



Marc Deville — Gamma/Liaison

How The Welfare State Poisons Western Europe

DUTCH TREAT

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■ A WELFARE STATE has been described as what happens when you let a government of the people and for the people *buy* the people. Nowhere is this better illustrated than in the nations of Western Europe. The citizens of those countries have allowed themselves to be bought off with their own money at an even more rapid rate than have we Americans.

Some observers estimate that the United States is approximately fifteen years behind the Welfare States of Europe in the march into socialism. If this is so, we would do well to examine the future being planned for us.

We shall focus here on the Social Welfare system in The Netherlands as representative of the European

Dutch youth are being corrupted by a socialist system that provides them with liquor and drugs at discount prices in government-subsidized clubs. Indeed, reports CBS-TV's Morley Safer, "the government is about to open a center where 300 heroin users will be given free drugs and a place to inject themselves."

malaise. Holland is a nation characterized by a high degree of ethnic homogeneity and a public-policy consensus, yet the Welfare syndrome has become a serious national problem which threatens not only further economic progress but also public morality and political stability.

The Social Welfare program in The Netherlands has mushroomed since its introduction in 1957. During the 1960s, when revenues from rich natural-gas fields began to flow into the Dutch economy, the Welfare system was greatly expanded both in its scope and generosity. It was argued that vast new wealth had been generated which had to be redistributed through the tax system and disbursed by government. An elaborate "safety net" was woven for workers so that no one need ever suffer financial distress due to unemployment, disability, or lack of opportunity. And Holland's social democrats continued to enlarge the Nether-Nether Land of Dutch Welfare through the decade of the 1970s, confident that there was no lunch like "free" lunch. The system of social democracy grew like Topsy as it labored to meet every need and indulge every political whim.

Holland now has the most generous system of benefits for unemployed and disabled workers any-

where in the world. Since one inevitably gets more of whatever is rewarded or subsidized, it should come as no surprise that The Netherlands also has the highest level of unemployment in Europe (17.5 percent) and the greatest percentage of disabled workers in the world. Unemployment benefits last for at least two and a half years. When they run out after that time, the worker can apply for Welfare benefits linked to Holland's generous minimum-wage level. One in every six Dutch workers is on the "permanently disabled" list and receives eighty percent of his former salary.

To obtain lifetime disability benefits a worker's accident need not even be job-related. One young man wrenched his back while skiing and managed to obtain a \$20,000-a-year pension for life. And this is no isolated case. A thirty-year-old bookkeeper, for example, receives a substantial pension for an alleged "bad back." Never mind that he is able to work as a full-time hawker at a sex club in Amsterdam's famous red-light district. Never mind that doctors have been unable to discover any cause whatever for this fellow's back problem. Nor does it matter that his disability is insufficiently serious to prevent him from taking vacations all over Europe. After all,

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realiseert u zich dat:
kernwapens de wereld vele malen kunnen
vernietigen
het al of niet gebruiken ervan afhangt
van een paar fanatiekelingen terwijl op
de hele wereld geen één volk 'n bom op
'n dak wil
al mensenleed genoeg is
de geschiedenis ons leert dat er nog nooit
volk beter is

The Social Welfare program in The Netherlands generously rewards the lazy, dishonest, and unproductive. The results are that Holland has the highest level of unemployment (17.5 percent) in Europe and one in every six Dutch workers is on the "permanently disabled" list receiving eighty percent of his former salary.

the Dutch government gives "unemployed" workers vacation pay.

Little wonder that unemployment due to "disability" and illness is now widespread in this nation which traditionally exemplified the Protestant work ethic.

One reason there are so many malingerers in The Netherlands is because medical care is completely paid for by the munificent Welfare State. According to leading Dutch physicians, most of their patients come to them with vague complaints such as headaches, backaches, hyperventilation, and irritable colons. Not to mention the heartbreak of psoriasis. Because of government funding of medical care and hospitalization, no matter how trivial the symptoms may be each patient receives a full battery of the most elaborate diagnostic examinations and laboratory tests. In more than half of the cases the doctors find that these exhaustive tests have revealed nothing wrong whatsoever. Undeterred, the patient seeking a subsidy simply objects that he still has his complaints and is unable to perform at his job.

Is it any wonder that between the unemployed and the disabled a shocking forty-one percent of the Dutch work force is now sitting about pulling handsome benefits from the taxpayers? Dutch offi-

cials admit that well over half the people now receiving disability payments are actually able to work. But when you pay people not to work (Surprise!) you get unemployment. And when you pay people for being disabled (Surprise!) you get more disabled people. There seems to be a principle involved here that eluded the social democrats who gave birth to this monster.

Many aspects of Dutch life are meanwhile subsidized to keep down prices on the market. Housing, for instance, is subsidized. Dutch families are given generous child allowances as well as "free" education and vacation pay. A quarter-century of an increasingly generous Social Welfare system has led to turning the people of Holland, once among the most admirably independent and self-reliant on earth, into malingerers and drones.

Consider one typical case cited by David Brand, a staff writer for the *Wall Street Journal*: "As an example of the benefits awarded by the program — although certainly not as an example of fraud — Anton van den Ham, 43, of Vlanen, has been living on disability benefits since 1971. His weekly check is \$135, supplemented by his wife's earnings as a packer in a book club. He pays a mere \$116 a month for his spacious, subsidized

house and gets an educational supplement to send one of his three children to a special school.

"Sitting in his airy living room, which is filled with plants and caged parrots, Mr. van den Ham explains that he suffers from asthma and that 'I'm sick so often it's impossible to hold down a job.' Once he was a crane operator at a local plant; now he spends his time providing free counseling for local residents on how to apply for social-security," which includes Welfare, unemployment compensation, disability benefits, retirement pay, and so on.

Another resident of Vlanen (a nice neighborhood about twenty miles from Amsterdam) is Klaas de Jong, a 37-year-old garage mechanic who lives off the unemployment program. He complains that he "just can't get by" on the \$147 per week he receives from the government, despite the fact that, in Holland, this is a substantial income. Mr. de Jong pays only \$161 per month in rent for a very comfortable house. The rent is low because the local building society which owns the house receives financial support from the government. On top of that, however, Klaas de Jong receives \$100 each month in direct rent subsidy from the government. He also receives \$278 in quarterly stipends as family allowance for his two children.

As Holland's Welfare State expanded, abuse and fraud in the programs have, of course, become rampant. The work ethic has been replaced by rationalizations and cynicism. One widespread abuse is moonlighting by those collecting unemployment benefits. According to a "totally disabled" man interviewed by the *Wall Street Journal*: "Like everyone else, I work on the side to get by." Another man, collecting unemployment benefits and moonlight-

ing, admits: "With so much unemployment about, you risk being denounced by your neighbors. A friend of mine [*on Welfare*] went to jail for three months for moonlighting." In a Welfare society in which nearly everyone cheats, everyone is suspicious of everyone else for cheating. Tat-tling on one's neighbor is becoming a national pastime in Holland as taxpayers jealously regard the money that goes into the common pot.

"Disability," as we have noted, allows allegedly incapacitated workers to spend the rest of their working-age lives receiving payments from the government amounting to eighty percent of their former salaries. In addition, at least up until the last year or two, these benefits have been adjusted annually to compensate for the consequences of price inflation. It strains credulity to believe that one out of every six people of working age in Holland is *really* disabled.

Typically, the disability program is used by employers to lay off workers without hassle from government. You must understand that in The Netherlands an employer cannot discharge a worker without getting permission from the union-dominated regional employment office. This involves discord with the unions and yards of governmental red tape. Using the disability program avoids any hassle with the socialist system and the workers go for it like ants at a picnic. Low back pain is the most common claim. Indeed, the Dutch government has one entire building where bureaucrats process disability claims for nothing but back problems. Called the "back building," it is enormous!

Everyone knows of the widespread abuse; and, as their payroll taxes climb ever higher, workers in Holland who actually work are in-

Only a massive education campaign will awaken the Dutch people to the fact that a government big enough to provide them with everything they want is also big enough to take away everything they've got. To save themselves they must return to their proud tradition of individual responsibility and the work ethic.

creasingly resentful of the free-loading. So are businessmen. Dutch companies and their employees contribute more than sixty percent of payrolls to fund everything from unemployment benefits to free health care to full retirement.

One need not even be a Dutch citizen to receive benefits from this Welfare State. Hundreds of thousands of foreign workers now reside in Holland, having been invited there to do the menial labor that Dutchmen no longer care to do. These foreign workers living in Holland are entitled to the same unemployment, disability, and other Welfare and social-security benefits accorded to Dutch citizens — plus family benefits for wives and children back in their home country. Men often claim more children than they have. Abuse is shocking. One example is a Pakistani worker who is employed as a dishwasher in an Amsterdam hotel. On top of a fairly good salary from this job, he receives a whole array of subsidies and benefits. He lives in a spacious and comfortable house which is subsidized by the Dutch government. He supplements his income further by renting out rooms to other Pakistanis living in Holland — strictly on an unofficial basis, of course. His family, which lives in Pakistan and has never been in Holland, gets

\$3,000 a year in family-assistance benefits from the munificent Welfare State behind the dikes. That \$3,000 stipend is *nine times* the average annual income in Pakistan. One wonders why there is anyone left in Pakistan at all.

Those who have been declared disabled or partially disabled in Holland will get benefits even though they move back to their homeland. Those who, because of their specific disability, are deemed to need a car to transport themselves will be provided one by the Dutch system. When a foreign worker returns to his own country it is perfectly legitimate under the Dutch program for him to take that car along with him and even to get a replacement every few years.

Is it any wonder that such extravagance is beginning to anger some Dutch taxpayers? On the other hand, while complaining about burdensome taxes which would give anyone an aching back, the people are not ready to abolish their precious programs and benefits. The Welfare State has bought them off. Virtually every segment of Dutch society has a vested interest in the system. The CBS program "60 Minutes" recently carried a short report on what it called the "Dutch Treat." Even Morley Safer, no Rightwing devotee of *laissez-faire* by any means, was aston-

ished at what the Welfare State had wrought in The Netherlands. He observed:

"By the mid-Seventies the Social Welfare system had reached a crescendo of plans and programs — a reverse of Orwell's 1984. Big Brother wasn't watching, he was asking: 'Can I do anything to help?' The militant women demanded the government give them a women-only restaurant. The government gave them money to get one going. And when Lesbian women felt they were excluded from job opportunities as barge captains, the Dutch government put up money, got the Common Market to put up more, and gave them a school and bought them a barge. The male barge crews objected, predicted disaster — accidents in Holland's delicate canal system. But the women won, and the canal walls held. [*The screen showed Madam Barge Captain kissing her wife good-bye. There is more than one kind of dike in Holland.*]

"The homosexual community demanded and got a government-subsidized club and dance hall. The Hell's Angels complained that they had no place to meet; so, the government gave them a clubhouse. Youth in general complained that youth was not being served. So, the government started something called the 'Happy Family' clubs. Kids from 15 to 24 are provided with free music, sausages, and soft drinks. Beer is 35 cents a glass. Hashish and marijuana are sold at discount prices"

That's right, friends! In this country steeped for centuries in Calvinist religion the Welfare State now subsidizes vice and depravity. And there is nothing at all clandestine or illegal about the sale of these drugs in the government-subsidized clubs. The practice has the approval of the Dutch government, and the hashish

and pot sell for half the street price and are purer.

It's one thing to let each person have the freedom to do his own thing, or to go to Hell in his own way, but it is quite another to force taxpayers to subsidize and encourage youngsters in vices like smoking dope and drinking whiskey. Yet the government in Holland is doing this — and much more — to appease the young people there. Dutch youth are catered to, indulged, and spoiled by their paternalistic government as in no other country in Europe. This is how they have been bought off. But, after all, it is *their* future that is being mortgaged.

In his "60 Minutes" report, Morley Safer went on to describe still more clubs made possible by the Netherlands Land of Dutch Welfare: "For older children and younger adults, the government subsidizes other clubs — like the Milky Way. In the Milky Way the drugs are sold in booths which give the latest market prices for marijuana and hashish. Everyone goes to great pains to say that *hard* drugs are not offered for sale — though the government is about to open a center where 300 heroin users will be given free drugs and a place to inject themselves." That whirring noise you hear is the forebears of these Dutch youngsters spinning in their graves. Even Safer was obviously shocked. There was none of his usual blasé "Liberal" attitude in *this* segment.

The Welfare State of declining Rome had its bread and circuses; Holland offers drugs and booze to pacify its population. That's modern "Liberalism" in action! The Pusher State continues to hook its victim-customers on dependency.

Everyone has a share in the Dutch Treat. Musicians — or those who
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claim they are musicians — are typical. Safer reports: "Holland is a great haven for musicians and for lovers of music. The government pays virtually the entire cost of 19 symphony orchestras, plus operas and ballet companies. The musicians are all on civil-service salaries and pensions. They are given twelve months a year of work — even though some of them put in only eight weeks out of a year. The Icebreaker, an Amsterdam café and experimental music club, gets a stipend of about a quarter of a million dollars a year from the government. . . . At the Icebreaker, just about any kind of 'music' goes. It's also a place to try out new vaudeville acts, even though vaudeville is as dead in Holland as it is anywhere. The performers are, of course, on a government stipend as well.

"Pop music is not left out — and here you may have the most enigmatic *non sequitur* in the history of musicology: the Committee for Noncommercial Pop Music — designed to make more commercial and more popular noncommercial music. In other words, they're here to find ways of getting the bottom 400 into the top 20 — which, of course, would then make them no longer noncommercial."

Egalitarianism in music has produced a great deal of trash, of course. But many in Holland love to attend opera, and the government also vigorously subsidizes this. It is said that if the production of operas in Holland were not subsidized, it would cost \$85 to attend a performance. Opera lovers pay only seven dollars to enjoy this fare. Taxes pay the rest.

Art, like beauty, is said to be in the

eye of the beholder. Holland's generous Welfare State is not only a haven for "musicians," but also for "artists." Government-subsidized art is one of the ugliest aspects of the Dutch Welfare State. Again we quote Morley Safer:

"But the most graphic, visual example of the Dutch Treat is the way it treats its unsuccessful artists — and those claiming to be artists. Last year the Arts Committee of the Dutch government spent more than \$43 million on art works from painters and sculptors who could not otherwise make a living. There are 3,500 such artists on the government payroll The Arts Committee is made up of civil servants and artists who are themselves on the government's payroll."

In good democratic fashion, the members of the Arts Committee vote to determine which objects of art will be selected for government purchase and which artists will be put on the dole by the taxpayers. It sounds like a fairy tale, doesn't it? But in Holland it is reality. Safer continues: "Much of what the Committee looks at is atrocious — there is just no other word for it — and most members will privately admit it; but not unlike certain departments of the U.S. Government, once you have a budget it must be spent. So, they spend it."

What happens to all the art work that is put out by the army of government-salaried artists and sculptors and is purchased by the Dutch taxpayers? Safer explains: "In theory, the work that is selected is sent to public buildings like this one [*he gestures to an enormous government building behind him*] The idea is that state-employed office workers can enjoy the fruit of state-approved art. In fact, most of the art is sent here [*Safer is now standing in*

front of another building] — a warehouse. This one is down by the waterfront in Amsterdam. This is the *little* warehouse; it warehouses only 40,000 pieces."

Remember that the Dutch government paid out over \$43 million last year for all of this "art," and no telling how much to store it. The big warehouse at the Hague contains over 200,000 paintings and art objects. No one sees this stuff and no one cares to do so.

Professor Victor Halberstadt is a world-renowned Dutch economist who lectures at Leiden University. He was one of the principal architects of the Welfare State system in Holland. Still refusing to challenge the assumptions on which his Welfare State is based, Halberstadt says: "The system is abused because it has been *made* to be abused." You see, waste, fraud, and abuse are endemic in any government system of transfer payments and unemployment benefits. The abuse cannot be cut out of the programs without abolishing the programs altogether.

Professor Halberstadt is certainly not for that, but he is alarmed at how Holland's ultimate Welfare system is affecting the people who live under it. He observes:

"It has been a terrible blow against morality, against the work ethic — and especially it has been a terrible blow for younger people; because, in the last decade, lots of young people have seen around them *fraud* — legal fraud — which allowed workers to obtain benefits as 'disabled' persons. And that, in turn, made it seem to young people, I think, that trying to get a benefit instead of working was socially acceptable. And that's why we have now brought up generations of people who think that it's quite normal to live on a benefit instead of living on the income made

from work This is now a country of free riders that is about to spend itself into poverty unless changes are made."

When The Netherlands was riding high on the tide of the prosperous Sixties and Seventies, it was easy to get the population addicted to benefits from the state. But recession hit Holland — and Europe in general — even harder than the United States. As unemployment zoomed upward, the outlays for benefits escalated out of control. "We assumed that economic growth would be with us for decades — we made a drastic mistake," admits Professor Halberstadt.

The economy of The Netherlands has not returned to normal from its deep recession in the early 1980s. The Welfare State, increasingly overburdened and running out of money to pay for all the benefits and programs, is staggering. As those still working are forced to pay ever higher taxes — approximately sixty percent of their paychecks — some are beginning to come to their senses. Halberstadt himself is one of these. "People consider it quite normal that government finances almost everything — be it education, be it the arts, be it benefits. And government is not a strange and alien body somewhere. Government is us. And now people are finding out that they are paying the bill themselves. That bill today is very high. And that leads to a situation whereby more and more workers will say we can't accept it. It's not yet a revolt, but there is strong resistance to an increase in the tax take only to finance schemes — benefits — for those who don't work."

A couple of years back this growing reaction produced an election in which the Labor Party was ousted and replaced by a Christian Demo-

crat/Conservative Government, led by Ruud Lubbers, which pledged to trim social spending and called for "the return from the Welfare State to the Free Market economy." Strong and inspiring talk, but predictably the efforts of the new Government have met with considerable opposition, especially from the Socialist union leaders.

Panicked by the exploding costs of their Welfare State, the Dutch are nonetheless attempting to clear away some of the political regulations and other obstacles to economic growth created by previous Governments. The Social Welfare system had been seen as "a good stabilizer" for Holland's economy, says Social Affairs Minister Louw de Graf. "But because we went too far in social-security expenditures," he explains, "we're on a downward spiral. We've got to stop the decline now."

The Government wants to slash ten percent from unemployment and disability rolls, cut social benefits by 3.5 percent, get rid of 11,000 government jobs, and reduce minimum-wage levels. "The policy for 1984," proclaims Prime Minister Ruud Lubbers, "is to reduce government influence not only in the economy but in the web of regulations in society as a whole." The Lubbers Administration has now taken a lesson from supply-side theory by slicing corporate income-tax rates from forty-eight percent to forty percent in an attempt to squeeze more production and revenues from Holland's beleaguered economy.

It has also promised to relax Holland's intractable rules on factory closures and layoffs.

Meanwhile, interest rates had soared well beyond traditional levels as the Welfare spending soaked up the capital pool. Lubbers insists that the Government's deficit — about

eleven percent of the net national income of Holland — must be cut drastically to free money in the capital markets for industrial growth. Warns Economics Minister Gijs van Aardenne: "The extent of the upturn is uncertain, and it is essential that industry be able to grab it."

These measures are a step in the right direction, of course, but don't hold your breath waiting for The Netherlands to get rid of Welfarism altogether. At most, the Lubbers Government may slow its expansion. That could be too little and too late.

But the Dutch electorate has been suprisingly amenable to the need to cut back on social spending. The *Christian Science Monitor* for January 12, 1984, reported: "The Dutch turnaround is perhaps the most spectacular of all. Until last year, Holland had lived through a quarter-century of ever-expanding social welfare funded by natural-gas revenues and driven by a national conscience that deemed it inhumane to ask if a dole recipient really needed assistance. Several million — out of a population of 14 million — received welfare"

"The 1970s' oil crisis, a failing GNP, and sharply falling investment in the 1980s, and the highest unemployment in the European Community (17.5 percent), jolted the Dutch out of this pattern, however. To their astonishment, the Christian Democrat Prime Minister Ruud Lubbers said last fall that the country was living beyond its means and announced an austerity program.

"He trimmed initial jobless benefits to 70 percent, dismissed 8,000 teachers and lecturers, reduced overall social-security payments. Most dramatically — and uniquely in Europe — he went beyond the 1983 freeze of public sector incomes to real cuts of 3 percent as of January

1 and announced cuts of 10 percent by 1986.

"The confrontation which followed was unprecedented in a nation proud of its social harmony and generosity. Garbage workers, tram drivers, barge pilots, and other government employees struck or held go-slows for six weeks. But in the end they yielded.

"Mr. Lubbers's toughness has not endeared him to all the Dutch. Polls suggest the Labor Party would gain in any election held soon. But there is no immediate prospect for an election — and in the highly factionalized Dutch politics, that itself is a sign of Lubbers's success."

It will be a wonder if Ruud Lubbers can hold on to power. His Government's measures risk a breakdown of Holland's social consensus and the undermining of a decade of harmonious labor relations. Further strikes can be expected as he presses for his spending cuts. Indeed, if Parliament does not rescind the cuts already made, an official of Holland's largest public-employee union threatens, "we have told the Government the only choice is social disorder. Such Reaganism from the Government is simply unacceptable."

If so timid an attempt at reform as "Reaganism" is unacceptable, think how tough it would be to achieve real and permanent reductions in Holland's horrific Welfare State! The only chance is a massive education campaign that will awaken the Dutch people to the fact that a government that is big enough to give them everything they want is also big enough to take everything they've got. And that it will. To save themselves they must abandon the notion that they are their brother's maid servant and return to their proud tradition of individual responsibility.

As we are finding out in the United States, however, to free a nation of a Welfare State is easier said than done. Such systems tend to feed upon themselves, with everyone trying to live at the expense of everyone else. Why do Welfare States grow ever larger? Consider the following analogy advanced by the brilliant American economist Walter Williams:

"If you and nine other people formed a dinner club with an agreement that the bill would be divided evenly, you could easily learn America's [and Holland's] problem firsthand. Under such an agreement the individual *gain* from extravagance could exceed the individual's *cost*.

"Suppose, at first, each person ordered a \$10 meal. The total bill would be \$100 and each person's share would be \$10. Sure as the sun rises, one person would soon realize the private gain from extravagance and might order a \$20 meal. If everybody else ordered the usual \$10 meal, the total bill would come to \$110. Divided evenly, each member's tab would be \$11. The person who ordered the more elaborate meal would get \$20 of benefit for the mere sum of \$11.

"Having seen their friend's behavior, the others would soon be inspired to be extravagant since the *private* gain would exceed the individual's *cost*. In fact, the more extravagant others are, the more it pays the rest of the group to be equally extravagant. Of course, the result of all this is something *nobody* wants: an astronomical dinner bill.

"This dinner scenario captures the essentials of our current political-economic problem. Through government Americans collectively buy many things. We each pay for these goodies according to a formula that has nothing to do with the amount of goodies we receive. This offers the

identical incentives as in our dinner scenario.

"The farm lobby has incentives to press our lawmakers for ever-increasing subsidies. Higher subsidies lead to a bigger government budget. The farmer's tax bill rises; but his tax increase is less than his additional subsidy. Likewise, the public education establishment lobbies for higher subsidies. Sure, its members' taxes will rise; but the resulting subsidy is greater. And so on.

"The dinner scenario, however, is more pernicious when you can order a more extravagant meal and pay *nothing*. As a group, Social Security recipients have significant clout. They can order more and more benefits without paying higher and higher taxes. The tab for their 'more extravagant meal' is borne by others. Poor people also fit this variation on the dinner scenario. As with Social Security recipients, increases in federal spending don't require the poor to pay higher taxes."

In a Free Market, competition among private interests lowers the costs of goods and services to the customer; in a Welfare State, on the other hand, competition between pressure groups and lobbyists makes the system more and more expensive. It has built-in incentives toward self-expansion. These powerful vested interests are hard to overcome. This is why reversing a Welfare State is easier said than done.

Commenting on Holland's system of social democracy and its prodigious Welfare program, Morley Safer observed: "Some of you will see it as something as close to utopia as can be found on this earth. Others will see it as proof that there are limits to what the state can do — even with the best intentions. And once the state giveth, it is nearly impossible for the state to taketh away."

More important, as economist F.A. Hayek warned some four decades ago in the book *The Road To Serfdom*: The road to socialism and totalitarianism is the same road. The Welfare State in Germany, for instance, was used to pave the way for Adolf Hitler. Demanding security instead of freedom and self-reliance, the German people followed Hitler when he offered them a variety of government-provided "safety nets" and guarantees. Consider for a moment the following platform excerpted from the "Twenty-Five Point Programme of the German National Socialist Workers Party," authored by Adolf Hitler and others under date of February 24, 1920:

"We demand that the government undertake the obligation above all of providing citizens with adequate opportunities for employment and earning a living.

"The activities of the individual must not be allowed to clash with the interests of the community, but must take place within its confines and be for the good of all

"We demand the nationalization of all businesses which have been amalgamated [*into trusts*].

"We demand that the state shall share in the profits of large industries.

"We demand that provision for the aged shall be made on a very greatly increased scale.

"We demand a land-reform suitable to our national requirements, the passing of a law for the confiscation of land for communal purposes; the abolition of interest on all mortgages, and prohibition of all speculation in land.

"We demand an agrarian reform suitable to our national requirements; the enactment of a law to expropriate without compensation the owners of any land that may be

needed for national purposes; the abolition of ground rents; and the prohibition [note the repetition] of all speculation in land.

"... The state shall organize thoroughly the whole cultural system of the nation The conception of the state idea (the science of citizenship) shall be taught in the schools from the very beginning. We demand that specially talented children of poor parents, no matter what their station or occupation, shall be educated at the cost of the state.

"It is the duty of the state to help raise the standard of the nation's health by providing maternity welfare centres, by prohibiting juvenile labour, by increasing physical fitness through the introduction of compulsory games and gymnastics

"[We must] combat the . . . materialistic spirit within and without us, and are convinced that a permanent recovery of our people can only proceed from within on the foundation of the common good before the individual good."*

Such a platform, if submitted blind, would undoubtedly elicit an enthusiastic "Right on!" from Walter Mondale and a righteous "Amen!" from Jesse Jackson. Which prompts the questions: What is the point of transition between the Welfare State of social democracy and the Totalitarian State of Adolf Hitler? Why does the Brave New World lead to Nineteen Eighty-Four?

As the pall of the Welfare State becomes greater and greater, the productive capitalist elements that support the society begin to wane and wither, producing less and less as capital is absorbed by the public sector and gross disincentives to production multiply. When a recession hits,

as it has in Europe, social programs swell and the economy is put under even greater stress to fund the plethora of programs. The situation becomes increasingly critical and economic crises build. As the profit motive and other incentives for individual gain are snuffed out, capitalism crumbles, and the state exhorts its citizens to produce for the common good. No longer rewarded in proportion to their labors and abilities, the producers find their work to be meaningless drudgery. When the repeated calls for sacrificing for "the common good" are no longer powerful enough to motivate them, the people have to be forced to work in order to keep the system functioning.

The principle of the subordination and sacrifice of the individual to the collective is an ideological base for every form of modern statism, from the Welfare State to the Dictatorship of the Proletariat and Fascism. According to Fascist leader Benito Mussolini, Fascism "is a life in which the individual, through the denial of himself, through the sacrifice of his own private interests, . . . realizes that completely spiritual existence in which his value as a man lies." Nazi socialist Joseph Göbbels declared: "To be a socialist is to submit the I to the Thou; socialism is sacrificing the individual to the whole." Soviet socialist Josef Stalin also emphasized self-sacrifice for the collective:

"True Bolshevik courage does not consist in placing one's individual will above the will of the Comintern. True courage consists in being strong enough to master and overcome one's self and to subordinate one's will to the will of the collective, the will of the higher party body."

Sacrifice is called for because, while self-interest in the context of

*From Konrad Heiden's translation of *A History Of National Socialism*.

a Free Market economy motivates people to work voluntarily and efficiently, the producers in a collectivist state are not rewarded according to their abilities and efforts but according to their needs. Hence producers sacrifice for drones. They don't like it. When people do not work well under the weak incentive of sacrificing for the common good, they must be forced by the government to work. That is how the Big Mommy government of the Welfare State becomes the Big Brother government of Communism and Fascism.

True, for a time, the extravagant Welfare State can live it up by leeching off the productive. But when economic growth comes screeching to a halt, as it has in Holland, panic begins to set in. Politically, the problem is usually seen as how to keep the Welfare benefits flowing and the Welfare system intact until better economic times come to the rescue. This is what Holland and the rest of Europe are hoping for.

All of the Welfare State nations of Europe are meanwhile tottering financially — Britain, Denmark, Belgium, West Germany, France, Italy, Spain, Portugal, Norway, and Sweden. The consequences of Social Welfare are coming home to roost. The total financial burden for Europe's systems of Welfare is already roughly twice that in the U.S. and a slower recovery from recession means that Western Europe is in a heap of trouble. An article entitled "The Decline Of Europe" in *Newsweek* for April 9, 1984, provides some statistical indices of that decline:

"Unemployment in the 10-nation European Economic Community stands at 12.5 million and at 19 million in Western Europe as a whole. A

million more jobless will be added to the rolls this year, and those figures are unlikely to drop significantly before the end of the decade. Every European economy is strapped with decaying smokestack industries that must be heavily subsidized, expensively restructured, or painfully shut down.

"The price of European labor has shot sky-high compared to prices in Japan and the newly industrialized countries of Southeast Asia. European labor is the most 'immobile' — practically impossible to fire — in the world. European countries have built up lavish welfare programs that will be impossible for shrinking and aging populations to sustain at current levels."

It is important to understand that the current crisis in Western Europe is not something that suddenly came out of nowhere; indeed, it has been building for decades. The recession only exposed the fundamental structural contradictions.

The *Newsweek* article further reports: "François de Closets, a French commentator whose icy economic diagnoses have become surprise best sellers, identifies the central issue as the 'always more' phenomenon. For decades, Closets points out, every individual group in society has been used to getting 'more' year by year — more pay, more lavish fringe benefits, more job security, more privileges. Their spiraling claims have paralyzed innovation, perpetuated the lives of doomed industries, reduced mobility and smothered entrepreneurial initiative. They have also become literally futile. For the foreseeable future, no European country will have much 'more' to distribute. They may have to get used to living always with a little less."

Unless they move on to Free Mar-

ket economies, and end the Welfare, they will assuredly have to accept lower standards of living. The article says of Europe's economic decline: "In the decade from 1963 to 1973, the economies of the EEC member states grew at an average 4.6 [percent] per year Then, in the ten years following the Yom Kippur War and the multiplication of OPEC oil prices, growth slackened to an average of 2 percent annually. In the early 1980s it simply stopped. Real purchasing power and living standards began to drop for the first time in 30 years."

Europe is in decline, and many people — both in Europe and elsewhere — are aware of this. In the 1920s, philosopher of history Oswald Spengler warned of the decline of the West, the core of which is the continent of Europe. In 1967 the French writer Jean Jacques Servan-Schreiber warned that European industry was failing to meet "the American challenge." Today, that challenge includes Japan and the newly industrializing countries of Korea, Singapore, and Taiwan. As Europe wanes, the Pacific Basin waxes. Italian author Luigi Barzini admitted gloomily, "We Europeans have been reduced to the role of the Greeks in the Roman Empire. The most useful function an Italian or a Frenchman can perform these days is to teach an American or a Japanese the proper temperature at which to drink his red wine."

Another European commentator, economist Michel Albert, puts it this way: "The Americans like to deal only with successful people, not with losers. And there is no question that we are the losers right now Europe has sacrificed the future for the present. We run the real risk of becoming as irrelevant as a bunch of Caribbean banana republics."

Because most Americans have European ancestry and share many aspects of European customs and traditions, many of us have been brought up thinking that the destiny of America is irrevocably tied to that of Europe. But we are Americans first, and the philosophy behind traditional American success is the opposite of the ideologies which have dominated European thinking for centuries. Europe is going down the path of socialist failure, and is probably beyond the point of no return. We must save ourselves by abandoning that path of failure on which we now follow a fading Europe.

It would be nice to assume that we are not following Europe too closely. But if we could be transported back in time just twenty years, who among us would believe that by 1984 our government would be using tax money to finance abortions on demand; that the birthday of the scoundrel Martin Luther King Jr. would be commemorated as a national holiday; that anyone hoping to run successfully for public office in the City of San Francisco would have to gain the endorsement of the homosexual community; that an "anti-Communist" President of the United States would be making a deal with Communist China to have the United States furnish billions of dollars in nuclear technology? What will be our future twenty years from now if we continue on this course?

Let us learn from the mistakes of Holland and the other Welfare States in Western Europe. The Dutch Treat is too expensive — economically, philosophically, and morally. We must work harder and harder to reduce Big Government even as we pray that we have not already passed the point of no return. ■ ■