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The Old Right Was Right

BY SHELDON L.
RICHMAN

The pace of change in the Soviet Union and Eastern Europe is so brisk that it is risky to write anything about it. Nevertheless, the virtual dismantling of the Berlin Wall and the beginning of liberalization in East Germany are exhilarating news, the climax of months of historic developments.

One's natural reaction is: "Incredible! Unbelievable!" But are these things really unbelievable? Shouldn't we have expected this all along? According to the Cold War orthodoxy, this was not to be expected. We were told that no communist government would ever voluntarily give up power. It was a law.

So the spontaneous disintegration of the communist world should come as a shock to us all, right? It would not have come as a shock to a group of men who predicted exactly what has happened. This was a varied group of journalists, scholars, and politicians that has become known as the Old Right.

The Old Right, whose activities spanned the 1930s to the mid-1950s, was characterized by

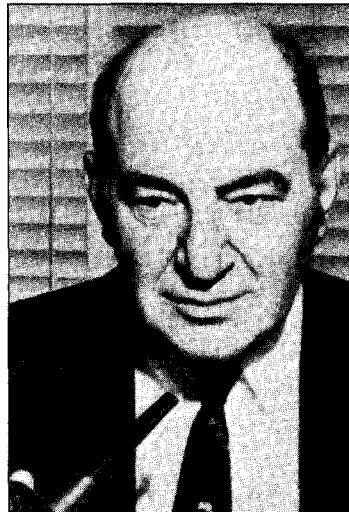
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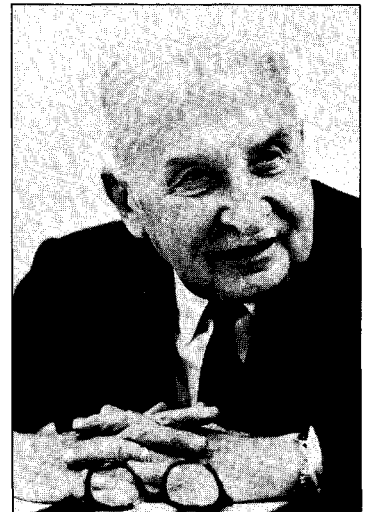
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Property Rights, Taxation, and the Supply- Siders

BY TOM BETHELL

It was a decade ago that most of us began to hear about the supply-side movement, although its origins go further back than that. The movement was given great impetus by the inflation of the 1970s, which combined with the progressive income-tax code to shift everybody into higher tax brackets. Since purchasing power was not increasing, this was widely understood to be unjust. Notice

that it was the unlegislated nature of the tax increase that was deemed unfair; not the progressive tax code itself.

In retrospect the claims then made by supply-siders were extremely modest. They argued that tax rates above a certain point are counterproductive from the point of view of the revenue collector. In effect, supply-siders proposed the following deal with the socialists (now called liberals

in the U.S.): "You want more revenue, and we want to be able to keep a greater percentage of what we earn at the margin. Both objectives can be attained by reducing the top income tax rates." But what an extraordinary rage and scorn poured forth from the liberals in response to this mild observation, offered in a spirit of compromise.

Perhaps the liberals were

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Animal Crackers

From the President



BY LLEWELLYN H. ROCKWELL, JR.

Writers

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Ancient pagans at least worshipped a golden calf; their modern counterparts in the animal-rights movement cherish crustaceans.

Recently PETA—People for the Ethical Treatment of Animals—bought six lobsters from a Chinese restaurant in Maryland to prevent their being “killed, dismembered, and eaten.” PETA then flew the “liberated lobsters” to the Maine coast, where they were released into the Atlantic. (And where, we can hope, they made a nice meal for sea bass and other natural predators.)

That sort of harmless if loony activity affects only donors to PETA's \$6 million budget. But the animal liberationists have a more ambitious agenda: they want to outlaw any use of animals in food, research, or clothing. And they don't hesitate to use violence to bring this about.

After all, says Ingrid Newkirk, director of PETA: “A rat is a pig is a dog is a boy.” Adds Alex Pacheco, PETA's chairman, “We feel that animals have the same rights as a retarded human child.”

Such a view, especially in the 20th century, has consequences. Animal Abu Nidals have bombed medical research labs, torched fried-chicken restaurants, burned down fur stores, burglarized turkey farms, stolen medical records, assaulted zoo employees, and vandalized butcher shops.

To animal rightists, it's a matter of simple justice. All are “acceptable crimes” if they save the lives of animals, says PETA's Pacheco. Vicki Miller, head of the Canadian Animal Rights Network, even looks forward to the prospect of “a vivisector shot in the street.”

As long as the rotten RICO law is on the books, why doesn't the Justice Department stop per-

secuting innocent stockbrokers and indict the organized crimes of these bloodthirsty vegetarians? If they want to eat bean sprouts and wear plastic shoes, fine, but they should leave the rest of us alone.

The animal rights philosophy holds that bug or bird, manatee or man, we are all equally valuable to Mother Nature's ecosystem. But this is paganism. The Judeo-Christian tradition teaches us that God created the earth and all its creatures for mankind. They are ours to eat, wear, use, and enjoy.

What I want to know is why, if animals have the right to life, animal activists aren't out making citizens arrests of natural predators? Why aren't they interposing themselves between, say, a

forbid the sale of goosedown pillows, wool suits, and silk blouses, for geese are plucked, sheep are sometimes nicked when sheared, and the occasional silkworm is “boiled to death.”

Silkworms are not the only insects favored by the crusaders against “speciesism,” the “vicious belief that humans are the master race,” an activist told me. A bug-free kitchen is also out. Cockroaches too “have a right to live,” and serve the environment by being “efficient little garbage collectors.”

Next on the agenda: microbe rights. A Canadian activist told the *Toronto Globe and Mail* that “viruses such as smallpox should be reintroduced as part of the earth's natural ecosystem.”

Naturally, the animal ide-

If these pantheists get their way, prepare to carve a 20 lb. roast tofu next Thanksgiving.

Kodiak bear and a salmon?

For some reason, intra-animal eating doesn't bother them. Only we aren't allowed to eat fish or meat. If these pantheists get their way, prepare to carve a 20 lb. roast tofu next Thanksgiving.

The Humane Society, which used to be relatively moderate, now says bacon and eggs are the “Breakfast of Cruelty.” PETA calls McDonald's “McDeath” for serving cheeseburgers, and activists scrawl that epithet on restaurant walls.

Along with outlawing the use of cows for their meat and leather, or even raising them for milk and cheese, animal rightists want to ban the eating of fish, chicken, and even snails. Eating “our fellow creatures is cannibalism,” one told me. They also want to

ologues such as PETA oppose the use of rabbits to test cosmetics, even if it means skin problems or eye disease for women. And, says Pacheco, animal tests must be banned in medicine too. Human welfare should take a back seat to the lab-rat, as modern research against cancer, Alzheimer's, strokes, and heart disease is forbidden. “It is not a large price to pay,” a PETA employee told me.

At this time of the year, the greatest ire is reserved for fur. Steve Siegal, director of Trans-Species Unlimited, even advocates spraypainting any woman with a fur coat in imitation of Swedish anti-furrists. Others use razor blades to slice up fur coats on display. And PETA also advo-

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A Gold Standard For Russia?



BY MURRAY N. ROTHBARD

In their eagerness to desocialize, the Soviets have been calling in Western economists and political scientists—trying to imbibe wisdom from the fount of capitalism. In this search for answers, the host of American and European Marxist academics have been conspicuous by their absence. Having suffered under socialism for generations, the East Europeans have had it up to here with Marxism; they hardly need instruction from starry-eyed Western naifs who have never been obliged to live under their Marxist ideal.

One of the most fascinating exchanges with visiting Western firemen took place in an interview in Moscow between a representative of the Soviet Gosbank (the approximate equivalent of Russia's Central Bank) and Wayne Angell, a governor of the Federal Reserve Bank in the U.S. The interview, to be published in the Soviet newspaper *Izvestia*, was excerpted in the *Wall Street Journal*.

The man from Gosbank was astounded to hear Mr. Angell strongly recommend an immediate return of Soviet Russia to the gold standard. It would, furthermore, not be a phony supply-side gold standard, but a genuine one. As Angell stated, "the first thing your government should do is define your monetary unit of account, the ruble, in terms of a fixed weight of gold and make it convertible at that weight to Soviet citizens, as well as to the rest of the world."

Not that the Gosbank man was unfamiliar with the gold standard; it was just that he had imbibed conventional Western wisdom that the gold standard can only be restored at some indistinct point in the far future, after all other economic ills had been neatly solved. Why in the world, the Soviet financial expert asked Angell, should the gold

standard be restored *first*?

Wayne Angell proceeded to a cogent explanation of the importance of a prompt return to gold. The ruble, he pointed out, is shot; it has no credibility anywhere. It has been systematically depreciated, inflated, and grossly overvalued by the Soviet authorities. Therefore, mark or even dollar convertibility is not enough for the ruble. To gain credibility, to become a truly hard money, Angell explained, the ruble must become what Angell, with remarkable candor, referred to as "honest money."

"It is my belief," Angell continued, "that without an honest money, Soviet citizens cannot be expected to respond to the reforms," whereas a "gold-

A "gold-backed ruble would be seen as an honest money."

— *The Fed?!*

backed ruble would be seen as an honest money at home and would immediately trade as a convertible currency internationally."

With the ruble backed solidly by gold, the dread problem of the inflationary "ruble overhang" would wither away. The Soviet public is anxious to get rid of ever-depreciating rubles as soon as consumer goods become available. But under a gold standard, the demand for rubles would greatly strengthen, and Soviets could wait to trade them for more consumer goods or Western products. More goods would be produced as Soviet workers and producers become eager to sell goods and services for newly worthwhile rubles.

Without gold, however, Angell

warned that the Soviet reform program might well collapse under the blows of rampant inflation and a progressively disintegrating ruble.

The man from Gosbank was quick with the crucial question. If the gold standard is so vital, why don't the United States and other Western countries adopt it? Angell's reply was fascinating in its implications: that the dollar and other Western currencies "have at least a history of gold convertibility" which enabled them to continue through the Bretton Woods system and launch the present system of fluctuating fiat currencies.

What, then, is Mr. Angell really saying? What is he really telling the Soviet central banker? He is saying that the United States and other Western governments have been able to get away with imposing what he concedes to be *dishonest* money because of the remnants of association these currencies have had with gold.

In contrast to the ruble, the dollar, the mark, etc., have still retained much of their credibility; in short, their governments are still able to con their public, whereas the Soviet government is no longer able to do so. Hence, the Soviets must return to gold, whereas Western governments don't yet need to follow suit. *They* can still get away with dishonest money.

It would have been instructive to ask Mr. Angell about the myriad of Third World countries, particularly in Latin America, who have been suffering from severe currency deterioration and hyperinflation. Aren't those currencies in as nearly bad shape as the ruble, and couldn't those countries use a prompt return to gold? And perhaps even we in the West don't have to be doomed to wait until we too are suffering from hyperinflation before we can enjoy the great benefits of an honest, stable, noninflatable money? ◀

The Old Right Was Right

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Fighting for the Free Market

When you help the Ludwig von Mises Institute, you support internationally recognized educational programs dedicated to the free market, sound money, individual liberty, and private property.

Since the Institute refuses to solicit or accept government funds, and is considered—like Ludwig von Mises himself—“too uncompromising and intransigent” by establishment sources, we depend entirely on those people who share our principles.

its immense distrust of concentrated political power. Its members objected to the domestic policies of the New Deal precisely because it concentrated power in the Washington bureaucracy. Just as important, they objected to concentrated power motivated by foreign-policy considerations. For that reason, the Old Right opposed U.S. participation in the Cold War, though they were also bitter enemies of communism.

Among the leading figures of the Old Right were Robert Taft, John T. Flynn, Frank Chodorov, Garett Garrett, Albert Jay Nock, H. L. Mencken, and Felix Morley. Many lesser-known thinkers filled its ranks, qualifying it as a bona fide movement beginning in the interwar period. Looking back at what they counselled for America versus the Soviet Union is instructive and fascinating.

Before examining what the Old Right said about the Cold War, we should be clear on what is happening in the Soviet Union and the Eastern Bloc. In broadest terms, the people there have awoken to what they've been missing. Two-thirds of households in the Soviet Union have no running water. *Pravda* has written that of 276 basic consumer goods, 243 cannot be found in stores. According to Paul Craig Roberts, “Soviet economists speak openly of 40 million people in poverty and on the brink of famine.” The situation is similar in the Soviet Union's Warsaw Pact allies. These are stagnant economies, more like Third World nations than industrialized countries.

How long could people be expected to live under these conditions if they have an inkling of what people in the West have? Gorbachev seems to understand that big-power status and prestige would be denied a country that cannot grow enough food for its own people. His solution is to begin to integrate the Soviet economy with the world econ-

omy. He wants trade and technology, and to get it he must commence, however modestly, market reforms. The people have demanded change, and the rulers could not ignore it.

The Old Right knew this would happen some day. They were skeptical of those who said that the only way to break communism's hold was a belligerent foreign policy. This, they said, would be expensive and damaging to the U.S. economy, would risk a cataclysmic war, and would fail. Rather than loosen the totalitarian grip, it would probably tighten it.

What could America do, then? The Old Right answered that the best chance the U.S. had to roll back communism and protect its own security was to live up to its ideals and set a good example. American prosperity would make it the envy of the world and cultivate friendships with all nations. Meanwhile, the economic and spiritual shortcomings of communism would create the conditions for internal change. The Old Right grasps intuitively, if not theoretically, Ludwig von Mises's fatal criticism of socialism as incapable of rational economic activity. A policy that risks war could never have the same results.

As Taft, then-Republican leader in the Senate, put it in 1951, “there are a good many Americans who talk about an American century in which America will dominate the world.”

If “we confine our activities to the field of moral leadership we shall be successful if our philosophy is sound and appeals to the people of the world. The trouble with those who advocate this policy,” he said, “is that they really do not confine themselves to moral leadership. They are inspired with the same kind of New Deal planned-control ideas abroad as recent Administrations have desired to enforce at home.”

John T. Flynn, the Old Right journalist and America First Committee organizer, said in 1950 that regarding the Cold War, “the course of wisdom for the American people would be to sit tight and put their faith in the immutable laws of human nature.” To do this, he said, Americans would have to “make an end to the cold war.”

Frank Chodorov, another Old Right journalist, agreed. In 1954 he wrote “That our culture—the body of ideas, habit, and traditions indigenous to America—is under severe attack there is no doubt. But can we save it by killing off or subjugating the communist natives of other lands?”

“Communism is not a person,” he wrote “it is an idea. But you cannot get rid of the idea that has possessed the communist by killing him, because the idea may have spread and you cannot destroy every carrier of it. It is better, therefore, to attack the idea than to attack the natives.”

The Old Rightists were confident that Soviet domination, left to its own devices, would fade as time went on. Free trade, without government assistance, was the prescription. The United States and its allies over the years have followed two opposite courses, both of which has delayed the communist disintegration. Liberals tended to favor subsidies and aid, that is, forced trade; the conservatives tended to favor trade restrictions. Shortly after the Bolshevik revolution, the Western countries tried to topple the Soviet Union by refusing to allow trade (and by invasion). Later, in the 1920s and 1930s, Western governments subsidized trade and loans to the communist bloc. At other times they provided foreign aid.

Although embargoes and subsidies seem like contradictory policies, they had one thing in common: they strengthened the communist regimes. The subsidies and transfers helped them

John Quincy Adams put it most eloquently: “America does not go abroad in search of monsters to destroy.”

cover up the inevitable failures of communism and prolong its life. Since, as Mises first pointed out in 1920, rational economic calculation is impossible under socialism, countries trying to carry out socialism must fail.

The Bolsheviks admitted failure in 1921 when they switched from War Communism to the New Economic Policy, which was essentially a reestablishment of the market. Later, under Stalin, the Soviet Union ended the NEP, but it never returned to a moneyless, trade-less economy. Instead, it put in place a highly bureaucratized, interventionist state that had a veneer of central planning. It too was doomed to failure. But the infusion of Western wealth through government policy camouflaged the core incompetence of the system. The West, at taxpayer expense, bailed out the East.

As Mises in 1952 wrote that “the United States is subsidizing all over the world the worst failure of history: socialism. But for these lavish subsidies the continuation of the socialist schemes would have become long since unfeasible.”

The policy of trade restriction fared no better. The rationale was that if trade were forbidden, the East would sink lower into poverty, prompting the people to rise up and overthrow the communist regimes. For several reasons, it didn't work. First, the deprivation caused by the West made good propaganda for the regimes. They could tell their people that a hostile world wishes them ill and only support for the government could assure their security.

Another reason the strategy did not work is that, as Alexis de Tocqueville pointed out, revolutions do not occur when people are ground into despair. Radical change occurs, rather, when people glimpse what is possible to them from rising expectations. Merely depriving the people sub-

jected to communism of consumer products could not be expected to impel them to overthrow their governments.

V. Orval Watts, an Old Right educator, debunked the embargo strategy. He wrote that government restrictions on private trade with communist countries strengthen the Iron Curtain because embargoing trade also embargoes ideas. In a 1955 article he wrote that “An American, for example, cannot walk down a Moscow street without conveying to passersby certain truths about the outside world—through the quality of his shoes, the cut of his clothes, his unafraid bearing and peaceable manner. Everywhere he goes, and in every contact, he does or says things which teach the meaning of freedom and expose the lies on which the Soviet rulers depend for inculcating fear and hatred of capitalism and of the peoples practicing it.”

We should “work for a revolution behind the Iron Curtain. But for this, we need carriers of revolutionary ideas. In selecting the best means of accomplishing this revolution in Russia, let us not arbitrarily and emotionally reject the effective means of peaceful traders and travelers.”

The meaning of these criticisms, in light of today's events, is staggering: U.S. policy has prolonged communist rule and delayed the crack-up.

Those who reply that what is happening now is the result of U.S. containment policy and military spending, which forced the communists to spend resources on arms rather than consumer products, miss the point of Mises's calculation argument. Given the inherent incompetence of bureaucratic economies, it would not have mattered if the Soviets spent *no resources* on arms. The consumer economy would still have been starkly inferior to the West's.

There is another point implicit

in this analysis that is contrary to the Cold War orthodoxy. It is a fallacy to believe that public opinion plays no role in communist countries because the regimes rule by brute force. Totalitarian regimes always spend immense resources on propaganda and the promotion of an ideology, which is nothing less than a moral rationalization of the regime. They must do this, as Etienne le Boetie wrote in *The Politics of Obedience*, because the people always outnumber the rulers. Without the people's acquiescence and cooperation, the regime could not last.

The Old Right view is really the traditional U.S. foreign policy view. It was what George Washington meant when he warned against “political connection” with foreign countries and “entangling alliances.” John Quincy Adams put it most eloquently: “America does not go abroad in search of monsters to destroy. She is the well-wisher to the freedom and independence of all. She is the champion and vindicator only of her own.”

As to be expected, many American political leaders and commentators want the U.S. to pour taxpayer money into Eastern Europe and even the Soviet Union in the view that without our help, their attempts at reform will fail. This is mistaken. To the extent the U.S. government transfers the taxpayers' wealth there, those countries will have less incentive to really reform.

A government transfer is always a give-away of wealth that shields the recipient of its folly. In contrast, a private investor will expect something concrete in return or he will not invest. This is a surer way to encourage true liberalization. If they want Western capital, they will have to do what is necessary to make investment attractive.

As Mises wrote: “Prosperity is not simply a matter of capital

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Property Rights, Taxation, and the Supply-Siders

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angry because they suspected supply-siders were insincere in their pose as the pragmatic allies of the revenue collector. Perhaps, indeed, the supply-siders ought to have opposed the progressive income tax as immoral in itself rather than unproductive at the margin.

Nonetheless, the supply-siders' suggested compromise with the advocates of big government contained at its core an analysis that was highly unwelcome to the statist and the mainstream economists. The supply-siders were saying that incentives do matter after all, that if the government takes away too much of what people have worked for, they will not in the future be so productive.

At that time, economists had reason to believe that the whole subject of incentives had been eliminated from economic analysis; as outmoded as the cavalry charge, and as little likely to return. The pretense was that "the economy" was a machine, activated (like a water mill) by an "income stream." Human psychology had nothing to do with this purely mechanical and scientific action. That was the fond pretense. (To some extent it still is.) In the 1967 edition of his textbook, Paul Samuelson writes that the question whether high income tax rates discourage effort is "not an easy (one) to answer. For we shall see later that taxation will cause some people to work harder in order to make their million." Despite his promise, Samuelson never demonstrates this dubious proposition (sometimes

called the "income effect").

In any event the supply-siders dealt it a devastating blow simply by questioning it, and by asserting that human rationality must be a part of economic analysis. People will not work hard to further other people's ends that are both unknown and unknowable. I will not work to earn \$100 if I am told that I must leave 50 of those dollars on the sidewalk for the benefit of the next person who happens to come by. Refusing to work to attain such an *unknown* end is not "greed" or "selfishness." It is simple rationality. Very much the same analysis applies to toiling for dollars which are to be thrown into the trillion-dollar common pool that is the federal budget.

Advocates of the free market should also insist that the individual's desire to dispose of his own earnings may well be wholly unselfish. He may, after all, want to keep his earnings so that he may give them to Mother Teresa. A man who earns money to spend on his family is likewise acting unselfishly.

There was often a kind of euphoria and excitement in those early discussions between supply-siders, as I recall from my own experience. This was before they fragmented into unseemly recriminations and rivalry in the mid-1980s.

Since then I have thought about these ideas a good deal and I have come to the conclusion that they should be restated. Supply-siders have been on a great treasure hunt for information about Third World tax rates. These were found to be shockingly high in almost every case. The Agency for International Development was scorned for not knowing the first thing about such matters; the World Bank and the International Monetary Fund were likewise excoriated. Indeed, such agencies have tended to favor *raising* taxes. All this tended to confirm the idea

that tax rates—particularly income tax rates—were the key to understanding the great mystery that has bedeviled development economics since World War II: Why is it that some countries have prospered, while most have stagnated (in Africa, actually declined in many instances)?

It is clear, however, that this diagnosis is inadequate. There is another way of expressing the problem, at a level of greater generality, which gives us a much better grasp of the matter. *The key is not taxation but property rights:* private property is (comparatively) secure in some countries, highly insecure in others, while in still others (the Communist countries) it has been abolished outright as a matter of ideology. In any country, I believe, the extent and security of private property will be found to correlate closely with economic performance there.

The necessary studies have not been undertaken, however, because it has been dogma among professional economists (again, except Austrians!) for almost a century that private property is an "optional extra." The piece of machinery called "the economy" can come equipped with or without it. If anything, higher rates of economic growth can be achieved without it. (That is what they claim, gentlemen.) Incidentally, one reason why so many academic economists are unenthusiastic about property as an analytical tool is that it is difficult to quantify. Furthermore, it threatens to throw economics into reverse gear, back into the "political economy" of the 19th century and away from the "economic science" of the 20th.

Once we examine the "way the world works" from the vantage-point of property, however, we find that it casts new light not just on economic development but on taxation itself. It is true, of course, that all taxation is an abridgement of property rights,

Bruce Bartlett, deputy assistant secretary of the Treasury, Tom Bethell, and Lew Rockwell at an Institute seminar on "Where the Supply-Siders Went Wrong" at the Heritage Foundation in Washington, D.C.



and the high levels of taxation encountered in all Western countries today in general impair property rights more seriously than anything else. (The property rights of certain classes of citizens, e.g., apartment owners in New York, Santa Monica, Brookline, and Berkeley are even more gravely impaired, but for the population as a whole, taxation tops the list of property infringements.) This accounts for the overall accuracy of the supply-siders' prognosis a decade ago. Property was (and is) the key, but in the Western countries in which supply-side theory has primarily been tested (by reducing tax rates) it is precisely the tax code that constitutes the most serious attack on property.

In many Third World countries, however, it is not sufficient to reduce the income tax rates (as was done in the Philippines, for example). If regulations prevent the acquisition of property, or its voluntary transfer, or effectively confine it to presidential cronies, as in some Latin American coun-

tries, then reducing the progressivity of the tax code won't work magic. As for Communist countries, it is more or less meaningless to analyze economic problems in terms of taxation. They are more fundamental than that. Thus we may say that reform of the tax code is a necessary but not a sufficient condition of economic revival.

Finally, it is worth noting the economic bias that has created the system that now prevails throughout the West, in which up to one third of income property is subject to legal confiscation (more than a third, if you add in social security taxes, state taxes, and the taxation of interest on savings), but real property is secure (as long as you don't rent it out in certain jurisdictions). The effect is to promote a *class system*—the very evil that Karl Marx claimed a progressive income tax would eliminate. Old money is pitted against new. Those with valuable properties, acquired at a time of lower taxation and now

safe from confiscation, are placed at a great competitive advantage over those who must toil to acquire income, and then surrender one third of it before they have accumulated enough to convert it into real property.

The French, interestingly enough, understood this diagnosis and actually decided to change the rules, shortly after Francois Mitterand was elected in 1981. Objets d'art and antiques inside those nice old chateaux would be assessed and taxed for a change! But somehow, the enthusiasm for this attack on the class system encountered unexpected resistance—from the socialists. It was as though all that talk about the desirable egalitarian effects of the progressive tax code was a mere smokescreen, disguising the point that what the socialists really want is a system in which some people (the better class of person, you understand) can lord it over others—the uppity, bourgeois, nouveaux riches. ◀

Making Sense of the World

Newspapers and weeklies are great for late-breaking news, but during this time of global upheaval, solid economic theory is the only way to make sense of the world. And there's still a shortage of sound eco-

nomics in the West.

Several books are essential. Ludwig von Mises's *Socialism* (pb: \$9) is the best one to start with. Written 67 years ago, no other on the subject has proven so definitive and prophetic. It explodes every socialist fallacy and shows how all systems short of completely free markets are destined to fail. F.A. Hayek credits *Socialism* with shaking his early socialist faith.

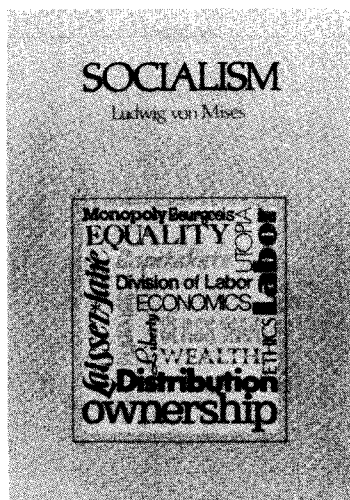
That's why *Socialism* is justly called inspiration for another classic, *The Road to Serfdom* by F.A. Hayek (pb: \$10). Hayek, writing in the early forties, explains the connection between economic freedom and political freedom and shows how socialism implies totalitarianism. Academics were scandalized at his suggestion that in government, the worst always rise to the top.

How did the West become seduced by the abhorrent ideal of socialism? Mises's *Anti-Capitalistic Mentality* (pb: \$8) shows why the elite hate and fear capitalism, and why they will have to be drawn kicking and screaming into the post-socialist world.

What takes the place of socialism depends on who wins in the battle of ideas, explains Mises in *Economic Policy* (pb: \$10), a collection of speeches on the difference between socialism and capitalism.

Here's another way to dance on socialism's grave: wearing Ludwig von Mises Institute polo shirts (\$20), tee shirts (\$10), sweatshirts (\$16), and neckties (\$30), and by using Mises coffee mugs (\$10). All these special prices include U.S. postage and handling from the Ludwig von Mises Institute. Please see the enclosed form. ◀

Ludwig von Mises's great work on socialism first showed economies cannot function without private property and free prices.



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investment. It is an ideological issue. What the underdeveloped countries need first is the ideology of economic freedom," which the United States should send them.

But that means that we ourselves should be clear about what is desirable politically. Until we are, we are not likely to be a good example to those who are groping for solutions in the communist world. If the reform economists there call for anti-trust laws and taxes on "excess profits," it doesn't take much imagination to see what they are using for a model.

Most of the talk about reform has been associated with democracy, but democracy in itself will not improve the condition of the subjects of communism. Democracy is a method for selecting rulers. But the problem in these countries is that economic decisions are made by politicians and bureaucrats—not how they got into office. Popular election of commissars would not make the

Soviet economy better able to serve consumers. What would change the economy is individual rights, private property, sound money, and the rule of law—in other words, libertarian capitalism. That should be our banner, not democracy.

I do not wish to deprecate the Soviet or East German's attraction to "popular rule." When distant rulers have been telling you what to do with your life, it is natural to want a say in one's governance. I only want to point out that if the reform ends with democracy, it will not have been worth the candle. There is but a small difference between having no say in one's own affairs and in having one vote out of millions. How the rulers are chosen is far less important than what the rules are. The civility of a democratic country should be measured in how much of life is beyond the reach of the democratic process.

Finally, a related point: Implicit in much discussion

about recent events is the belief that East and West are converging toward a system that is neither communist nor capitalist. Advocates of convergence usually believe that this middle position is a good thing, avoiding the extremes.

In fact, as Mises taught, the middle of the road is an unstable mixture that must eventually move toward more or less freedom. There is no need to seek a mixture of freedom and slavery because slavery adds nothing of value to the mix.

We will have missed the point of the East's revolution if we remain complacent about our own situation. Contrary to Francis Fukuyama (author of the acclaimed article "The End of History?"), now that Marxism is dead, we must get on with the main debate, the one between freedom and statism of any form. The objective in this debate is to bring to America a fully free market and voluntary social order. ◀

Animal Crackers

CONTINUED FROM PAGE TWO

cates chanting "fur is dead" at women in fur coats, who presumably think otherwise.

Mink, foxes, and other fur-bearing creatures are raised in "animal Auschwitzes," a PETA aide told me. These animals are "maltreated while alive, killed cruelly, and worn in savagery." Morally, this is no different from Ilse Koch, "the Buchenwald commandant who made a lampshade out of human skin."

Aside from the nature of this rhetoric, which offers an interesting glimpse into the animal-rightist soul, this is disinformation. Fur ranchers must treat their animals well. If they don't, they will have sick animals, and as any pet

owner knows, that means unattractive fur.

Even though most fur coats are made from commercially grown animals, trapping is also used. This is necessary for animal husbandry, but it also serves other purposes. Bears destroy bee hives; coyotes kill livestock; beavers flood farmland and roads; and foxes, mink, and weasels attack poultry.

Thanks to violence and propaganda, fur sales have been in a recession in the U.S. for three years. In Northern Europe, fur sales also fell, but they have since bounced back. May the same happen here, especially as the glorious pelts from the arctic

areas of the Soviet Union become more available under perestroika.

For Christmas, PETA urged us to sing carols to zoo animals "to draw attention to their imprisonment." I have a better idea. To aid a beleaguered industry, we should give fur. We can make another human happy and at the same time outrage the animal idolators.

What a warming thought as we sit down to slice our nice rare roast beef. (N.B: A version of this article appeared in the *Orange County Register*. It was also the subject of a recent appearance by Lew Rockwell on CNN's *Crossfire* show with Pat Buchanan.) ◀

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