup in 1954, for example, gave rise to a three-decade civil war that ended up killing more than a million people. The CIA's Chile coup gave rise to a 17-year-long brutal military dictatorship that rounded up, tortured, raped, or killed some 60,000 people whose only "crime" was believing in communism or socialism. There was also the CIA's participation in Operation Condor, an international kidnapping, torture, and assassination program that victimized countless people in South America.

President Kennedy was right when he attempted to end the Cold War racket in 1963. It should never have been continued after 1989. The fact is that it should never have been waged in the first place. The American people would be well-served to finally bring an end to the Cold War today and, equally important, to restore their founding system of a limited-government republic to our land.

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

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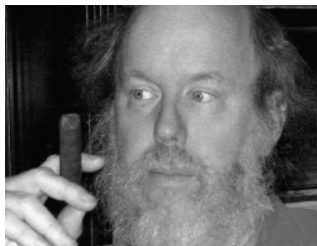
**NEXT MONTH:**  
**"Restore Our Republic"**  
*by Jacob G. Hornberger*

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# The Latest Media Assault on Freedom

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by James Bovard



Prominent journalists are calling for the media to champion a “pro-democracy” bias in how they portray politicians and government agencies. But tub-thumping for democracy — or at least for politicians who claim to be pro-democracy — is a poor substitute for exposing the proliferation of government abuses. Freedom will be the victim if journalists grasp a new pretext to portray government as a trustworthy savior.

In January, *Washington Post* columnist Perry Bacon called for a “pro-democracy media,” vigorously describing “long-standing Republican tactics such as aggressive gerrymandering as ... dangers to democracy.” Bacon frets because “gun-shy editors” fail to denounce Republican “radicalism” in banner head-

lines. *Washington Post* media columnist Margaret Sullivan declared, “That American democracy is teetering is unquestionable” due to pro-Trump Republicans, requiring a “new pro-democracy emphasis” to be “articulated clearly — and fearlessly — to readers and viewers.” *Post* columnist Brian Klaas admits that “the media adopting a pro-democracy bias ... effectively means being pro-Democratic [Party],” but there is no alternative except to “unequivocally and unapologetically condemn” Republicans.

What could possibly go wrong from journalists pretending that only one political party threatens Americans’ rights and liberties? Demonizing one political party tacitly saints their opponents. But both Republicans and Democrats have a long record of unleashing federal agencies and ignoring the subsequent constitutional carnage.

Urging the media to become “pro-democracy” is reminiscent of a corporation that is almost bankrupt and gambles everything on a desperate “Hail Mary” pass. A June 2021 survey by the Reuters Institute reported that only 29 percent of Americans trusted the news media — the lowest rating of any of the 46 nations surveyed. A Gallup poll last year revealed that “86 percent of

Americans believed the media was politically biased.” Practically the only folks who don’t recognize the bias are the people who share the media’s slant.

### The media-Democrat alliance

How does “pro-democracy” reporting work in practice? Journalists provide readers with a catechism specifying correct beliefs rather than providing facts by which citizens can reach their own conclusions. But the Washington press corps was aptly described decades ago as “stenographers with amnesia.” The political “philosophy” of most reporters does not go beyond “Orange Man Bad.”

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**Many journalists love to slap a halo over politicians and then bask in the reflective glow.**

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Many journalists love to slap a halo over politicians and then bask in the reflective glow. In 2020 and 2021, many of the top media outlets hailed New York Gov. Andrew Cuomo for being far more repressive with his COVID policies than President Donald Trump advocated. A laudatory *New Yorker* profile, entitled “Andrew Cuomo, King of New York,” explained that Cuomo and his aides saw the battle over

COVID policy as “between people who believe government can be a force for good and those who think otherwise.” For many liberals and much of the nation’s media, placing people under house arrest, padlocking schools, bankrupting business, and causing two million people to lose their jobs vindicated government as “a force for good.”

MSNBC’s Nicolle Wallace declared that Cuomo is “everything Trump isn’t: honest, direct, brave.” *Entertainment Weekly* hailed Cuomo as “the hero that America never realized it needed until he was on our television screens every night.” As *National Review* noted, local reporters failed to ask questions on his nursing home edict (which forced nursing homes to accept COVID-positive patients) “for months, as the governor held his much-praised daily press briefings about the pandemic. There were literally hundreds of hours of Cuomo press conferences in the first half of 2020 where not a single question was asked about nursing homes.”

The docile media paved the way to Cuomo winning an Emmy award for his “masterful use of television” during the pandemic. The media’s valorization of Cuomo helped make his self-tribute book (for which he received a \$5 million advance),

*American Crisis: Leadership Lessons from the COVID-19 Pandemic*, a bestseller. Cuomo's reign ended in a swirl of criminal investigations and outrage over his coverup of thousands of nursing home deaths caused by his policies.

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**Unfortunately, much of the media nowadays prefer to trumpet official lies instead of fighting them.**

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The media's coverage of the 2020 election would qualify as "pro-democracy" reporting at its best. *Time* magazine national political correspondent Molly Ball boasted early last year of the "well-funded cabal of powerful people, ranging across industries and ideologies, working together behind the scenes to influence perceptions, change rules and laws, steer media coverage and control the flow of information. They were not rigging the election; they were fortifying it." And how do we know it was "fortified," not "rigged"? Because Biden won.

After the 2016 presidential election, the *Post's* Sullivan bewailed the media's "ridiculous emphasis put on every development about Hillary Clinton's [illegal] email practices." For the 2020 election

campaign, liberal media found a "pro-democracy" solution for one of the potential bombshells. After damning revelations of criminal conduct and corruption began pouring out in September 2020 from the laptop that Hunter Biden left at a Delaware computer repair shop, Twitter and Facebook banned reposts of the *New York Post* exposés on the laptop's contents. National Public Radio and many other outlets derided the laptop excerpts as a Russian disinformation campaign. The mainstream media succeeded in minimizing the story's impact on the election, regardless of subsequent revelations confirming the laptop's authenticity. The media's pretense that the laptop was a Russian ploy shielded Biden family corruption controversies from voters. Perhaps such selectivity helped inspire Sullivan's triumphal column just after Biden's victory on how the media "saved democracy."

Unfortunately, much of the media nowadays prefer to trumpet official lies instead of fighting them. It would be criminally naive to trust media outlets that championed Biden's candidacy last year to police his presidency — especially when it comes to any wars or bombing campaigns he launches. The *Pentagon Papers* proved that politicians



and bureaucrats will brazenly con the American public into unnecessary wars. But that lesson vanished into the D.C. memory hole.

### The state media and COVID coverage

The docility of the Washington press corps has profoundly tainted their coverage of the pandemic. In a March 11 speech last year on COVID, Biden promised, “I’m using every power I have as the president of the United States to put us on a war footing.” But who was Biden going to war against?

“War footing” should have sounded an alarm bell, but media bigwigs were too busy whooping up COVID Czar Tony Fauci’s latest fear-mongering. Journalists applauded rather than vigorously scrutinized whether the new powers Biden claimed actually protected public health. When Biden announced that he would impose a vaccine mandate on all private companies with more than 100 employees, most of the press coverage was laudatory. When the Supreme Court struck down that mandate, much of the press corps was shocked that the justices did not defer to Biden’s proclaimed good intentions, like the media did.

How can journalists tell “who is serving democracy?” Many Wash-

ington journalists reflexively presume that being pro-government is the same as being pro-democracy. The *New York Times* reporter covering the Justice Department, Katie Benner, evinced this mindset when she denounced Trump supporters as “enemies of the state” in a 2021 tweet. Benner believes journalists must take action “if a politician seems to threaten the state.” (Prior to joining the *Times*, Benner wrote for the *Beijing Review*, owned by the Chinese Communist Party.)

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**“War footing” should have sounded an alarm bell, but media bigwigs were too busy.**

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When the Chinese government arrested journalists in Hong Kong in early 2022, Secretary of State Anthony Blinken issued a clarion call: “A confident government that is unafraid of the truth embraces a free press.” Blinken received plenty of accolades from pundits for his declaration. But no one in the mainstream media called out the U.S. government hypocrisy. While detained Hong Kong journalists are supposedly an outrage, WikiLeaks founder Julian Assange remains jailed in Britain at the behest of the U.S. government, which is seeking to extradite him for the crime of ex-

posing U.S. government secrets. The *Washington Post* and other top media outlets that happily used Assange's leaks more than a decade ago have effectively forgotten about his plight.

### All hail the Deep State

Most Washington press pooh-bahs show more affection for Leviathan than for freedom. The *Washington Post* devotes far more newshole to publishing leaks from FBI officials than to exposing FBI abuses. *Washington Post* columnist Eugene Robinson whooped "God Bless the 'Deep State,'" — touting his blind trust in federal agencies with vast secretive powers.

Nothing could be more perilous to the truth than encouraging journalists to pirouette as saviors when they grovel to The Powers That Be. "Pro-democracy" media is a threat to liberty because it will ignore or downplay abuses committed by purportedly pro-democracy rulers. Rather than rigorously scrutinizing Biden's proposals, the media presumes his pursuit of vast power is simply proof of his benevolence.

"Pro-democracy" reporting will be uplift at its worst. It is no harmless error to portray politicians (or at least Democrats) as more honest and honorable than they are. The

Biden administration has signaled plans to make both the FBI and IRS far more intrusive. Will "pro-democracy" media outlets refrain from mentioning past constitutional debacles by those agencies? Will it be "pro-democracy" to pretend new scandals don't actually exist? (That recipe worked for the media and Obama.)

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It is not labeled "censorship"; instead, it is portrayed as public service crackdowns on alleged "disinformation" or "misinformation."

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"Pro-democracy" cheerleading by the media is especially perilous nowadays thanks to the rising support for official censorship. Of course, it is not labeled "censorship"; instead, it is portrayed as public service crackdowns on alleged "disinformation" or "misinformation" (which sometimes simply means data that expose federal falsehoods and abuses). In a recent report, the Aspen Institute, one of Washington's most revered think tanks, called for the Biden administration to "establish a comprehensive strategic approach to countering disinformation and the spread of misinformation, including a centralized national response strategy,

defining roles and responsibilities across the Executive Branch.”

The Aspen report portrayed objectivity as an enemy of truth, and its commissioners “discussed the need to adjust journalistic norms to avoid false equivalencies between lies and empirical fact in the pursuit of ‘both sides’ and ‘objectivity,’ particularly in areas of public health, civil rights, or election outcomes.” The report called for creation of a “Public Restoration Fund ... with a mandate to develop systemic misinformation countermeasures through education, research, and investment in local institutions.” The Aspen Institute also urged government officials to impose “Superspreader Accountability,” to “hold superspreaders of mis- and disinformation to account with clear, transparent, and consistently applied policies.”

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**Turley condemned the report’s  
“full-throated endorsement  
of systems of censorship” by  
government.**

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And how will citizens be able to recognize “superspreaders?” The government will tell them so. Law professor Jonathan Turley condemned the report’s “full-throated endorsement of systems of censor-

ship” by government. Turley castigated the Aspen Institute’s recommendations as “the latest evidence of a building anti-free speech movement in the United States.”

But the *Washington Post* loved the call for crackdowns, endorsing the Aspen report with an editorial headlined: “America is sick with information disorder. Time for a cure.” And how do we know Americans are “sick?” Because they distrust Joe Biden and the feds. And the cure is more federal power and more censorship.

Which federal agencies are qualified to lead the fight against “disinformation?” Should the Pentagon be in the lead — despite its profound deceit of Americans and members of Congress regarding the pending collapse of the Afghan army in the summer of 2021? Should the Centers for Disease Control be in charge — despite deceiving and endangering Americans by refusing to count so-called “breakthrough infections” resulting from the snowballing failure of Pfizer vaccines to protect people from contracting COVID?

In 2002, Bush administration Solicitor General Theodore Olson informed the Supreme Court that the federal government had the right “to give out false information”

whenever it deemed necessary. “It’s easy to imagine an infinite number of situations where the government might legitimately give out false information,” Olson proclaimed. How can intelligent citizens permit the feds to crack down on “super-spreader accountability” when Uncle Sam is the most dangerous super-spreader? Or is the government entitled to a monopoly on lies in order to better serve the public?

When did Washington reporters become qualified to serve as Grand Inquisitors for Democracy, casting judgment on every politician and proposal? Most reporters have the same level of intellectual curiosity as the average lottery ticket buyer. Reporters react to the word “bipartisan” like cocaine addicts desperate for another political virtue signal.

The “Hunter Biden Laptop Recipe for Saving Democracy” is the latest crock from the media elite.

Journalists can provide an invaluable service to self-government by providing citizens with sufficient information that they can pass their own judgment on government policies and aspiring tinhorn dictators. The press should vigorously investigate and expose federal crimes regardless of who is president.

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

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**NEXT MONTH:**  
**“Federal Testing Debacle  
Multiplied COVID Carnage”**  
*by James Bovard*

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# There Is No Federal Solution

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by *Laurence M. Vance*



**T**he twentieth century in the United States can certainly be characterized by the massive increase in federal solutions to right every wrong, correct every injustice, and fix every problem, real or imaginary. This mentality is what gave us things like the New Deal, Social Security, Prohibition, the Fair Labor Standards Act, the Civil Rights Act, the Fair Deal, the Great Society, the War on Poverty, the War on Drugs, Medicare, and Medicaid. Unfortunately, much of this is still with us.

With the coming of the COVID-19 pandemic in 2020, the 50 states reasserted themselves as problem solvers, but not in a good way. Governors, mayors, county commissioners, and city councilmen enacted draconian lockdowns, quarantines, face

mask requirements, the closure of “unessential” businesses, bans on indoor dining, the closing of schools, stay-at-home orders, contract tracing, curfews, capacity limits on stores and restaurants, the canceling of concerts and sporting events, social distancing requirements, prohibitions on weddings and funerals, vaccine mandates, and the closure of bars, churches, theaters, amusement parks, and casinos.

Compared to the actions of the states, the federal government’s role at the beginning of the pandemic almost seems benign. The federal government initially did what it does best: hand out money. The Coronavirus Aid, Relief, and Economic Security (CARES) Act gave \$1,200 to each adult, plus an additional rebate of \$500 per qualifying child. The Tax Relief Act gave every adult \$600, plus another \$600 per qualifying child. The third COVID-19 stimulus package passed by the U.S. Congress was the American Rescue Plan Act (ARPA). It provided adults with a maximum “recovery rebate” of \$1,400 per eligible individual, plus an additional \$1,400 per qualifying child.

But, of course, the federal government did not stop there. President Biden repeatedly promised on the campaign trail that he was go-

ing to “shut down the virus.” Soon after Biden took office, on January 29, 2021, the Centers for Disease Control and Prevention (CDC) instituted a face mask mandate for all people while on public transportation (airplanes, trains, subways, buses, taxis, ride-shares, maritime transportation, trolleys, cable cars) or at transportation hubs (commercial airports, bus terminals, commercial vessel terminals, train and subway stations, seaports, U.S. ports of entry, dedicated ride-share pick-up locations).

Throughout 2021, the federal government did everything it could to promote and mandate the COVID-19 vaccine. Biden’s “Path out of the Pandemic,” issued on September 9, maintained that his administration would “continue to use every tool necessary to protect the American people from COVID-19.” Additional actions were announced in December “to combat COVID-19 as the United States headed into the winter months.

### Biden’s statements

But then Biden made two brief statements that seemed to negate everything that the federal government was doing. In late December, Biden spoke with state governors on a call regarding potential strate-

gies to manage the continued impact of COVID-19. After White House COVID coordinator Jeff Zients cleared the press from the room, Biden took questions from several governors. Arkansas governor Asa Hutchinson, a Republican, chairman of the National Governors Association, spoke about challenges his state was experiencing in responding to the pandemic: “And so one word of concern or encouragement for your team is that as you look towards federal solutions that will help alleviate the challenge, make sure that we do not let federal solutions stand in the way of state solutions.” Biden then surprisingly said that “there is no federal solution” to the COVID-19 pandemic and declared that it “gets solved at the state level,” before he boarded a helicopter and departed for his home state of Delaware.

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**Biden then said that  
“there is no federal solution” to  
the COVID-19 pandemic.**

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Democrats were aghast. Had not Biden promised to “shut down the virus?” Had not Biden criticized former President Donald Trump for leaving the states to manage things on their own? Had not Biden often criticized Republican gover-

nors who developed their own strategies and bucked his sweeping federal mandates, even telling them to “get out of the way?” Had not Biden, via the federal Occupational Health and Safety Administration (OSHA), tried to mandate that businesses force their employees to get vaccinated?

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**“After a year, we finally agree @potus. The federal government isn’t the solution.”**

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“What a pathetic excuse for a leader,” one liberal commenter wrote on Twitter, claiming that Biden is “leaving us all to die.” Former Clinton adviser Peter Daou quoted Biden’s comments and summarized them as “Biden gives up.”

Democratic commissioner Tami Sawyer lamented: “This makes me both angry and sad. Knowing what this means in Tennessee. Knowing what this means across the South. Knowing what this means for poor people, disabled people, Black and brown people. I just ... am beyond disappointment.”

Democrat congressional candidate Rebecca Parson opined, “Who’s responsibility is it to keep Americans alive? Love how this is treated as a shell game with federal, state, county, and city government

all blaming each other. Meanwhile 817,000 Americans are dead of COVID.”

Film critic and journalist Carolyn Hinds wrote: “This man really told Americans to fend for themselves, then took a helicopter to his beach house that’s far away from the public.... Soulless ghoul.”

Republicans were quick to capitalize on Biden’s comments. South Dakota governor Kristi Noem, who enacted fewer COVID-19 restrictions during the pandemic than probably any other governor, was one of the first to go after Biden: “After a year, we finally agree @potus. The federal government isn’t the solution. That’s why from the start, SD took a different approach by trusting our citizens to be responsible and make the right decisions for themselves & their families. Now rescind all the federal mandates.”

Arkansas senator Tom Cotton, a Republican, expressed a similar conclusion: “When Joe Biden says ‘there is no federal solution,’ he’s trying to avoid blame for his incompetence. If he really believes this, he should rescind his unconstitutional federal mandates.” Texas representative Chip Roy, a Republican, proclaimed that the president “finally got something right.”

Well, did he? Did Biden finally get something right? Is there “no federal solution” to the COVID-19 pandemic? Does the pandemic get “solved at the state level?” These questions lead to even deeper questions. Should there be no federal solutions to any problems? Should all problems be solved at the state level? Although he never intended it that way, what Biden said was profound and has far-reaching implications.

### Federalism

The Constitutional Convention that met in Philadelphia from May 25 to September 17, 1787, submitted the proposed Constitution to the Confederation Congress, which submitted it to the states for ratification at the end of September 1787. Articles soon afterward appeared in the New York press criticizing the proposed Constitution. Alexander Hamilton (1757–1804), who had attended the Convention as a delegate from New York, then undertook an explanation and defense of the proposed Constitution to the people of the state of New York in collaboration with James Madison (1751–1836), the future fourth president who attended the Convention as a delegate from Virginia, and, to a lesser extent, John

Jay (1745–1829), the future first Chief Justice of the United States.

A total of 85 essays were published in New York newspapers from October 27, 1787, to May 28, 1788 — all under the pseudonym *Publius*, a reference to the Roman statesman Publius Valerius Publicola — to promote the ratification of the proposed Constitution. The importance of the essays as an authoritative commentary on the Constitution was recognized early, and they were published as *The Federalist*.

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**Although he never intended it that way, what Biden said was profound and has far-reaching implications.**

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Yet, as George W. Carey and James McClellan write in their introduction to the Liberty Fund edition of *The Federalist*: “It is impossible to know with certainty, of course, what impact *The Federalist* had in securing New York’s acceptance of the proposed Constitution, but we do now that it had virtually no effect on the ratification and final adoption of the Constitution.” Nevertheless, *The Federalist* soon became, and remains, “clearly the most significant, if not the only meaningful, resource for under-



standing the intent of the Framers other than the words of the Constitution itself.”

Two of the most important essays in *The Federalist* were written by James Madison — the Father of the Constitution. Although they were written over 200 years ago, these two essays relate directly to Biden’s statements about federal and state solutions.

In *The Federalist*, No. 45, the functions of the federal and state governments under the Constitution are explained:

Several important considerations have been touched in the course of these papers, which discountenance the supposition that the operation of the federal government will by degrees prove fatal to the State governments. The more I revolve the subject, the more fully I am persuaded that the balance is much more likely to be disturbed by the preponderancy of the last than of the first scale.

The State government will have the advantage of the Federal government, whether we compare them in respect to the immediate dependence of the one on the other; to the

weight of personal influence which each side will possess; to the powers respectively vested in them; to the predilection and probable support of the people; to the disposition and faculty of resisting and frustrating the measures of each other. The State governments may be regarded as constituent and essential parts of the federal government; whilst the latter is nowise essential to the operation or organization of the former.

The powers delegated by the proposed Constitution to the Federal Government, are few and defined. Those which are to remain in the State Governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce; with which last the power of taxation will for the most part be connected. The powers reserved to the several States will extend to all the objects, which, in the ordinary course of affairs, concern the lives, liberties and properties of the people; and the internal order, improvement, and prosperity of the State.

The operations of the federal government will be most extensive and important in times of war and danger; those of the State governments, in times of peace and security. As the former periods will probably bear a small proportion to the latter, the State governments will here enjoy another advantage over the federal government. The more adequate, indeed, the federal powers may be rendered to the national defense, the less frequent will be those scenes of danger which might favor their ascendancy over the governments of the particular States. If the new Constitution be examined with accuracy and candor, it will be found that the change which it proposes consists much less in the addition of NEW POWERS to the Union, than in the invigoration of its ORIGINAL POWERS.

Madison continued his subject in *The Federalist*, No. 46:

The federal and State governments are in fact but different agents and trustees of the people, constituted with different

powers, and designed for different purposes.

It has been already proved that the members of the federal will be more dependent on the members of the State governments, than the latter will be on the former.

It has appeared also, that the prepossessions of the people, on whom both will depend, will be more on the side of the State governments, than of the federal government. So far as the disposition of each towards the other may be influenced by these causes, the State governments must clearly have the advantage. But in a distinct and very important point of view, the advantage will lie on the same side. The prepossessions, which the members themselves will carry into the federal government, will generally be favorable to the States; whilst it will rarely happen, that the members of the State governments will carry into the public councils a bias in favor of the general government. A local spirit will infallibly prevail much more in the members of Congress, than a national spirit will prevail in the legis-

latures of the particular States.

Were it admitted, however, that the Federal government may feel an equal disposition with the State governments to extend its power beyond the due limits, the latter would still have the advantage in the means of defeating such encroachments. If an act of a particular State, though unfriendly to the national government, be generally popular in that State and should not too grossly violate the oaths of the State officers, it is executed immediately and, of course, by means on the spot and depending on the State alone. The opposition of the federal government, or the interposition of federal officers, would but inflame the zeal of all parties on the side of the State, and the evil could not be prevented or repaired, if at all, without the employment of means which must always be resorted to with reluctance and difficulty.

On summing up the considerations stated in this and the last paper, they seem to amount to the most convincing evidence, that the powers proposed to be lodged in the

federal government are as little formidable to those reserved to the individual States, as they are indispensably necessary to accomplish the purposes of the Union; and that all those alarms which have been sounded, of a meditated and consequential annihilation of the State governments, must, on the most favorable interpretation, be ascribed to the chimerical fears of the authors of them.

The United States was set up as a federal system of government where the states, through the Constitution, granted a limited number of powers to a central government — not the other way around. The states had been in existence as independent, sovereign colonies for many, many years before the ratification of the Constitution. Federalism is simply the division of power between the national and state governments. Articles I through III of the Constitution delegate, not surrender, certain powers to the three branches of the national government. There are about 30 enumerated congressional powers listed throughout the Constitution. Everything else is reserved to the states — even without the addition

of the Bill of Rights and its Tenth Amendment. The nature of the U.S. government under the Constitution demands that there be no federal solution to any problem. Everything is to be solved at the state level. To support a federal solution to any issue is to oppose the Constitution and the federal system of government of the United States.

### Federal overreach

There are a number of issues where the federal government has so clearly and plainly violated the Constitution by its solutions that it boggles the mind that anyone — Democrat, Republican, liberal, progressive, moderate, or conservative — would defend its actions.

*The drug war.* Because the Constitution doesn't authorize the federal government to regulate or prohibit the manufacturing, buying, selling, or using of any drug, the drug war must be fought on the state level.

*Education.* Because the Constitution doesn't authorize the federal government to have anything to do with education, all education funding must be provided on the state level.

*Health care.* Because the Constitution doesn't authorize the federal government to have anything to do

with health care, Medicare and Medicaid must be eliminated and all health care funding must be provided on the state level.

*Welfare programs.* Because the Constitution doesn't authorize the federal government to provide welfare programs, all such programs must be eliminated and limited to the state level.

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### To support a federal solution to any issue is to oppose the Constitution.

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*Federal grants.* Because the Constitution doesn't authorize the federal government to issue grants for art, science, culture, and the humanities, all such grants must be eliminated and limited to the state level.

*Federal subsidies.* Because the Constitution doesn't authorize the federal government to subsidize housing, agriculture, or any particular segment of the economy or society, all such subsidies must be eliminated and limited to the state level.

*Discrimination laws.* Because the Constitution doesn't authorize the federal government to punish or seek to prevent acts of discrimination, the Equal Employment Opportunity Commission (EEOC)

must be abolished and any such laws limited to the state level.

*Gambling laws.* Because the Constitution doesn't authorize the federal government to regulate or prohibit gambling, all federal gambling laws must be repealed and any such laws limited to the state level.

*Minimum wage.* Because the Constitution doesn't authorize the federal government to set a minimum wage, any minimum wage must be set at the state level.

If this all sounds so simple, it is because it is. It doesn't matter how much anyone desires the federal government to do these things. They have simply not been delegated to the federal government by the Constitution. If there is to be a war on drugs, government funding of education and health care, government welfare programs, government grants and subsidies, discrimination laws, gambling laws, and a minimum wage, then these things must be instituted at the state level. This, of course, does not mean that they are desirable, and, in fact, all of them are antithetical to the principles of liberty, even at the state level.

Federalism is part and parcel of the very fabric of the Constitution and the limited government established by the Founders. A strict adherence to federalism is essential to reining in the out-of-control federal government and restoring the liberties of the American people.

Joe Biden was right. There is no federal solution.

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*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 at: lmvance@laurencemvance.com. Visit his website at: www.vancepublications.com.*

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**NEXT MONTH:**  
**“Conservatism,  
Libertarianism, and John  
Stuart Mill”**  
*by Laurence M. Vance*

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*Set aside justice, then, and what are kingdoms but great bands of brigands? For what are brigands' bands but little kingdoms? For in brigandage the hands of the underlings are directed by the commander, the confederacy of them is sworn together, and the pillage is shared by law among them. And if those ragamuffins grow up to be able enough to keep forts, build habitations, possess cities, and conquer adjoining nations, then their government is no longer called brigandage, but graced with the eminent name of a kingdom, given and gotten not because they have left their practices but because they use them without danger of law. Elegant and excellent was that pirate's answer to the great Macedonian Alexander, who had taken him; the king asking him how he durst molest the seas so, he replied with a free spirit: "How darest thou molest the whole earth? But because I do it only with a little ship, I am called brigand: thou doing it with a great navy art called emperor."*

— St. Augustine

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# Can Capitalism Survive? 80 Years After Schumpeter's Answer

by Richard M. Ebeling



Eighty years ago, in the midst of the Second World War, Austrian-born economist Joseph A. Schumpeter published one of his most famous books, *Capitalism, Socialism, and Democracy* (1942). A central question that he asked and tried to answer was, “Can Capitalism Survive?” His basic conclusion was, “No, I do not think it can” (p. 61). He was (forlornly) confident that a workable socialism would replace the market-based society. Now, eight decades after he drew this conclusion, what can we say about the future of capitalism, or, perhaps, better phrased, the free-market, liberal economic system?

Joseph Alois Schumpeter was born on February 8, 1883, in the old

Austro-Hungarian Empire, in an area that is now a part of the Czech Republic. He attended the University of Vienna in the years before the First World War and was a classmate of another famous Austrian economist, Ludwig von Mises, in the graduate seminar of one of the early leaders of the Austrian School of Economics, Eugen von Böhm-Bawerk. During 1919, he briefly served as minister of finance in the postwar government of the new Republic of Austria. He took up a position at the University of Bonn in Germany in 1925 and moved to Harvard University in 1932, where he taught until his death on January 8, 1950, at the age of 66.

## Entrepreneurial innovation and the process of creative destruction

Schumpeter made a mark for himself when he was 28 years old with the publication of his book *The Theory of Economic Development* (1911). He defined “the entrepreneur” as the central and dynamic figure of the market process who introduces transformative innovations that radically change the forms and directions of economic activity. The entrepreneur does so by bringing to market new or significantly improved products, or by

better and less expensive ways of undertaking manufacturing, or by opening previously unavailable markets for resources or finished goods. The entrepreneur is the “disrupter” for positive economic change.

In *Capitalism, Socialism, and Democracy*, Schumpeter restated this argument, referring to the entrepreneur as the initiator of a process of creative destruction:

This process of Creative Destruction is the essential fact about capitalism.... The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates.... Capitalism, then, is by nature a form or method of economic change and not only never is but never can be stationary (pp. 82–83).

He also pointed out that the standard economics textbook models of “perfect competition” and “monopoly” were not only misplaced but essentially useless for

understanding, evaluating, and judging the workings and significance of the market economy. These models assume a world without time or space and without changes in knowledge and expectations. They were “static” and artificially “mechanical” in that they did not leave any room for the types of innovative entrepreneurial changes that represent the working of “real-world” capitalism.

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**Schumpeter defined  
“the entrepreneur” as the central  
and dynamic figure of the  
market process.**

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The dynamic, competitive market economy needed to be judged not by frozen moments in time but rather as a creative and innovative process through time, the full context of which can be best appreciated only when looked at over years and even decades. When this wider and more relevant perspective is taken, virtually all of the negative assessments and criticisms of the capitalist system fall to the ground, Schumpeter declared.

**Economic and cultural achievements  
of capitalism**

Looking over the nearly century and a half from the start of the



nineteenth century to his own time in 1942 when his book appeared, Schumpeter pointed to the dramatic increase in the output of goods and services, including new and better goods that were not available to even the wealthiest of kings and princes in, say, 1790 or 1810. This outpouring of material largess had raised the standards of living of a much larger population, with the main beneficiaries being the lower and now growing middle classes of modern Western society and increasingly around the world.

In doing this, capitalism was also serving as a great “leveler” that was raising the economic well-being of all, while also narrowing the differences in the quality of life between “the rich” and the rest. The luxuries of the few a mere handful of years ago rapidly became the taken-for-granted essentials of everyday life for all through ever-improving mass production.

The “culture of capitalism,” Schumpeter said, also had eliminated political privileges and favoritism and had increasingly fostered equality before the law for all, including women and religious and ethnic minorities. Capitalism replaced primitive tribal and social collectivism with an ethic and a politics of individualism that estab-

lished the ideal of individual rights, private property, and human association based on freedom of contract.

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The “culture of capitalism,” Schumpeter said, also had eliminated political privileges and favoritism.

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A year earlier, in March 1941, Schumpeter delivered a series of lectures at the Lowell Institute in Boston, Massachusetts, in which he concisely summarized the political and social successes of competitive capitalism during the period of what he considered its heyday, between 1870 and 1914:

The freedom of the individual to say, think, and do what he pleased was also within very wide limits, generally accepted. This freedom included freedom of economic action: private property and inheritance, free initiative and conduct were essential elements of that civilization. What they characteristically called government interference was held to be justified only within narrow limits. The state had to provide a minimum of framework for the lives of individu-

als and this framework it had to provide with a minimum of expenditure. The ideal of the cheap state had its natural complement in the postulate that taxation should be kept within such limits that business and private life should develop in much the same way as they would have done if there had been no taxation at all....

Free movement of commodities, restricted if at all only by custom tariffs; freedom, unquestioned in principle, of migration of people and of capital; all facilitated by unrestricted gold currencies and protected by a growing body of international law that on principle disapproved of force or compulsion of any kind and favored peaceful settlement of international conflicts.

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**The liberal and competitive capitalist social ideal, therefore, was one of international peace and against war and conquest.**

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He added that the liberal and competitive capitalist social ideal, therefore, was one of international peace and against war and conquest: "That civilization ... was not favorable to cults of national glory,

victory, and so on.... It counted the cost of war and did not back the glory as an asset."

### Will capitalism destroy itself?

And, yet, in spite of this wondrous world of expanding human freedom, individual rights, open competitive opportunity, rising standards of living, and growing equality before the law, Schumpeter was persuaded that "capitalism" was doomed. Schumpeter was often fond of paradoxes and ironies. In this instance, he was convinced that the very successes of capitalism had created the economic forces and social factors that would bring about its demise.

Schumpeter was fascinated by Karl Marx and devoted the first 60 pages of *Capitalism, Socialism, and Democracy* to an analysis of Marx as economist, sociologist, and prophet of the future. He considered Marx to be wrong on many, if not most, things. But as a forecaster of the future, Schumpeter considered Marx to be right, but for the wrong reasons. Capitalism would pass away and be replaced by some type of socialism, but not due to growing immiseration of "the masses" or an exaggerated concentration of wealth in fewer and fewer hands.

As he saw it, the mass of the population became wealthier and more materially comfortable through the competitive engine of capitalist innovation and large-scale production. But the mass production methods with which large-scale output was made possible meant that entrepreneurially owned business was being replaced by the more bureaucratically managed corporate enterprise that undermined the spirit and drive and existence of the individual innovative enterpriser.

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**The faceless private corporate managers easily could be transformed into the managers of state enterprises.**

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This would undermine the individualist culture of capitalism. The faceless private corporate managers easily could be transformed into the managers of state enterprises as governments took more responsibility for and direction of the clamored-for “social needs” of mass society. The bourgeois spirit of self-made men would disappear in the corporate environment, and with it those who would desire and be determined to preserve the private property order of a market economy.

### The anti-capitalism of the intellectuals

But more important, in Schumpeter’s view, was the rise of a modern intellectual class, the second-hand dealers in ideas who were disconnected from and alien to the capitalist system, the very productivity of which made it possible for a sizable segment of the society to be freed from the direct world of commerce and work. Mass production made it possible for the wide and relatively inexpensive sharing and expressing of ideas through the written word. This, in turn, created an income-earning niche for those who specialize in the dissemination of ideas. Said Schumpeter:

We find intellectuals in thoroughly pre-capitalist conditions.... But they were few in number; they were clergymen, mostly monks, and their written performance was accessible to only an infinitesimal part of the population.... But if the monastery gave birth to the intellectual of the medieval world, it was capitalism that let him loose and presented him with the printing press....

The man who has gone through college or university easily becomes psychically

unemployable in manual occupations without necessarily acquiring employability in, say, professional work.... They swell the host of intellectuals in the strict sense of the term whose numbers increase disproportionately. They enter it in a thoroughly discontented frame of mind. Discontent breeds resentment.

And it often rationalizes itself into the social criticism which ... is the intellectual spectator's typical attitude toward men, classes and institutions.... The role of the intellectual group consists primarily in stimulating, energizing, verbalizing, and organizing this material [of anti-capitalist sentiments and resentments].... The intellectual group cannot help nibbling ... at the foundations of capitalist society ... because it lives on criticism and its whole position depends on criticism that stings ... [and] this hostility increases, instead of diminishing, with every achievement of capitalist evolution....

Intellectuals rarely enter professional politics and still more rarely conquer responsible office. But they staff po-

litical bureaus, write party pamphlets and speeches, act as secretaries and advisers, make the individual politician's newspaper reputation which, though it is not everything, few men can afford to neglect. In doing these things they to some extent impress their mentality on almost everything that is being done (pp. 151–154).

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**“Capitalism stands its trial before judges who have the sentence of death in their pockets.”**

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Schumpeter's cynical pessimism — which he considered dispassionate, objective observation — led him to a famous passage in *Capitalism, Socialism, and Democracy* in which he concluded that, “Capitalism stands its trial before judges who have the sentence of death in their pockets. They are going to pass it, whatever the defense they may hear; the only thing a successful defense can possibly produce is a change in the indictment” (p. 144).

**The case for capitalism and the short-run view of the citizenry**

But what of the material betterment and social gains that a rela-

tively free, competitive capitalism has provided to the wide and general citizenry? Surely, the general public, the beneficiaries of the largess made possible by the market economy, would see through the negative and critical rhetoric of the intellectuals and others who dislike a market society.

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**Surely, the general public would see through the critical rhetoric of the intellectuals who dislike a market society.**

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Alas, no, Schumpeter said. The very fact that a knowledge of economics and a perspective that takes the “longer-run” into serious consideration is needed for people to fully appreciate the benefits and, indeed, the goodness of the capitalist system, means that the case for capitalism is at a serious disadvantage. Said Schumpeter:

The case for capitalism ... could never be made simple. People at large would have to be possessed of an insight and a power of analysis which is altogether beyond them. Why, practically every nonsense that has ever been said about capitalism has been championed by some professed economist.

But even if this is disregarded, rational recognition of the economic performance of capitalism and of the hopes it holds out for the future would require an almost impossible moral feat by the have-not. That performance stands out only if we take a long-run view; any pro-capitalist argument must rest on long-run consideration....

In order to identify himself with the capitalist system, the unemployed of today would have to completely forget his personal fate and the politician of today his personal ambition.... For the masses, it is the short-run view that counts. Like Louis XV, they feel *après nous, le déluge* [after us, the flood].... Secular improvement that is taken for granted and coupled with individual insecurity that is acutely resented is of course the best recipe for breeding social unrest (pp. 144–145).

### **Schumpeter’s gloom did not mean defeatism**

It had been well known since before the First World War that Schumpeter had no sympathies for socialism as either a political or

economic system — very much to the contrary. Indeed, when friends of his had asked him in 1919 why he had agreed to participate with a government commission appointed to work out the “socialization” of German industry, Schumpeter was reported to have replied, “If someone is determined to commit suicide, then a physician at least should be present.”

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**Schumpeter did not mean to create an impression of “defeatism” concerning the demise of capitalism and a triumph of socialism.**

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Furthermore, when he wrote a new preface for a second edition of *Capitalism, Socialism, and Democracy* in 1946, he pointed out that he did not mean to create an impression of “defeatism” concerning the demise of capitalism and a triumph of socialism. He said:

Facts in themselves and inferences from them can never be defeatist or the opposite whatever that might be. The report that a given ship is sinking is not defeatist. Only the spirit in which this report is received can be defeatist. The crew can sit down and drink. But it can

also rush to the pumps. If the men merely deny the report though it be carefully substantiated, then they are escapists.... What normal man will refuse to defend his life merely because he is quite convinced that sooner or later he will have to die anyhow?... Frank presentation of ominous facts was never more necessary than it is today because we seem to have developed escapism into a system of thought (p. xi).

For 50 of the 80 years that have followed the publication of *Capitalism, Socialism, and Democracy* in 1942, the Cold War and the realities of socialism-in-practice in such countries as the Soviet Union and Communist China made it a burning issue whether existing Soviet-style socialism might triumph over American-style “capitalism.” While Schumpeter also had argued that a form of “democratic” socialism with economic planning was conceivable, his implicit assumption was that some form of centralized and dictatorial political power would accompany postwar instances of socialism-in-practice. Thus, the future looked grim for anyone who was not a socialist and looked

at the world through Schumpeterian eyes.

### The “future” was not as dim as Schumpeter feared

However, with the market-oriented reforms that were being introduced in China in the years after Chairman Mao’s death in 1976 and with the disappearance of the Soviet Union in 1991, Schumpeter’s projections seemed to have been put to rest. Socialist central planning had been discredited, and the dangers from socialist dictatorship were plain to almost everyone. “Capitalism’s” vibrancy in creating material wealth, raising standards of living and ending poverty, and generating amazing entrepreneurial innovations seemed very much alive at the very time when the Soviet Union disappeared from the political map of the world.

So, what might we still say about Joseph Schumpeter’s projections, now, eight decades after *Capitalism, Socialism, and Democracy*? Schumpeter said in the book that if socialism could be fended off for another half-century from the 1940s, it would continue to produce the same wondrous economic betterment that it had created in the past. He warned however, that even if out-and-out socialism did not re-

place the market society, the capitalist system would be weakened and eaten away at by interventionist regulation and incentive-weakening taxation.

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The market economy has still possessed enough competitive openness and profit-earning opportunity that continuing prosperity has been a reality.

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Fortunately, even in the face of the regulatory and redistributive state, the market economy has still possessed enough competitive openness and profit-earning opportunity that continuing prosperity has been a reality during these decades. Even most recently, in the face of government lockdowns and shutdowns as the political, paternalistic response to the coronavirus crisis, and a growing mountain of government debt due to trillions-of-dollars of annual deficits, the remaining degrees and forms of market competition and openness have resulted in restored and improving economic circumstances for many in the society. But enough regulatory and fiscal burdens can and will, no doubt, still “kill the (market) goose that lays the golden eggs.”

### The intellectuals and the new indictment of capitalism

So, can and will “capitalism” survive? This gets us to the other factor in Schumpeter’s story, that being the role and influence of the intellectuals — the molders and shapers of ideas and public opinion. The socialist and political paternalist ideas, unfortunately, were not defeated with the fall of Soviet socialism. Instead, the “progressive” intellectuals in the United States and other countries merely retreated back to the halls of academia and similar places to lick their ideological wounds and reformulate their indictment of “capitalism.”

The public appeal of Marxist-style “class warfare” may have lost its edge. But the collectivist ideologues have rebranded their political message by accusing “capitalism” of destroying the planet through global warming and by creating and perpetuating a “systemic racism” of “white privilege” and “oppression of all people of color.”

Schumpeter had feared for the decay and destruction of the “culture of capitalism.” That is, both the market-based institutions of private property and free exchange, and the beliefs and attitudes without which capitalist “civilization,” as he put it, could not survive. The foundation

of this culture was based on an individualism of personal choice and freedom of opportunity both inside and outside the marketplace, and a respect for and protection of an equal and impartial rule of law. This included freedom of thought and speech and tolerance for differences of opinion and values.

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**The collectivist ideologues have rebranded their political message by accusing “capitalism” of destroying the planet.**

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This is the very cultural foundation that socialist and “progressive” intellectuals have been “nibbling” away at for decades. And the latest variation not only continues the nibbling away but openly and frontally challenges the premises upon which the United States was founded by insisting that the ideas expressed in the Declaration of Independence are a sham and a lie, a mere “cover” for the inherent and inescapable racism on which the country, they say, has been built.

“Woke culture” is the explicit and aggressive new counter-revolution out to destroy the remnants of the classical-liberal and free-market understanding of “capitalism” that still exists in American society. We see it in the institutions of higher



learning, in the mass media, and in a growing part of corporate America. The latter is due to corporate executives also being victims of the same ideological and educational currents and propaganda as the rest of us, or on the basis of trying to ride a new political wave to maintain or increase profit margins by minimizing reasons to be attacked and condemned by the identity politics warriors.

### Do not be “defeatist” in the face of the new collectivism

So, what is to be done? We need to take Schumpeter’s declaration seriously. If the capitalist “ship” seems to be “sinking” due to this latest anti-capitalist attack, we must not allow ourselves to be fatalistic and defeatist, sitting back and wringing our hands that there is nothing to be done. Instead, as Schumpeter said, we should appreciate the situation and “rush to the pumps” to shore up the case for capitalism and the classical liberal-based free society in general.

The last 100 years have seen more than one instance in which it seemed that the ideas and institutions of the free-market society were heading for inescapable defeat, but each time the collectivist forces have failed to achieve their

full objectives. True enough, they have regrouped and reorganized their next ideological and political assault on the remaining elements of a free society. But their failure to gain full victory has been due to the resistance of the surviving ideas of market liberalism that have endured.

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Our task is to do all in our power and ability to revive an understanding of and inspire a desire to preserve, restore, and extend the ideal and practice of the truly free society. But it will take a growing number of us to see the importance of the non-fatalistic willingness to “man the pumps” so the capitalist ship can not only stay afloat but also be philosophically and ideologically rebuilt even more firmly than it ever was before.

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*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.*

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**NEXT MONTH:**  
“In the Beginning: The Mont  
Pelerin Society, 1947”  
by Richard M. Ebeling

*Thus, it every day renders the exercise of the free agency of man less useful and less frequent: it circumscribes the will within a narrower range and gradually robs a man of all the uses of himself. The principle of equality has prepared men for these things; it has predisposed men to endure them, and oftentimes to look on them as benefits.*

— Alexis de Tocqueville

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[www.fff.org](http://www.fff.org)

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