



H. Armstrong Roberts

Waltzing To Those Antique Collectivist Clichés

THE SAME OLD SONG

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■ CONSPIRING ELITES are inevitable in governments as long as the political state can intervene to take from some and give to others. As long as the people continue to sanction government intervention for any reason, would-be monopolists and economic royalists will cluster around Congress and the regulatory agencies competing for favors. Only when the

machinery of interventionism has been dismantled, and the false ideas behind it completely discredited, can we put an end to monopolistic conspiracies. As we have observed many times, the solution to America's problems is not more government, but a policy of "hands off" our money and all voluntary activities of production and exchange.

With government constitutionally prohibited from meddling in the private affairs of peaceful people, and restricted to protecting our person and property from criminal violation, no conspiracy of would-be monopolists or special-interest hustlers could use political power to obtain special privileges, exploitive monopolies, or to plunder the taxpayers. Without government intervention the chain of conspiracy would be broken forever. This is why the Establishment *Insiders* and their lackeys fear and oppose *laissez-faire*.

Those who believe that Establishment conspirators can ever be defeated without first overturning the fallacies and myths of collectivism are only kidding themselves. Merely exposing evil motives will not stop the use of evil means enacted under the rubric of "good intentions" and noble goals. Conservatives must therefore use rational analysis in their education campaigns to show that collectivist measures do not and cannot produce anything but trouble. This requires sound philosophy and economics, based on the laws of God and the nature of man. We must not only know what we are for but be prepared to puncture the false themes of collectivists of every stripe.

What we propose to do here is to examine three of those false themes. They are that central planning is necessary to a modern economy; that without government intervention monopolists will gouge the public; and, that the great differences in productivity among nations result from imperialism rather than the failures of collectivism.

Central Bureaucratic Planning

Modern "Liberals," even when they are not employed by government, tend to have a bureaucratic mentality. They can think of no better way

to solve social and economic problems than by initiating some new program, control, or regulation. Having no appreciation for the complex and marvelous order of production and exchange which naturally occurs in a free society, the "Liberal" resorts to political authority. His thinking goes something like this:

"If we let every American go off in his own direction, in his own interest, there would be disorder and confusion. The plans of 220 million people pursuing their own selfish goals would threaten the common good as some succeed and others fail. What this country needs is to have its affairs *organized* and *coordinated* under a central plan to do good, prevent exploitation, and produce for people rather than for profit."

The call for bureaucratic central planning comes from the notion that a Free Market system is chaotic and haphazard. This is nonsense.

The late Leonard Read provided us with an excellent analogy for thinking about this.* He asked us to consider for the moment an ordinary pencil — and the fact that its existence was made possible not by any central planning of labor and resources but rather by a complex network of *voluntary* human exchanges among millions of specialists participating in a market economy. These people certainly include all those involved in felling the tree in Oregon or northern California from which the wood for the pencil comes. But the process also includes all those involved in the production of the saws, ropes, trucks, and other equipment used in harvesting and transporting

*See "I, Pencil" by Leonard Read and "If Men Were Free To Try" by John C. Sparks in *When We Are Free*, edited by Lawrence W. Reed and Dale M. Haywood, Northwood Institute, Midland, Michigan 48640, available at \$15.50 postpaid.

Economic freedom provides orderly means of solving problems, meeting needs, rewarding efficiency, and punishing incompetence. Economic progress occurs only when entrepreneurs and investors dare to risk failure to come up with something new. As socialism stifles this creativity, society stagnates.

the logs to the railroad siding, as well as those countless individuals with specialized skills involved in the fabrication of the tools and machinery used at the logging camp.

Think too of all the various people involved in just producing the food used at the mess hall of this camp. They range from the makers of farm implements and agricultural chemicals to the farmers and transporters and processors and cooks. With a little reflection it is obvious that untold thousands of persons had a hand in producing even a cup of coffee for these loggers.

And all of this is only the beginning. The cedar logs are cut into small, pencil-length slats at the mill-work. These are then kiln-dried and tinted. Incredible numbers of specialized skills and bits of human energy went into the tint and the kiln — and all the other machinery used at the pencil factory. Even the men who poured the concrete for the dam for the hydroelectric plant which supplies power to the mill, and those who built the electrical towers and strung the wires, are among the countless contributors to this "simple" pencil.

There are unique machines in the pencil factory, each performing its special task — cutting eight grooves in each slat, laying "leads" in every other slat, applying glue, and stick-

ing the slats together. Out of this "lead sandwich" are cut eight individual pencils. But still we do not have a complete picture. We also have to consider where the "lead" comes from, and the countless people involved at each stage of its production — including the diggers of graphite in Sri Lanka and those involved in the extraction of clay in Mississippi. And, of course, a similar multitude of specialists is associated with the production of the eraser tip and the material and machinery to make the brass ferrule. Each pencil gets six coats of lacquer. The ingredients that make up the lacquer come from countless other people in the marketplace — including chemists, growers of castor beans, and those involved in refining castor oil.

So how many free men, working independently, does it take to make a "simple" pencil? Nobody really knows. The human links stretch back from each stage of production in a complex network that encompasses millions all over the world!

But the glory of it is that none of the individuals in this intricate web of production and trade knows how to make a pencil. *There is no master mind* who directs or coordinates these countless activities which bring the pencil into existence. No central planner either controlled or directed

the overall process. And no central planner or group of bureaucrats could ever do it as cheaply and efficiently as the "Invisible Hand" of the market can and does. Each of the millions involved at all stages of this process is motivated in some individual role because each finds it in his own interest to exchange his work or know-how or raw materials for goods and services he wants. It is not *necessary* for a grand planner to compel anyone.

But how do these people know when and how much to produce? The price system of a free market is what brings harmony and order to the diverse goals and plans of these millions of independent individuals. With a price system, people can calculate costs and decide what to produce and how much. Producers rush in to profit from offering consumers a variety of attractive alternatives. With the amazing market phenomenon of prices, people use costs, profits, and losses as market signals enabling all participants to adjust their plans to the plans of others. Once a free market arises on the basis of secured rights in private property, the rest is automatic.

The market economy's price system is like a giant computer which integrates all the millions of input data in the form of millions of individual supply-and-demand relationships. With the ever-changing patterns of profit and loss in the various areas of production, the system acts to harmonize and coordinate automatically the millions of different goals and plans of millions of individuals throughout the system. It is far from chaotic. Economist Wilhelm Roepke distinguishes the complex, spontaneous order of the marketplace from the direct, bureaucratic control of central planning in his book *Economics Of The Free Society*:

"Who is charged with seeing to it that the economic gears of society mesh properly? Nobody. No dictator rules the economy, deciding who shall perform the needed work and prescribing what goods and how much of each shall be produced and brought to market. Admittedly, people today must perforce accept a great deal more dictation from authorities of all kinds than a few decades ago. Yet by and large the world outside of the Communist bloc — the 'capitalist' world, to use a popular if vague expression — still adheres to the principle that decisions about production, consumption, saving, buying and selling, are best left to the people themselves. *Thus, the modern economic system, an extraordinarily complex mechanism, functions without conscious central control by any agency whatever.* It is a mechanism which owes its continued functioning really to a kind of anarchy. And yet capitalism's severest critics must admit that all of its parts synchronize with amazing precision. Political anarchy leads invariably to chaos. But anarchy in economics, strangely, produces an opposite result: an orderly cosmos."

So the truth is opposite to what most "Liberals" believe. Economic freedom provides an orderly means of solving problems, meeting needs, rewarding efficiency, and punishing incompetence. This spontaneous order, however, is not appreciated by the economically ignorant who assume that if people are left free to pursue their own goals the result must be a chaotic mess of *conflicting* interests. Hence, the calls for politically imposed central planning. This is a basic economic fallacy of all socialism, fascism, communism, mercantilism, and every other system of central planning.

In fact, as the great economist Lud-

wig von Mises proved,* it is the central planning of socialism which is chaotic since there is no free-market price system within which costs can be immediately and accurately calculated and resources rationally allocated. And of course, in practice, the economies of the socialist states are dreadfully poor, characterized by long lines, chronic shortages, and bureaucratic inefficiency which make even our government Postal Service seem very efficient in comparison. In a market economy if a businessman makes an error in judgment he — and perhaps those with whom he directly deals — takes a loss and maybe even goes out of business. The market system of profits and losses corrects mistakes very quickly. But when a socialist bureaucrat makes a mistake in his central plan the whole country suffers and there is no built-in mechanism quickly to correct it.

Almost all Western socialists today are “democratic socialists.” Despite F. A. Hayek’s prophetic warning in *The Road To Serfdom*, most claim that central planning can be secured and tyranny avoided by economic democracy, which will keep the state responsive to “the people.” Voters will go to the polls and select the planners.

But the advocates of democratic central planning are embroiled in a contradiction. By advocating central planning, as we have seen, they assume that the people are incompetent to run their own lives and spend their own money as they see fit. But if people as individuals are too incompetent to run their lives and appropriately spend their earnings, how can they be intelligent or competent enough to choose politicians better capable of running their lives and

spending their money for them? In point of fact, of course, democratic socialism is just another facade for monopolistic oligarchy. It is a collectivist con game.

Economic progress and innovation have resulted historically only when special individuals (entrepreneurs, investors, inventors, and discoverers) have had the courage to assume high risks of failure to come up with something new and test it in the marketplace for acceptance. Socialistic systems are necessarily bureaucratic, and bureaucrats do not in the normal course of things have any incentive to take risks, make changes, or facilitate innovation. Unlike the entrepreneur, whose assets are on the line in his every business decision, the bureaucrat gets paid as long as he does nothing but enforce the already-established rules. Is it any wonder that central planning fails?

Monopolies And Gouging

One of the most widespread of collectivist myths has it that if we had a true Free Market economy, with neither government regulations nor anti-trust laws, there would be nothing to prevent the formation of a few powerful monopolies which would soon gain control over the economy and charge ruinously high prices. The entire population would be at the mercy of a handful of huge trusts run by bloated capitalists smoking expensive cigars. Students have been taught that if we went to a Free Market system a wicked force called “economic power” would get the upper hand and run everybody’s lives through exploitive monopolies making exorbitant profits from outrageous prices. So, they conclude, we must employ political power to keep economic power in line.

First of all, what is “economic power” that we should fear it so

**Socialism*, Ludwig von Mises, Liberty Classics, 7440 North Shadeland, Indianapolis, Indiana 46250, \$6.00.

Lenin's drivel about economic imperialism by the industrialized nations is cited by leaders of backward countries to demand transfers of wealth and technology to prop up socialist dictatorships. If those countries wish to be prosperous, they have but to alter their anti-capitalist attitudes and join the Industrial Age.

much? It is simply the ability to satisfy human wants by offering what others desire in the right amounts at the right price. Success in this is rewarded by profits; failure (a much more common experience) is punished by loss. Entrepreneurs and investors and innovators act to satisfy human wants and needs because the profit motive provides them with enough incentive to hazard the risks of failure involved in any business venture. There is no way that anyone can do more to benefit other people in an economic sense than by pursuing his own interest in the marketplace. This is because competition among all the various self-interests benefits everyone by providing a growing variety of attractive alternatives at lower and lower prices.

How does this relate to monopoly? If by a monopoly we mean only one company in its field of production, then we would have to concede that it is possible for a monopoly occasionally to exist in a *laissez-faire* environment. Alcoa Aluminum was an outstanding example of this. Before World War II, Alcoa was the only producer of primary aluminum in the United States. But Alcoa was not an *exploitive* monopoly and harmed no one. It did *not* charge exorbitant prices for its product; in fact, it continued to lower its prices dramati-

cally over the years, becoming one of the major contributors to the economic progress of the Twentieth Century.

Why couldn't Alcoa arbitrarily decide to charge super-high rates? Because, even though it had no competitors in its own field of aluminum, it did have competitors in the form of alternative materials — from the wood industry, the steel industry, and others. People could always go back to using the other products. And, even in aluminum production, Alcoa had *potential* competitors. If it had raised its prices to exorbitant levels, other firms, seeing their chance for profit, would have entered the aluminum market, sold at prices below Alcoa's, and taken away its customers.

The point is that the only kind of monopoly to fear is an *exploitive* monopoly; and that can be sustained only when it has the power to make competition impossible. This cannot happen in a free market since only government has the power to ban entry into a field of production. Government is the true source of any and all *exploitive* monopolies. A glance at how much the price of postage stamps has gone up over the years tells you that the U.S. Postal Service, a government monopoly, is *exploitive*. It gets by with this because it is against

the law for any private enterprise to deliver First Class mail. The fact that this is democratic socialism has not made the postal system one whit more efficient.

No discussion about monopolies with a "Liberal" would end at this point, of course. It would go on somewhat as follows.

Libby: "What if a large, rich company kept forcing out its competitors by undercutting prices and even selling at a loss — wouldn't it be able to obtain a monopoly and then charge exploitive prices?"

Adam: "The longer a firm pursues below-cost pricing, the greater its loss. From the consumer's point of view, this is a bargain! So far, it has defeated the whole purpose of gaining a monopoly — to reap huge profits. Meanwhile, the consumers are stocking up on its product in anticipation of the possibility that the company might soon try to raise its prices too high."

Libby: "What about those producers and their employees who were forced out of business? Aren't they harmed?"

Adam: "Not necessarily. There are several things these other companies might do. They can temporarily shift production to another product or field of production. Or they can shut down for a time, to re-open after the would-be monopoly overplays its hand. They might even buy up the cheap product of the dominant firm through their agents and add this to their own inventories to sell later when the would-be monopoly has had its fill of losses and tries to recoup by hiking its prices well above the competitive level."

Libby: "But now that the original company has excluded all of its competitors, why can't it start charging monopoly prices and gouge the consumers?"

Adam: "As soon as it tried to raise its prices well above the previous market level it would be inviting competition from substitutes, as well as other firms which could produce the product at a lower price and still make profits. The greater the losses it sustained during Phase One of this policy, the higher it would have to raise its new price to try to recoup its losses and still come out ahead. The higher it raises its new price, the more incentive it gives to others to come in and spoil the monopoly advantage. It can keep out its competitors only so long as it adheres to a policy of below-cost pricing — and it obviously cannot do this forever."

Libby: "Let's get back to those other firms which are supposed to come back into the market when the first company tries to raise its price too high. What if they don't have the necessary capital?"

Adam: "They could go to the first firm's customers — who are now being overcharged — and obtain a contract to supply their needs at a more competitive price. They can protect themselves for the long run by getting contracts, upon which they can borrow capital, even before they open (or re-open). And these companies will have a tremendous advantage in that they don't have the big losses to make up that the would-be monopoly suffered when it excluded its competitors from the market. So, the firm that tries to get a profitable monopoly by predatory price cutting cannot get away with it. The competitive pursuit of profits intervenes to benefit the consumers and keep prices as low as possible."

Libby: "But all this price-war business sounds like *destructive* competition to me. It's all dog-eat-dog! Man is born for cooperation, not brutal competition!"

Adam: "There is nothing brutal

about competition in a free market. In the biological competition of the jungle, animals compete to eat or be eaten in a static environment. In the marketplace, businessmen compete to satisfy consumer demands by producing more for all. They are competing to produce, not to consume. Market competition is just a way of saying that people have a positive incentive to provide more alternatives in the form of more goods and services for the greatest number of people. This is not 'destructive competition' but *productive competition*. 'Destructive competition' is just a label that a company uses when a competitor is selling a product at a lower price and taking customers by giving them a better deal. Price wars are not *wars* at all; wars are conducted by governments. Price competition is always to the benefit of the consumers.

"On the other hand, cries of cut-throat competition are used as an excuse for government to intervene with fair 'trade laws' to fix prices on behalf of favored firms at the expense of the consumer. The same government uses supposed *lack* of competition to justify arbitrary anti-trust legislation. If they don't get producers for 'too much' competition or 'too little' competition, they get them for 'collusion' on the ground that their prices are the same as those of competitors! With government in the game, nobody wins!"

Libby: "O.K. I guess I'll have to agree that in a free marketplace a would-be monopolist couldn't really come out ahead by the method of predatory price cutting. But what if the company bought out its competitors or merged with them?"

Adam: "Buying out one's competitors is an expensive proposition. But even if a company did that, and then tried to raise its price above the competitive level that existed before, it

would still face new competitors drawn into the field because of the prospects of profits. And, even if several firms tried to get together and make an agreement to collude in setting high prices, there would be the profitable temptation to cheat. Cartels *always* break down in a free market, as the Arabs and their O.P.E.C. friends are discovering. And, the higher the price set by the colluding firms, the more incentive there will be for other firms outside the cartel to come in and undercut the monopoly or would-be monopoly."

Libby: "You contend that monopolies of that sort wouldn't exist in your *laissez-faire* economy. But haven't there been coercive monopolies in our history?"

Adam: "Oh, yes. Don't misunderstand my position. Coercive monopolies *did* exist in the Nineteenth Century and they *do* exist today. But they were not the result of *laissez-faire* or non-intervention by government. Just the opposite. They were made possible only by some form of governmental intervention in the marketplace. Take the railroads.

"The Big Four railroads in California, for example, did not obtain their monopoly over railroading in that state through market practices, but by the state government passing legislation which politically banned anybody else from competing with them. The railroad monopolies that existed and were exploitive were made possible by government subsidies, special privileges, grants by corrupt politicians of millions of acres of free land, and laws to preclude competition. It could not have happened in a free marketplace."

Libby: "Then why do we need all of that anti-monopoly legislation?"

Adam: "We don't. Most of the so-called anti-monopoly laws have been
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SAME OLD SONG

passed at the behest of certain elements of 'Big Business' which used government intervention to 'stabilize the market' against competition. The ultimate form of government intervention is, of course, socialism. Every industry (means of production) is owned and operated by the political state. No competition is allowed. As one learns in Gary Allen's book *None Dare Call It Conspiracy*, socialism is the royal road to monopoly power for the super-rich. After all, what could be more monopolistic than a system in which the government controls the means of production (the various industries), while a monopolistic clique of *Insiders* behind the scenes uses the power of Big Government forcibly to cartelize markets, ban competition, and secure monopolies for themselves? All in the name of 'the people,' of course! This clique simply uses the socialist government as a legal holding company to take over the economy. To end the threat of exploitive monopolies, we must convince others that interventionism and socialism must be ended and a Free Market economy allowed to operate. We should demand the repeal of the Sherman Act, the Clayton Act, the Robinson-Patman Act, and all other political meddling in the marketplace."³

Economic Imperialism

The typical "Liberal" has a static view of things, believing there is a fixed amount of wealth in the universe and no new wealth ever comes into existence. This is so absurd that it is seldom stated explicitly. Yet it is the basis for one of the most pernicious and erroneous notions ever believed by the human mind — namely, that *one man's gain must necessarily*

come from another man's loss. The idea is that if somebody gains wealth, somebody else somewhere must have suffered loss as a result.

This false idea is extended to groups as well. For example, Karl Marx's theory of exploitation (thoroughly refuted by Austrian economist Eugen von Böhm-Bawerk in the early 1880s) holds that the profits of tool owners (the bourgeoisie) come only as the result of wages being stolen from the tool users (the proletariat). This erroneous belief sets individual against individual, class against class, and even nation against nation. It is the core error behind labor-management discord, rent controls, and mercantilism. It is also the basis for a very common myth of "Liberalism" concerning international relations. I refer to the doctrine of "economic imperialism," sometimes called "neo-colonialism."

Communist V.I. Lenin was probably the first to popularize the idea of "capitalist imperialism" in his book *Imperialism*. Marx had predicted that the capitalist process in the advanced industrialized countries would steadily lower the wages received by the workers in order to increase the profit of the capitalists. This would lead inevitably, according to Marx, to the imminent collapse of capitalism and its replacement by the

³For further information on monopoly, competition, and anti-trust laws, see *The Myths Of Antitrust* by D.T. Armentano; *Throttling The Railroads* by Clarence Carson; *Railroads And Regulation* by Gabriel Kolko; *The Triumph Of Conservatism* by Kolko; *Capitalism: The Unknown Ideal* by Ayn Rand et al.; "Is Government The Source Of Monopoly?" by Yale Brozen in *The Intercollegiate Review*, Volume 5, Number 2; "The Limitations Of Price Cutting As A Barrier To Local Entry" by Wayne Leeman in *Journal Of Political Economy*, December 1956; "Predatory Price-Cutting: The Standard Oil (N.J.) Case" by John S. McGee in *The Journal Of Law And Economics*, October 1958.

planned, marketless system of socialism. So, why didn't it happen? Lenin wrote *Imperialism* to explain away this glaring failure of Marx's prediction. He claimed that the increasing prosperity of the "capitalist" nations of the Western world — including the steadily *increasing* real wages of the workers — came as a result of "exploitation" of the poverty-stricken underdeveloped nations. In order to reach this ridiculous conclusion, Lenin had to ignore his own data which showed that the capitalist nations invested their capital in each other's economies much more than in the underdeveloped areas of the Third World. His contention has been completely discredited and should have remained in the dustbin of intellectual history. But ignorance is a powerful force on which revolutionaries depend and modified versions of this nonsense persist.

In an attempt to account for their continuing poverty and lack of rapid industrial development, the socialist leaders of the Less Developed Countries promulgate the notion of "neocolonialism," a term coined by Marxist Kwame Nkrumah of Ghana. According to this facile rationalization, the L.D.C.s are poor *because* the Western capitalist nations are affluent. This view, which is warmed-over Leninism, is akin to the assumption that whenever we see a fat man standing beside a thin man, we may automatically conclude that the fat man got that way by stealing food from the thin man.

Arguing that the wealth of the developed Western nations is responsible for the poverty in the L.D.C.s, the Third World leaders and socialist propagandists have been busy trying to make the American people responsible for the poverty and frequent famine in the underdeveloped lands. This propaganda campaign is to help

soften us up for the arrogant demands by Third World leaders that this inequality between the developed and the underdeveloped nations be reduced by nothing less than global redistribution of our wealth. Con men have put forward an L.D.C. manifesto, demanding their "right" to a share of Western capital. This manifesto is called the New International Economic Order or N.I.E.O.

The call for the N.I.E.O. was formally propounded in the "Declaration on the Establishment of a New International Economic Order," presented in the United Nations by Third World and Communist countries and adopted by the General Assembly on May Day in 1974. This manifesto has gained increased importance in recent years as a result of the growing "North-South dialogue," concern about the L.D.C. debt crisis, and misguided collectivist appeals from the Pope, the Catholic bishops, and other economically ignorant or misinformed clergy.

Here is the theme as arrogantly summarized by India's socialist Food Minister at the time: "It is obvious that the developed nations can be held responsible for their [*the underdeveloped nations*'] present plight. Developed nations, therefore, have a duty to help them. Whatever help is rendered to them now should not be regarded as charity but *deferred compensation* for what has been done to them in the past by the developed countries."

Calling for nothing short of a global Welfare State, the N.I.E.O. Declaration proposes that "the prevailing disparities in the world be banished . . ." Three measures for attaining this egalitarian goal are outlined in the manifesto. First, there is to be a transfer of wealth from the industrialized, developed countries (of the "North") to the L.D.C.s of

the "South" — including technological transfers as well as financial assets. Second, the Declaration calls for and encourages policies of nationalization by L.D.C. governments, describing this attempt at direct confiscation of foreign-owned private property as an "inalienable right"! Third, while it demands capital infusions from America and other Western nations, it encourages "protectionist" trade barriers erected against the developed countries.

None of these socialistic schemes and mercantilistic measures could bring economic advancement in the poor countries of the world. They have all been tried, and served only to perpetuate economic stagnation.

The transfer of wealth from the "have" nations to the "have not" countries would be in the form of unilateral foreign aid or multilateral largesse through such international troughs as the International Monetary Fund or World Bank. This aid would be administered by and through government. It would only strengthen the socialist regimes in their power over the people in these benighted countries, making matters worse by perpetuating the chief reason for lack of progress. Because of the political nature of this "aid," the money goes to highly wasteful public projects which help no one except cronies of the politicians in power.

The notion that the profits of a foreign-owned enterprise are made at the expense of the host country is also the rationale behind nationalization. This, again, is the old idea that the gains of one are offset by the losses of another. The notion is true only in the political arena, since government cannot give anybody anything unless it takes it from somebody else. In politics, as with any system of theft, one man or group gains only by the forced loss of others. But, in the economic

market, the process is just reversed.

In free exchange between uncoerced parties, *both* sides benefit. Since the trade is voluntary the transaction would not take place unless both participants believed they were getting more of what they want than what they have to give in exchange. Free economic processes benefit everybody involved; political actions, such as theft through nationalization, harm not only those from whom the property is stolen, but also the host country itself. Such a policy will scare away investments by honest and competent entrepreneurs, with the result that a backward country slips into the economic abyss.

The developed countries have not always been developed. In fact, it was only in the late Eighteenth and Nineteenth Centuries that a few areas on the planet managed to emerge from the poverty among all nations that had existed for thousands of years. Before the Industrial Revolution *all* nations were undeveloped and virtually all people lived at an economic level of bare subsistence. What is now happening in Ethiopia and other areas of Africa was the *normal* state of cyclical affairs for thousands of years!

Life before the Machine Age and the Industrial Revolution was almost universally nasty, brutish, and short. Except for Japan, which studied Western economics and applied what it learned, it was only in the nations of the West that the standard of living for the masses of the people rose above subsistence and then continued to improve well into this century. None of the Western capitalist economies required vast transfers of wealth from outside their borders to facilitate their dramatic transformation and economic progress. The accusers of "economic imperialism" have no explanation for this phenom-

enon because they have no idea from where wealth comes.*

Note that there are today newly developing Free Market countries — Singapore, Taiwan, South Korea, and Hong Kong — which are growing dramatically in their prosperity. Singapore's annual growth rate between 1960 and 1976 averaged an astonishing 7.5 percent; Hong Kong's rate, 6.5 percent; and, Taiwan's, 6.3 percent. Though their economic bases are smaller, these growth rates are considerably higher than those over the same period for such developed countries as the U.S. with 2.3 percent or Britain with 2.2 percent. The very existence of these newly industrializing countries (N.I.C.s) puts the lie to the myths of "capitalist imperialism" and "neocolonialism." For if the capitalist economies actually exploited the L.D.C.s, then those countries having the closest economic ties (trade relations) with the West should be the poorest. But, *without exception*, those countries with the closest economic ties to the Western economies are the N.I.C.s, while the poorest of the L.D.C.s are those, like Nepal and Mali, which have the fewest such economic ties.

The measures advocated by the N.I.E.O. Declaration have not and never will work to reduce poverty in the Less Developed Countries. The N.I.E.O. makes about as much sense as a demand for a redistribution of fat. But the envy and fanaticism of such Leftwing dictators as the late Indira Gandhi is such that they

wouldn't care if their own people starved to death in even greater numbers as long as they could have the satisfaction of seeing their hated scapegoat, the United States of America, dragged down and punished for daring to be more prosperous in a world that demands sharing. The underlying impetus of socialism is not a genuine desire to help those in need, but the envy and lust to destroy or steal the wealth of those who gained their living standard the old-fashioned way: They *earned* it in freedom through honest production and trade — a process that benefits all and hurts none.

Will the profits from "We Are The World" records prevent the starvation and misery in the Third World? Can any amount of material assistance change things? Not in the least. It is bitter fruit, indeed, to give people in desperate straits a crust of bread and wrong ideological concepts that bury them even more deeply in their hopeless and sorrowful predicament. If these Third World nations wish to be more prosperous, they have but to alter their anti-capitalist attitudes, free their economies, abandon socialistic and mercantilistic practices, and move into the Industrial Age just as the other universally affluent nations did only a couple of centuries ago.

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WE HOPE we have convinced you that all the evils in the world are not caused by American capitalism and White Middle-Class Greed!

Next month we will take up more myths and "Liberal" clichés concerning such topics as the National Debt, the cause of inflation, the neo-Malthusian fear of overpopulation, the consumer protection movement, and the calls for a "Nuclear Freeze" as the alleged preventive of "Nuclear Winter"! ■ ■

*For an explanation of where wealth comes from and why the Industrial Revolution took place where it did, see the author's article in the June 1981 issue of AMERICAN OPINION concerning the crucial role of capital formation. See also *Dividing The Wealth* by Howard E. Kershner; *Why Wages Rise* by F.A. "Baldy" Harper; and, *Mainspring Of Human Progress* by Henry Grady Weaver.