

Socialism Explained

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APPLETON, Wis.—Socialism means different things to different people—from Medicare for all to complete government control of society—so we explain here what it is as well as misconceptions about it.

Let’s begin by illustrating a point using a short story.

Bounties intended to rid cobras

During the long-ago days of the British Empire in India, British authorities became concerned over the large numbers of venomous cobras infesting the city of Delhi. Because Hindus both fear and revere cobras, many Indians are reluctant to kill them.

The British colonial government decided to create a strong incentive for the locals to get rid of cobras. They began offering sizable bounties for dead snakes, and before long the authorities were deluged with cobra carcasses.

Strangely, while the government doled out a fortune in bounties, the local cobra population showed no signs of decreasing. Eventually, the authorities discovered why this was the case.

Spurred on by the opportunity to make money, the locals had taken to raising large numbers of cobras in captivity in order to kill them and collect the bounty. Dismayed, the British government retracted the cobra bounty—whereupon large numbers of captive cobras were released since they were no longer of any economic value. Delhi ended up with a larger cobra population than ever.

Cobra effect

While it is unclear how accurate this story might be, the “cobra effect” is a well-known consequence of misplaced good intentions.

It is what usually happens when government engages in what is called “social engineering”: Good intentions lead to bad results. And nowhere is it more widespread than in the type of government called “socialism.”

Socialism described as utopia

What is socialism? To increasing numbers of young Americans, “socialism” has come to mean a society where everything is made fair by the govern-

ment, and all human needs are provided to the poor, the ill, the unemployed and anyone else living in difficult circumstances.

“Socialism” conjures up images of a modern utopia, a world where inequality, discrimination and poverty are things of the past, and where finely tuned government will use its powers exclusively to promote well-being and cure long-standing social ills.

In particular, socialism is often offered as a solution by those wanting government to provide housing, food, employment, medical care and education, as well as to tightly manage market activity via environmental, financial, labor and price controls and regulations.

Socialism has been tried

Most modern governments, from Canada to the European Union to Latin America to East Asia, already do all of these things, and so it is not a stretch to say that most modern governments are socialist, at least to some extent.

There are different flavors of socialism, to be sure. Communism, Marxism and progressivism are all socialist movements. “Communist” regimes such as the former Soviet Union (the U.S.S.R., or Union of Soviet Socialist Republics) always describe themselves as socialist.

Expanded role of government

But all of them share one cardinal feature: the belief that the role of government is to plan, manage, control and regulate all aspects of human activity, since personal liberty cannot be trusted to promote social order and equality.

This, the central thesis of modern socialism, has come to replace in many people’s minds the belief in the power and superiority of liberty that most Americans used to embrace.

Put otherwise: If you believe that individual liberty is a nice idea in theory but won’t work in practice, you’re sympathetic to socialism.

Fairness and equity

Socialism is usually sold in the name of fairness and equality. Old-fashioned individual rights and free markets inevitably lead to inequalities and discrimination, argue socialist sympathizers.

This is why the chaos of liberty needs to be replaced with cadres of government experts empowered to guarantee fairness and equality, by planning economic production, regulating finance, redistributing wealth and engaging in every imaginable type of social engineering.

But, before looking at whether these socialist goals are achievable or even desirable, let’s consider a few hypothetical scenarios typical of modern socialism—including socialism right here in the United States.

Do you consider this fair?

Ask yourself whether the following situations could truly be considered “fair”:

■ You’re in a difficult college chemistry class where, because the students are enthusiastic about socialism, the professor has told students he will give them all the exact same grade in the class, in the name of equality, if more than half of them want that plan—an average of all their grades. You’re trying to get into medical school and need straight A’s to have a realistic chance of acceptance, but your classmates vote for the plan, nearly ensuring you’ll get less than an A because many students will surely slack off on studying, counting on a few hard workers to keep grades up. That’s socialism. Is it fair?

■ Your parents started their own business in their 30s, risking their life savings and ownership of their house to open a restaurant. After working 80-hour weeks for 20 years, taking only two vacations in that entire time, they have saved enough to have a good retirement (\$20 million). Your parents will not give you money for college because they believe that, if you have to use your own money for school, you’ll work harder, so you will have to borrow \$80,000 to go to your state university for four years—because the college has documented that your parents have enough money to pay tuition bills. You will be paying back your loans with interest for the next 15 to 20 years, while a student whose family recently moved here from Poland will get free tuition from the same college because his parents make less than \$50,000 a year. That’s socialism. Is it fair?

■ You’re in your 30s and have held some type of job since you were 12. You didn’t go to college because school didn’t interest you and it was very expensive, but you managed to create a successful landscaping business through working long hours, saving to buy the equipment necessary to open the entity, and building a reputation as an honest businessman. Now you are not only taxed at an exorbitant rate to pay for other people to go to college, but you’re losing some of your biggest accounts because companies get tax breaks for hiring minority-headed contracting businesses and you’re white. That’s socialism. Is it fair?

■ You’re in your early 70s and are retired. While you didn’t plan on having a luxurious retirement, you did plan on a comfortable one, since you have put money from your manufacturing job into a retirement account since your early 20s, and your stock portfolio has grown. With your Social Security payments and investment income combined, you planned to live on a lake in the woods and fish regularly, having the grandchildren visit often.

But things haven’t gone as planned: Government Social Security payments not only have not kept up with inflation, but property taxes on your retirement cottage have skyrocketed, so you can’t afford to live on the lake anymore. Not only that, you notice that taxes on gas, capital gains from your prudent investments, and many other inescapable budget items have all crept upward over the years, while the interest rates and real value of your bank-based savings have fallen. In fact, inflation and ever-higher taxes are making it hard to pay the bills even in a cheap house in a low-income neigh-

borhood. Retirement on the lakeshore has now become an impossible dream, and all because of socialist-inspired government spending. Is that fair?

Experiences like these will be familiar to countless millions of people living under socialism all over the world. As socialism sets in (and the process often takes several generations), people see their standards of living erode and, eventually, the entire fabric of society that was once familiar remade into something both economically and culturally alien. In fact, culture is the key.

Societal socialism

In the end, socialism isn't mainly about economics. It's about cultural change.

Socialism is first and foremost (as the word implies) a social movement, not an economic one. The primary objective of socialism is to destroy the social and moral fabric of society, using economic control as a major tool.

Modern socialism began as a rejection of Western Christian civilization and the moral and political values it produced.

From its early beginnings—in revolutionary France in the late 18th century and in the eccentric socialist communes of Britain and America in the early 19th century—socialist utopias always were based on the eradication of traditional family ties and religious beliefs.

Sexual “liberation,” including communal marriages, and the substitution of pagan and even atheist beliefs for Christian doctrine, were necessary pre-conditions for a social order that required renouncing individuality, private property and allegiances to family and church.

So-called sexual liberation, as well as freedom from economic want, have headlined socialist sales pitches: In return for allowing a governing entity to take one's freedom of choice in many areas, including what to believe, how to use one's time or how to spend one's earned wealth, physical pleasures and safety nets have been offered in return.

Socialists needed to sell something worth having, since there's no escaping a simple rule that should be obvious to anyone: More laws equals less freedom.

At odds with Christianity

And since the Christian religion preaches reliance on God, not man, and is against the idea of “redistribution of wealth”—taking by force from one to give to another—deeming it theft, socialism has always worked to undermine Christianity to achieve its goals.

By the mid-19th century, the dominant form of socialism was communism. Karl Marx's Communist Manifesto expended a lot of ink on the need to eradicate religion and family ties by any means necessary.

And communism's well-known hostility to God and family is shared by all other forms of socialism, although behind a kinder, gentler mask of “tolerance.”

Hence the accusations against Christians by those who call themselves “liberals” and “progressives” (modern terms for socialists and socialist sympathizers), for being “racist,” “sexist,” “homophobic,” “oppressive,” etc.

Christian religion is tolerated by socialists only to the extent that religious groups will bend their beliefs to accommodate socialist ideology. Hence, the “official” churches in China and the U.S.S.R., and the exclusion of other belief systems. Socialism, by its very nature, is intolerant and hateful.

Similarly, liberals dub Christianity “intolerant,” “patriarchal” and the like, and Western culture “Eurocentric,” “imperialist,” and so on, though socialism when enacted will command, and even eliminate, the most mundane of individual behaviors.

Belittling the status quo

To undo traditional culture, socialist talking points commonly demean and belittle the status quo. According to the reasoning of socialist radicals, America, the most diverse and inclusive society the world has ever seen, is somehow bigoted, racist and intolerant above all else.

The country that invented modern liberty and invented limited republican government is a model of oppression. And the country that has done more than any other to advance human learning via the world’s greatest universities and scholarly community is somehow guilty of systemic ignorance and Eurocentrism.

It is no accident that, in countries where socialism has triumphed over all its rivals, the government moves to destroy every pillar of culture, especially religion and family, and transforms itself into the ultimate authority on values.

Cultural makeover in China

During China’s horrific “cultural revolution,” the communist government set out to destroy Chinese traditional culture root and branch.

Families were brutally torn apart and children reeducated.

Traditional values—in China embodied by the precepts of Buddhism, Taoism and the philosophy of Confucius—were all attacked and replaced by the Communist Party as the only legitimate source of moral standards.

This policy continues to this day. Little of Chinese traditional culture is taught in government schools. While some semblance of normal family values has returned to China, the government still dictates how many children parents can have.

The communists also act as the national guardians of virtue, being engaged in nonstop anticorruption campaigns to stamp out drugs, prostitution, bribery and other social ills—mostly by tightly controlling the Internet and other forms of free speech and association. Such have been the far-ranging consequences of the socialist cultural makeover of China.

That same overall goal is being sought in Europe as EU countries are being flooded with Third World immigrants, while citizens in those countries are be-

ing arrested if they disagree with the massive cultural changes taking place—same result as China, though with less violence.

Misconceptions of socialism

Despite the cultural realignment that is the main thrust of socialism, it is widely perceived by those sold on socialism as being nothing more than a better economic alternative to free-market capitalism, though the belief that socialism can and will make everyone well-off is an illusion.

It is worth taking a look at a few of the many widely believed economic misconceptions used to promote socialism.

Misconception No. 1: Socialism will ensure that all Americans have access to high-quality, low-cost, timely health care.

Socialized medicine has been one of the top selling points for socialism for a long time, and countries such as Canada and Great Britain are celebrated by leftists everywhere for their allegedly successful socialized health-care systems, though the efficiency and effectiveness of those systems are way oversold, and they often actually provide substandard care as compared to medical care in America.

Over time, the United States has created a partially socialized health-care system, beginning with Lyndon Johnson's creation of Medicare and Medicaid and continuing with countless other government controls over health care, including President Obama's Affordable Care Act—a hodgepodge of public and private interests that nobody really understands and that, most everyone agrees, is broken beyond repair.

Running contrary to the promises of socialism, each time the government has gotten involved in the health-care system it has caused unintended consequences and distortions—much like our example of the Indian cobras—causing more harm than good.

Not only is the U.S. government responsible for health insurance being issued through one's job—because of price controls the U.S. government introduced in World War II—making medical care less accessible to some than others, nearly every action of government has led to bad results, especially making health care more expensive or less accessible. Here are a few, of numerous, examples:

- Government limits the number of doctors available to practice—at the behest of doctors, because doctors want to get paid a lot—by limiting residency slots available, by making it difficult for foreign doctors to be admitted to practice here, by limiting how many doctors may practice a certain specialty in a given locale, and more.
- Government causes high drug prices by renewing and extending patents on drugs when small, unimportant drug-formulation changes are made by pharmaceutical companies. And government also raises drug costs by allowing drug-marketing companies to demand kickbacks from pharmaceutical companies to sell their products under exclusive contracts, as explained at nomiddlemen.org, causing some drug prices to rise in excess of 400 percent

(raising drug costs in the United States by hundreds of billions of dollars per year) and causing some drugs to be unavailable altogether. (This is legalized racketeering, thanks to Congress.)

- Government boosted health-care costs to those with private insurance or no insurance by underpaying for Medicaid patients, causing medical providers to make up their losses elsewhere. Underpaying for Medicaid services also made it difficult for Medicaid patients to find a doctor willing to treat them, leading to worse care and shorter lives for Medicaid patients with heart conditions and head, neck, breast and colon cancers.

- Government boosted the opioid-overdose epidemic by providing opioids such as oxycodone to Medicaid patients for free or nearly free, a drug program that the Medicaid patients saw as an opportunity to make easy money by selling the drugs on the streets, or as a cheap way to get an opioid “fix,” according to the U.S. Senate.

(Question: Since government officials must either have been ignorant or corrupt to allow the aforementioned things to occur, what are the chances they will run an efficient and equitable health-care system?)

Analysis tells us that it’s simply untrue that government provision of medical care will mean more and better care, as should be obvious to anyone who thinks about it.

Because of the incentive structure associated with socialism, government-run entities are always much more expensive and much less efficient than their counterparts in the private sector.

This is obviously true with, for example, government-run post offices versus private shipping firms such as FedEx, or with government-run versus private airlines, buses and other modes of transportation.

(Consider whether Uber and Lyft are better than government-sanctioned cab-company monopolies.)

While there are some tasks that government is arguably required to perform—military spending and road and bridge construction, for example—all such government projects always end up with delays and cost overruns.

This is because, where government is concerned, delays and excessive spending are incentivized. Politicians derive power from bloated budgets and big projects, and the more money and time spent the greater the political leverage.

The more people and bureaucrats involved, the more likely that a budget item will survive, since large, overfunded projects appear to create lots of jobs and are politically difficult to defund.

This is why government health care is always massively inefficient and poor quality. It may not be paid for out of pocket at the inpatient reception desk, but it will be paid for—with interest—via massive taxation.

As for the quality of government-run health care, the exodus of well-heeled Canadians (including, not long ago, the premier of a Canadian province) to American hospitals for major medical procedures such as heart surgery speaks for itself.

Before socialization overwhelmed American medicine, health care was cheap and convenient. Socialized medicine removes the element of choice (another word for freedom), and instead of a menu of different care options and a wide range of possible health-care providers, it provides one or a very limited range of options dictated by the government, not the consumer, to save money.

For instance, when drugs cost a lot, Britain's National Health Service simply refuses to allow them to be used. And we get a system that incentivizes patients to overuse their "unlimited" health-care benefits, incentivizes doctors to recommend treatments that pay the most, and incentivizes government to ration care to lower costs. Hardly a win-win-win situation.

Misconception No. 2: Socialism means "equality," spreading wealth and opportunity so that everyone gets his fair share.

This misconception involves several cons. Foremost is the redistribution con. Before wealth can be redistributed, it must first be taken from someone.

And where will we find the angelic beings who are to be trusted to wisely and fairly redistribute the wealth once it's gathered?

Experience tells us we won't find them. We always end up with political elites living in splendor, while everyone else is mired in squalor and deprivation.

Even as China and Russia have allowed some capitalism—because socialism had impoverished their countries—the great majority of the new wealth is concentrated in the hands of the former communists.

As the government consumes and controls more and more of the wealth of a given country, those in the government and connected to it benefit disproportionately, and it becomes ever more difficult for the average Joe to make ends meet. He is forced to accept more and more dependence on government "aid," a fact used by the Left to push for more government control.

The socialist vision of equality, the belief that only government can level people in society, never ends up elevating society to new, higher levels of equality in health, prosperity and education.

Instead, it has the long-term effect of bringing everyone down to a lower, common level of misery, eliminating any possibility for individuals to improve their circumstances by free choice.

This is true because socialism stops, or at least slows, wealth creation because government can never meet the desires, demands and needs of consumers as well as businesses can—and that is how wealth is created.

Because businesses must either meet consumer demand or, as in the case of the creation of smartphones, create new consumer demand to make money, businesses usually react swiftly to consumers' wants.

When consumers express dislike for menu items, car styles, a price point, a ball color, golf-club performance or anything else, businesses will strive to meet consumer desires—or will go out of business.

Consumers dictate what products will be produced and in what quantity.

Under socialism, to a large extent, government dictates what products will be produced: what pharmaceuticals will be available, what new medical experiments will be funded, what type of cars you should drive, what type of house you should live in, etc.—and all those decisions get made based on favoritism, bribes, family connections, or simply bureaucratic whim, stifling innovation and taking funds companies would use for job and wealth creation if they were allowed to keep the cash.

And while it seems entirely wrong that a handful of Americans, such as Bill Gates, Warren Buffett, Mark Zuckerberg and a few others, have as much money as most of the rest of the country combined, this perception of wrongness rests on the errant belief that the country has a fixed amount of wealth and that, in the name of fairness, that wealth should be more equally distributed.

That claim is not true. New companies, new products and new services can create new wealth, so many of the rich in this country are actually helping raise the standard of living for Americans as a whole, even as they become exceptionally rich.

On the other hand, concentrated wealth is a problem under socialism because that ideology interferes with wealth creation.

As Winston Churchill famously pointed out: "Socialism is a philosophy of failure, the creed of ignorance, and the gospel of envy. Its inherent virtue is the equal sharing of misery."

Nor is any of this idle speculation. The evidence is very clear, from decades and decades of socialist experimentation both at home and abroad.

The present situation in Venezuela has grabbed headlines in recent years.

There, in what was not long ago Latin America's wealthiest country, "Bolivarian" socialism has taken a fearful toll, plunging the country into unimaginable poverty—this, even as the country's brutal dictator, Nicolás Maduro, stubbornly clings to power while his people starve or flee abroad.

Zimbabwe, with inflation reaching 89.7 sextillion percent year-on-year in 2008, is another poster child for the toll that generational socialism will take, and South Africa now seems determined to follow the same tragic path.

While socialists always protest that such examples are not typical, and represent the tragic misapplication of socialist principles, the facts don't back them up.

In the United States, socialism at the level of state and local government has wrecked entire cities such as Detroit and is now destroying once-prosperous California. Formerly the place where dreams come true, California is now in sorry shape, with disease, poverty and crime rampant in her largest cities, uncontrolled wildfires destroying vast swaths of towns and suburbs (the result of decades of bad government environmental policy), and state and city governments teetering on the brink of bankruptcy.

All this while California's political leaders focus their energy on providing sanctuary for illegal immigrants, spending billions on high-speed railroad boondoggles, and even—at the time of this writing—intending to spend \$100 million per year to provide full health coverage for low-income illegal immigrants aged 19 to 25.

Too, American Indian reservations, classic examples of government planning, have been under the superintendence of the federal government for generations—and poverty, crime and numerous other social ills remain the norm.

Capitalism, and freedom in general, has just the opposite effect. All of the miraculous progress of the modern world is the result of capitalism, of risk-taking and innovation, not central planning.

Even heavily socialized countries such as China have made considerable progress—in exact proportion to their willingness to allow capitalism to take root.

And it has been capitalism, not socialism, that, by incentivizing progress in medicine, food production, transportation, information technology and so on, that has immeasurably improved standards of living almost everywhere in the world, leading to drastic increases in the quality of living for an overwhelming majority of people. So much for the socialist caricature of wicked, morally challenged capitalism!

Misconception No. 3: "Needs" in society—including health care, housing, a living wage, education, etc.—are the same as "human rights" and so should be provided to all.

According to socialists, every human need (housing, food, clothing) or strong desire (education, for example) must be fulfilled by government if a person cannot meet this need by himself. Otherwise, the person is being denied his basic "human rights."

In Amsterdam this has been taken to utmost extremes, as the U.K. *Telegraph* reported: "An investigation by *The Sunday Telegraph* can disclose that exotic holidays, Internet dating subscriptions and adventure breaks, as well as visits to sex workers and lap-dancing clubs, have been permitted under the [welfare] system."

For the socialist, a "right" is anything that a socialist believes people are entitled to, regardless of what might be required to produce it.

Socialists often justify their policy preferences by pointing to the necessity of employment, education and health care. But notice that these "rights" are actually requirements that somebody provide a good and service for someone else.

For example, stating that people have a “right” to health care means that someone else must be forced to provide it. Otherwise, this “right” cannot be guaranteed.

The one person who provides for the other is in “servitude” or “slavery,” by any reasonable definition of the word—a state of being that at one time in the recent past most Americans found reprehensible.

Like other forms of slavery, the worker is threatened with violence if he does not do as he is told, such as being threatened with prison for not paying taxes.

It should be obvious that goods and services that are obtained by threats of violence are not “rights.”

Real rights do not involve restricting the rights of anyone else.

Thus, we can enjoy the right to life, to liberty, to private property ownership, to free speech, to freedom of religion, and so on, without forcing anyone else to provide us with some good or service. These rights inhere in all of us, regardless of age, stature, race, gender, intelligence or any other gifts or disadvantages we may have.

And with the application of real rights, under capitalism you have the last say in what you do with your greatest property: yourself—even to providing charity to those in need.

Misconception No. 4: Under socialism, college education will be free and available to everyone.

The idea that a college education can be “free” is farcical. Salaries, books, utilities, classroom and dormitory buildings, and numerous other features of university life cost lots of money.

College professors and administrators may love their jobs, but they won’t work for free.

The only question is who will pay for all of these things. If students pay no tuition and fees, then the money will have to come from somewhere else, and under socialism that someone is always the tax-paying public.

Large government subsidies already flow into the American university system—government scholarships and grants, subsidized student loans, research grants and many other goodies—but the effect has been to drive up, not lower, the cost of education.

For example, low-interest, government-subsidized student loans were supposed to make borrowing for college more affordable. But, by providing easy credit, government has ensured that more people are willing to borrow more, and pay more, for college.

That, in turn, incentivizes colleges and universities to raise fees and tuition to be more in line with what their customers (in this case, students and their parents) are willing to pay.

End result: It's a lot easier to borrow money for college, but you will have to spend a lot more than your parents or grandparents in order to get a college degree! A *Forbes* article entitled "How Unlimited Student Loans Drive Up Tuition" reported on multiple studies proving this very thing.

College administrators are as money-hungry as the rest of us; if money is available, just waiting to be taken (in this case, thanks to government incentives), they'll take it.

Removing all the government distortions in the higher-education sector would end the problem of spiraling tuition costs almost overnight. More socialism would make things worse.

That being said, yes, some socialist countries such as Germany have no-cost tuition for college, but that doesn't mean everyone now gets to go if he so chooses.

To keep expenditures to a minimum, in Germany only the top 30 percent of students are admitted to college (as compared to 70 percent of U.S. high-school graduates), the universities are widely considered overcrowded, and students are often still on the financial hook for school supplies and housing (which in America generate about half the cost of college).

Limited access is always part of the deal with "free" socialist stuff.

Child's-eye view

The failures of socialism are too numerous to be covered exhaustively in a single article. Its timeless appeal can be attributed to its over-simplistic, utopian view of human nature and society, its claims of virtuousness and its seeming successes.

It presents a child's-eye view of the world, a place where money really does grow on trees, where you can get something for nothing and where those with good intentions are always infallible and incorruptible caregivers. This is why socialism so often appeals to the young and idealistic.

Sweden and Denmark

But even socialism's supposed successes aren't real successes.

European socialist countries such Sweden and Denmark enjoy a measure of prosperity because they are not pure-socialist economies, and because they have been able to spend capital accumulated before socialism took root.

Run out of other people's money

The problem, though, as former British Prime Minister Margaret Thatcher once tartly observed, is that socialist governments "always run out of other people's money."

For all of these and many other reasons, socialism should be recognized for what it is: a totalitarian system completely at odds with the American (and Western) tradition of individual liberty and free-market capitalism.

It should be rejected in all its forms.