

Socialism & Statism: The Evil Twins

By Dr. Doug Cardell

What Is Economics?

You are already an economist. Economics is the study of resource allocation. You have been allocating resources all your life.

Every time you make a decision you are deciding how to allocate your resources. Your resources include time, energy, money, effort etc. At the national level there are several economic systems that have been used in the past and a few that are used today. They are defined by how a nation decides to allocate its resources.

What Are the Economic Systems Used Today?

Free Market Capitalism:

- Resources are allocated by producers and consumers negotiating value and exchanging goods and services.

Fascism:

- The producers are controlled by the government's making decisions about what will be produced and in what quantities and controls how resources will be allocated.

What Are the Economic Systems Used Today?

Socialism:

- The government nationalizes, takes over ownership of the means of production and handles the allocation of resources.

Communism:

- Exists in name only. Marx proposed a socialist state in which after a time government would no longer be necessary. Even small-scale communes have failed to achieve Marx's pipe dream.

Free Market Capitalism: Between Chaos & Dictatorship

Economic
Chaos

Economic
Free Markets

Economic
Dictatorship



Lack of Private
Property Protections

Free Markets

Controlled Markets

Fascism

Socialism

Failed States

Free

Mostly Free

Moderately
Free

Mostly
Unfree

Repressed

NR.Somalia
NR.Libya
NR.Syria

1.Hong Kong
2.Singapore
3.New Zealand

7.United Kingdom
12.United States
13.Netherlands
14.Denmark
19.Sweden
20.Finland

66.Mexico
71.France
80.Italy

98.Russia
100.China
129.India

178.Cuba
179.Venezuela
180.North Korea

Rankings from <https://www.heritage.org/index/ranking> 2019 Index of Economic Freedom
graphic by Doug Cardell 2019

What Are the Political Systems Used Today?

Anarchism:

- There Is No Government to Protect the People

Individualism:

- The State Has Limited Powers, Only What Is Necessary to Protect the People

Statism:

- The Individual Has No Guaranteed Rights, Only What Is Granted by the State

Totalitarianism:

- The State Actively Imposes Controls in Almost All Aspects of Life

Individualism: Between Anarchy & Statism/Totalitarianism

Anarchy

Individualism

Statism

Totalitarian



No Protection
for the People
from Each Other
or Foreign States

The People Are Free
to Do as They Wish
as Long as They Do
No Harm to Others

The People Have No
Guaranteed Freedoms
The State Decides How
Much the People Are
Allowed to Do.

The People Have
Little or No
Freedom All
Individual Conduct
Is Dictated by the
State.

How Are the Economic and Political Systems Related?

Free market capitalism relies upon individual freedom to function effectively, leading to individualism.

Individualism tends to lead to economic individualism, free market capitalism.

Free market capitalism and Individualism go together, they are the Virtuous Twins.

How Are the Economic and Political Systems Related?

Controlled economies, like fascism and socialism, require a great deal of government intrusion into individual lives to function leading to statism.

Statism ultimately leads to a controlled economy.

Socialism and Statism go together, they are the Evil Twins.

Why Does This Conflict Exist?

It appears that people have two inborn and contradictory urges. They want to be free, and they want others to share their ideas of what is right. Essentially, they do not want to be controlled but at the same time they want to control everyone else. This is the genesis of the battle between individualism and statism. Individualism places freedom first, statism places using the state to control others first.

Why Are the Twins Evil?

Socialism and Statism are evil for two main reasons. First, they are immoral. As the Declaration of Independence says, “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness”. People who are equal have no moral justification for inhibiting or usurping the God-given rights of others who are their equals not their inferiors.

Why Are the Twins Evil?

Socialism and Statism are also evil because they are incapable of providing the best standard of living for their citizens. My doctoral dissertation proves that planned economies will always fail because in order to plan an economy it is necessary to forecast the economy accurately and that's impossible because the economy is like the weather, it is only predictable in general terms. The USSR, China and North Korea all tried Five Year Plans and they all failed because predicting economic needs five years in advance is impossible.

Why Is Economic Forecasting So Unreliable?

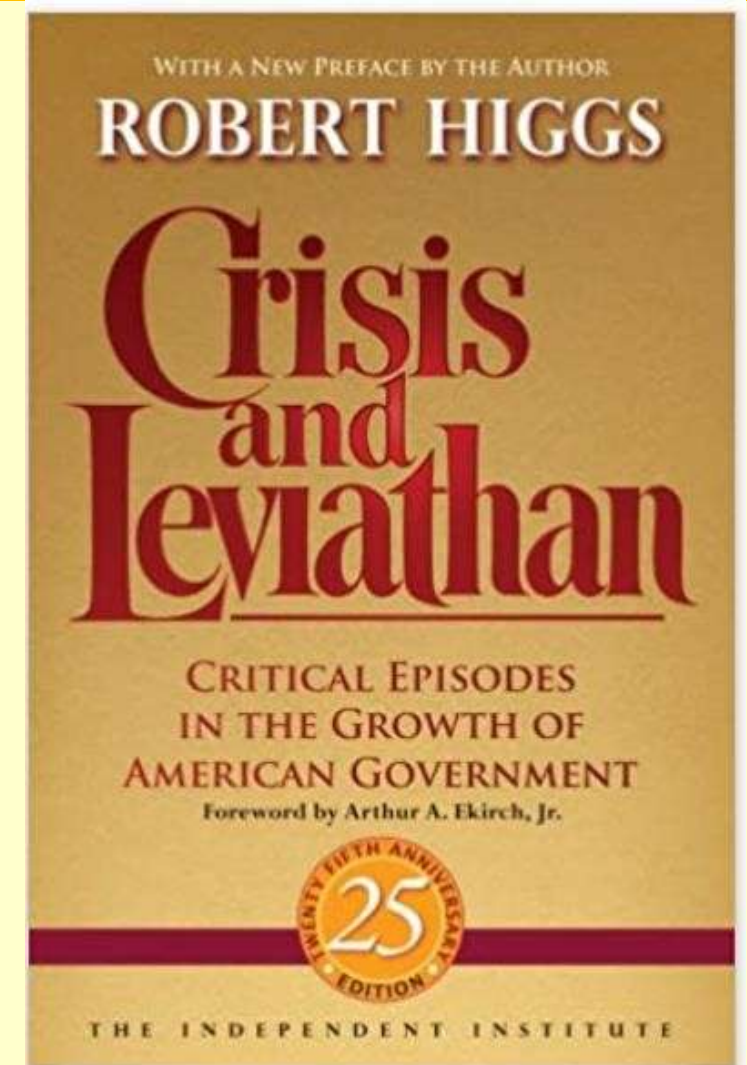
You've probably heard of the butterfly effect, the idea that a butterfly flapping its wings in Brazil might precipitate a tornado in Texas. Similarly, a woman buying a loaf of bread in India might precipitate a recession in Great Britain. Systems like the weather are complex, that is they have a billions of independent elements that can affect the entire system. However, complex systems tend to be self correcting when left to themselves and do not respond well to attempts to manage them because controlling every butterfly is impossible.

Why Is Economic Forecasting So Unreliable?

Your body is a complex system and by and large it can handle ridiculous amounts of damage and stress. Imagine all your body does and how impossible it would be if your conscious mind had to control all its actions. At the cellular level individual cells doing what they must do to survive, automatically act in your best interest most of the time. An economy work's the same way; individual actions motivated by self-interest result in an economy that serves the best interests of the country and its citizens.

So, Where Are We Now, What Is the State of the Union?

Robert Higgs has a great book, Crisis and Leviathan, that shows how every crisis has increased statism, he used the term Leviathan to mean statism or big government socialism. The current pandemic and the accompanying statist impositions should be enough to prove to anyone that Higgs was right.



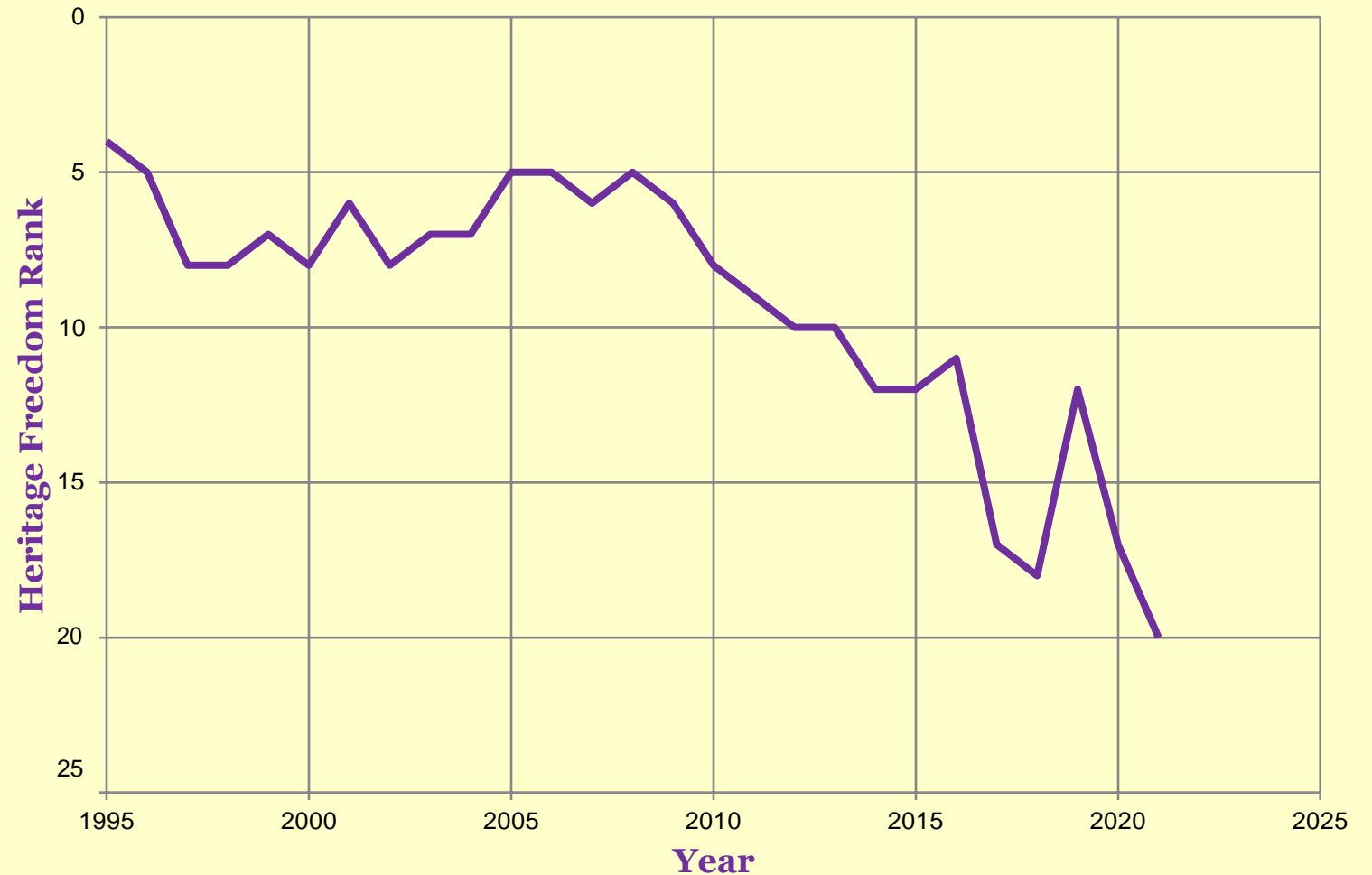
So, Where Are We Now, What Is the State of the Union?

Today in the United States the Evil Twins have gained a serious foothold and are making deeper inroads on a regular basis. Medicare is fascist, since the government controls how much providers can charge. Education is fascist since the government controls much of how schools operate and what they teach. There are a host of areas in which the government has usurped the allocation of resources from the private sector. Progressive income tax, welfare of various kinds, and all attempts to redistribute income and wealth are fascist/socialist.

So, Where Are We Now, What Is the State of the Union?

Each year the Heritage Foundation Ranks the relative freedom of the countries in the world, the United States has been losing ground; falling 16 places in the past 25 years.

Freedom Rank over Time



So, What Is the Answer, What Can We Do?

We are now at a unique inflection point. History tends to move in cycles, like the swinging of a pendulum. It appears the pendulum is at or near the limit of its leftward swing. The left has gone so far from the mainstream that even lifelong Democrats are beginning to have second thoughts. We have a chance to reverse the trend and it begins with the independents, the swing voters. The country is divided into thirds of about the same size; Republicans, Democrats, and swing voters. The swing voters are the point of greatest leverage.

So, What Is the Answer, What Can We Do?

Don't waste time preaching to the Republican faithful except to ask them to vote. Don't waste time trying to convince Democrats, most are unconvinced except to give them permission to change. My wife ordered a custom bumper sticker that reads, "I used to be a Democrat Until they went CRAZY!" That's giving Democrats permission to change sides or at least become swing voters. Your time is best spent finding and convincing swing voters, they will make all the difference.

So, What Is the Answer, What Can We Do?

The Democrats have been able to brand themselves as the party that cares about people. Republicans have played into their hands by playing Spock to their McCoy. The answer is to couch what we say as emotional appeals but appeals backed up by logic and fact. Emotion first, reasoning second. This is particularly true when advocating for cutting back on social welfare programs and things that people think are helping others. We need to make the case that these programs are going beyond not helping, they are destroying lives. We care about that!

Policing

The Democrats have been shepherded into a movement to defund or eliminate the police. The Declaration of Independence continues from the quote in an earlier slide saying, “That to secure these rights, Governments are instituted among Men”. Policing and the military are two of the primary reasons government should exist --- to protect the rights of the people --- to protect them from harm.

Education

Allow home-schoolers the same per annum as the school system. A parent staying at home to educate two children would receive about \$25,000 per year, about the same as a full-time minimum wage job. This will open the door to lower income families being able to home-school their children if they wish.

The education system should not be used to teach values and certainly not things like Critical Race Theory. Values are the in the domain of families and churches.

Immigration

A recent world-wide Gallup poll found that over 700 million people would immigrate to the United States if allowed. If that were to happen the population density in the U.S. would resemble that of China or India along with all the attendant social problems that would come with it. Furthermore, the left seems unable to see the contradiction between their belief that America treats minorities badly but millions of those minorities want to come here.

Race Relations

Republicans are now and have been since the party's founding the party of equal rights. Everyone should have the same opportunities, but that freedom may lead to unequal outcomes. Sowell's book, Discrimination and Disparities explains convincingly why unequal outcomes are actually good. Artists may make a conscious choice to forgo money for the sake of their art.

White Privilege

Is white privilege real? Of course, it is. There are many physical attributes that confer privilege. Two that are far more powerful than white privilege are tall privilege and beauty privilege. People all have a mythological ideal in their mind, their picture of the ideal person. They will tend to judge people, to some extent, based upon how closely those people resemble that ideal. We may wish it were some other way, but human nature is what it is, and we must build systems that acknowledge that and make it work for us not against us.

What About the Legacy of Slavery?

Historians refer to people today judging those in the past by today's standards as presentism. It is a form of bigotry. The United States and Great Britain were the first two countries in the world to ban the slave trade, in 1808. Half of the countries in the world still allow slavery today. America was born at a time when the whole world had been practicing slavery for thousands of years. Washington and Jefferson were slave holders, but they were among the first in the world to question its legitimacy.

Capitalism

What is wrong with capitalism and how do we fix it?

What's wrong is government. Government has created crony capitalism by rigging the system to favor some as opposed to others. Bigger government is not the solution to problems created by government. Governments only legitimate role in capitalism is to protect the people from fraud and corruption.

What About Inequality?

Yes, free markets create inequality but in doing so they raise the standard of living for everyone in the society. Until the industrial revolution, created by newly freed markets in the United States and Europe, the world had lived in the same generally impoverished state for thousands of years. Since the industrial revolution people's lives have been improving year after year. Which is the better world, one in which everyone lives equally on two dollars a day or one in which the poorest live on ten thousand dollars a day, but some have much more?

Creating Value

Free markets reward value creation. Controlled markets reward work. Work does not necessarily create value and value creation does not necessarily require work. This incorrect conflation equating work to value creation is the source of a great many economic misunderstandings. People are paid for the value they create not the effort they expend doing so.

What About Greed?

Greed is a perversion of self-interest, but self-interest is not only good it is a biological imperative. Every organism, every living thing, is hard wired to pursue its self-interest. Free-market capitalism is the only system ever to evolve that uses this pursuit of self interest for the good of all.

What About Taxes?

The flatter the better. Progressive taxes dampen GDP by using resources to avoid taxes that would be better spent on creating value. Taxing corporations results in a flat tax because the corporations pass it thru to consumers but that costs Americans jobs because foreign companies with lower taxes get an advantage.

How to Be a More Effective Advocate

Newt Gingrich recently commissioned a survey of swing voters that gives clues on how to affect these swing voters.

Prefer? Free Market Capitalism 82% Big Government Socialism 18%

Fairer? Free Market Capitalism 77% Big Government Socialism 23%

Better Life? Free Market Capitalism 74% Big Government Socialism 25%

Vote for? Republicans 64% Big Government Socialism 35%

Use the words “Free Market Capitalism” and “Big Government Socialism”

Those words poll far better than “capitalism” and “socialism”.

How to Be a More Effective Advocate

I highly recommend reading the survey. You can find it here:
[PowerPoint Presentation \(justthenews.com\),](https://justthenews.com/sites/default/files/2021-09/National%20Swing%20Voters%20G360%20PPT%2008-24-21%20Executive%20UPDATED%2008-30-21.pdf)
<https://justthenews.com/sites/default/files/2021-09/National%20Swing%20Voters%20G360%20PPT%2008-24-21%20Executive%20UPDATED%2008-30-21.pdf>

How to Be a More Effective Advocate

Two authors make the case for free markets better than anyone else, Friedrich Hayek and Thomas Sowell. Hayek is a bit dry but very effective, Sowell is brilliant and entertaining. I suggest starting with Basic Economics, a wonderful explanation for the superiority of free-markets. Sowell has written more than a dozen books and I have enjoyed every one I have read.



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