

Planning Threatens Freedom

by C. Brandon Crocker

Is the American economy too free? Many people think so. Socialists have long advocated central economic planning, and, under the guise of “national economic policy,” the idea is working its way into the programs of the major political parties.

The persistent appeal of central planning is anomalous, given the poor relative performance of planned economies versus free economies. But economic efficiency is not the only, or necessarily the most compelling, argument against central planning. Economic planning threatens all individual freedoms, and must be analyzed in terms of these threats.

How does central planning threaten individual liberty? To find the answer, we must consider what central planning is and how it works. The goals of central planning are to create high growth, minimize unemployment, and sometimes to provide an “equitable” income distribution, or to protect the environment. Proponents believe these goals can be achieved by using government to intercede in the “chaos” of the free market so as to redirect the nation’s resources and design an “optimal” mix of industries.

The losses to individual freedom from this type of system are obvious. To make sure the economic plan is followed, government must interfere with the freedom of individuals to start businesses, to invest and work where they choose, and even to consume certain goods and services.

A nation’s economy is nothing more than the

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decisions of individuals as to what to produce and consume. Therefore, a government-controlled economy means government-controlled people. If government is to enforce an economic plan, it cannot have people starting whatever businesses they like or investing capital wherever they wish. Certain fields of employment will have to be forcibly curtailed and certain goods and services (either already available or which could be made available) will have to be prevented from reaching the population—because control of what is produced is necessarily control of what is consumed.

These are not insignificant losses of freedom. Proponents of central planning, however, deny that there is any major restriction of occupational choice under economic planning. To be sure, some restriction will take place in “undesirable” industries targeted to be phased out, curtailed, or not allowed to start up, but this will be done for the “social good.” Furthermore, central planning in practice often saves jobs, they claim, in industries which would be abandoned in a free market, thus preserving the freedom of many people to pursue the occupations of their choice.

These arguments, however, are invalid. First, whether jobs are taken away for the “social good” or not doesn’t alter the fact that freedom of choice, in terms of available options, has been diminished. Second, while the free operation of the market does cause some people to leave their chosen occupations when industries become obsolete, there is a great difference between not being able to follow one’s chosen occupation because no one is willing to pay for a particular product or service, and not being able to follow one’s chosen occupation

because of government edict. In the first instance freedom of action is not being denied and the freedom of people to make (or not make) contracts is preserved. In the second instance, the opposite is true.

Is the loss of individual freedom so onerous as to outweigh such professed benefits as security against involuntary unemployment and destitution? An acquaintance from Norway, living under a semi-socialist system, thinks not. He likes the feeling of security. He even asserts, as do many Norwegians, that government should tell people what they should and should not do because most people do not know how best to take care of themselves (and the government does).

This is security at a price, certainly. But in addition to the individual freedoms already lost by such a scheme, this brand of security comes at the expense of something of far greater value—security against arbitrary power and despotism—in a word, security against totalitarianism.

The serious implementation of any significant economic plan will lead to increasing governmental dominance in the running of industry and make possible the easy abduction of most political and economic freedoms. There will be an inevitable conflict between business and the economic planners. To regulate millions of individual businesses in such a complete way (output, number of employees, use of raw materials, etc.) without the cooperation of those businesses will be impossible—especially considering that business will feel that policy may change with the next election. The solution to an uncooperative private sector will be to make individual companies better serve the “public interest” through measures such as nationalization and government controlled syndicates.

Government control of the economy leads not only to power over production, but also to power over consumption and distribution. Displacing the price system with government edicts takes the distribution of goods and services out of the hands of individual buyers and sellers, and places it into the hands of a central authority. With this power the central authority can wield great control over the populace.

George Orwell, commenting on Friedrich Hayek’s classic book, *The Road to Serfdom*,

remarked, “It cannot be said too often—at any rate it is not being said nearly enough—that collectivism is not inherently democratic, but, on the contrary, gives to a tyrannical minority such powers as the Spanish Inquisition never dreamt of.” To believe that such a vast concentration of power will not be used at some point to oppress the population is to deny the history of mankind. The world is full of maniacs and coercive utopians—many of whom are interested in exercising political power, as history well shows.

All totalitarian regimes rely heavily on economic controls to coerce their subjects. The efforts of Hitler’s National Socialists to oppress Jews and other minority groups were greatly facilitated by the Nazi government’s control of employment and the distribution of goods. The Soviets use economic controls to pressure dissidents, and they even use their system of rationing to create high voter turnouts for their one-candidate elections—if you don’t vote, you don’t receive your ration cards. Those not rigidly conforming to Maoist doctrine during the Cultural Revolution often lost their jobs, no matter how valuable their skills. China’s current one-child policy is enforced through the control of a series of economic “benefits” which include jobs, salaries, and rations. The success of the Chinese central planners in enforcing such an unpopular policy which meets the resistance of centuries of Chinese tradition shows how great the power a government can wield over its people when it controls the economy.

Neither Germany in 1933, nor Russia in 1917, nor China in 1949 had long traditions of democracy and political and economic freedom. The United States, in contrast, has a long and deeply ingrained tradition of democracy and freedom, as well as constitutional arrangements which make quickly installed tyranny unlikely. This is no reason, however, to feel safe in taking steps to weaken that tradition and to make possible great abrogation of individual freedom. Free societies have been, and still are, very rare and fragile. Freedoms taken for granted and not carefully safeguarded do not last long. The loss of economic freedom is a major crack in the foundation of any free society. □

Socialism Succeeds by Failing

by Allan Levite

There has never been any shortage of proof—both theoretical and empirical—that socialism is a practical failure. Or, to put it another way, it has proven itself to be an economically inefficient system. Yet in spite of its major flaws, socialism continues to attract and often hold many of the best minds.

In our effort to understand this phenomenon, it seems to me that we have also erred, in that we have always analyzed socialism using an assumption that we never questioned because its truth seemed so obvious. This proposition is that socialists define economic “success” the same way we do, as a condition of greater general prosperity—in short, increased living standards for most people, compared with alternative economic systems. As I will show, however, this is a false assumption, and the misplaced emphasis it causes on our part accounts, in large measure, for our failure to understand why socialism keeps thriving in theory despite performing so poorly in practice.

Our first clue should come from the history of socialism and communism, a history permeated with examples of fervent disciples living austere, spartan lives. Almost invariably, the more wholeheartedly a socialist or communist believes in his credo, the more ascetic an existence he maintains. This point is all too often overlooked as we allow our attention to be diverted by the many well-known examples of wealthy or cultured socialists who do not eschew their hedonistic surroundings. We should instead focus on those who are the most loyal to

both the letter and the spirit of socialism—namely, those who shun material wealth even though it would be available to them with a little effort. And it is here that we find the essence of the socialist creed.

Any biography of Karl Marx will note that he lived in self-imposed poverty, even though he could have used his educational credentials to obtain well-paying work.¹ His friend, Engels, similarly wrote with great admiration of the ascetic renunciation that he (Engels) believed was necessary for revolution, stating that workers “must deny themselves even the smallest enjoyment” in order to steel themselves for the class struggle.² Bruce Mazlish, in his appropriately titled *The Revolutionary Ascetic*, quoted Gorky describing Lenin as a puritan who had “renounced all the joys of earth . . .”³ Mao Tse-tung, who like Engels had a wealthy father, lived his life in much the same way; stories of his economic self-abnegation abound.⁴ Fidel Castro, another scion of wealthy parents, lives quite frugally and, like Mao, prefers to dress in plain army fatigues, a sharp contrast with the sartorial habits of genuine working people whenever they can afford more expressive apparel.

With this evidence, let us construct an imaginary Socratic dialogue that will illustrate the point I have in mind.

“You socialists assume, I take it, that people like Marx, Mao, and Castro are ‘men of good will’?”

“Of course.”

“Which means that they wish only good for others?”

“Certainly.”

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