

BOOK REVIEW

SOCIALISM SUCKS: TWO ECONOMISTS
DRINK THEIR WAY THROUGH THE
UNFREE WORLD

ROBERT LAWSON AND BENJAMIN POWELL
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DAVID GORDON*

Robert Lawson and Benjamin Powell are well-known free market economists, and they do not look with favor on a disturbing trend among American young people. “In the spring of 2016,” they explain, “a Harvard survey found that a third of eighteen-to twenty-nine year olds supported socialism. Another survey, from the Victims of Communism Memorial Foundation, reported that millennials supported socialism over any other economic system” (p. 8).

Unfortunately, the young people in question have little idea of the nature of socialism. Lawson and Powell would like to remedy this situation, but they confront a problem. Ordinarily, one would urge students to read Hazlitt’s *Economics in One Lesson*, Mises’s “Economic Calculation in the Socialist Commonwealth,” and

* David Gordon (dgordon@mises.org) is a senior fellow at the Mises Institute.



similar classic works, in order to understand the basic facts about the free market and socialism, but the millennials are unlikely to do so. One must attract their attention. What can be done?

Lawson and Powell have had the happy idea of presenting elementary economics in a humorous way that will appeal to those “turned off” by serious and sober scholarship. In the latter adjective lies the key to their approach. Both of the authors enjoy drinking beer, and they travel around the world to various socialist countries in pursuit of their beloved beverage, making incisive comments about the economy of each country as they do so. They write in a salty style that will make millennials laugh, though some readers will find it jarring.

For the young, “socialism” means no more than vague ideas about “fairness,” but, the authors note, the term has a precise meaning: “To separate the state from socialism in any large society is like trying to separate private property from capitalism. It can’t be done. I’ll say it once more for the people in the back: socialism, in practice, means that *the state owns and controls the means of production*” (p. 128). No country is completely socialist, but some are more socialist than others. How can the degree of socialism be evaluated? Lawson has, along with James Gwartney, produced an annual economic freedom index for the Fraser Institute, which the authors use to answer this question, sometimes with surprising results.

Many professed socialists look to Sweden for inspiration, but according to the freedom index “Sweden gets a 7.54 rating, which is good enough for twenty-seventh place out of the 159 countries in the study...Bottom line: Sweden is a prosperous, mostly capitalist country” (pp. 10–11).

The authors must now confront an objection. Why should we not prefer welfare-state capitalism to the straightforward free market economy the authors want? They reply that Sweden prospered under freedom but that the increased taxation needed to finance the welfare state has brought about stagnation. “Sweden grew most when it was freer than it is today” (p. 13).

If some people admire Sweden, few except fanatics have good words for the economy of Cuba. Nevertheless, must we not recognize the wonders accomplished by the Cuban socialized medicine? We must give the devil his due. Lawson and Powell are not convinced.

Official Cuban health statistics are impressive... Yet, we also know that the hospitals most Cubans use are so poorly equipped that people often have to bring their own sheets. What gives? The silence [on the streets] is part of the answer. The lack of automobiles means a lack of traffic fatalities. Since automobile accidents are a leading cause of death among younger people, the lack of automobiles has a disproportionate impact on life expectancy statistics for reasons that have nothing to do with health care. The low rate of infant mortality is a product of data manipulation. (p. 53)

Why has Cuban socialism, like all other centralized socialist economies, failed? The authors present with great clarity the essential point:

almost a hundred years ago, the Austrian economist Ludwig von Mises explained that socialism, even if run by benevolent despots and populated with workers willing to work for the common good, could still not match capitalism's performance. Socialism requires abolishing private property in the means of production. But private property is necessary to have the free exchange of labor, capital, and goods that establish proper prices. Without proper prices, socialist planners could not know which consumer goods were needed or how best to produce them... Socialism also gives tremendous power to government officials and bureaucrats who are the system's planners—and with that power comes corruption, abuse, and tyranny. (p. 37)

Socialist tyrants were the greatest mass murderers in history, and the young must be apprised of this melancholy fact. "Stalin ranks just behind Mao as history's second greatest mass murderer, with Hitler coming in third—and all three dictators were, of course, committed socialists of one sort or another." (p. 115)

Some millennial socialists respond with a distinction: the despotic governments mentioned were not genuinely socialist. The authors answer with appropriate severity:

This is the same dirty trick socialists have played for decades. Whenever things go south, as they inevitably do, they claim that it wasn't "real" socialism. I [Lawson] find the whole thing more than a little disingenuous and very irritating. When socialists, democratic and otherwise, held up Venezuela as a great socialist experiment in the 2000s, the message was, "See, we told you so; socialism works!" But when the failure happened, the message changed to, "No, wait—that's not real socialism!" They want to claim socialism during the good times but disavow it during the bad. (pp. 127–28)

A related gross error, the famous “nirvana fallacy,” is to compare an ideal state of affairs conjured up by socialists with the difficulties of real-world capitalism.

If the authors are ready to rebuke the errors of misguided youth, they look with sympathy on some of their hopes. Many young people condemn the drug war with its rampant racism and mass incarcerations, and they are right to do so:

The U.S. government’s war on drugs is unwinnable because, in the language of economists, it is a supply-side war, where demand isn’t very price-sensitive. This means when the U.S. government scores a “win” in the war, the price of the remaining drugs goes up more than the usage falls. As a result, net revenue to drug cartels increases, which increases their ability to corrupt law enforcement and buy weapons and other smuggling equipment. The result has been an endless cycle of increasing violence along the entire supply chain in Central and South America. (p. 135)

It is not only the drug war but also the war on terror that ought to be condemned, and here once more the many millennials who protested against the war are in the right:

We feel the same about the war on terror. The wars and violence associated with it in the Middle East are a major reason for Europe’s immigration wave....advocates for capitalism can be against war precisely because war undermines capitalist institutions and freedoms...Chris Coyne wrote a book entitled *After War: The Political Economy of Exporting Democracy*, in which he shows that when the U.S. engages in foreign intervention, it rarely creates the kind of lasting institutional change that supports what some might call a “neoliberal” society. Economist Robert Higgs’s classic book, *Crisis and Leviathan*, shows how crises in the United States, especially wars, have led to expanded government at the expense of markets. Chris’s latest book, *Tyranny Come Home: The Domestic Fate of U.S. Militarism*, co-authored with another friend of ours, Abby Hall, has shown how U.S. military interventions abroad “boomerang” back to the United States in ways that decrease our freedoms at home. See, anti-war isn’t a uniquely leftist position. Capitalists should be anti-war too. (pp. 136–37)

The use of “neoliberal” as a term of praise and the solecism “advocates for” are regrettable.

I confess that I approached the authors’ project of a drinking tour of the socialist countries with skepticism. Would it be more

than a *jeu d'esprit*? Reading the book has laid my skepticism to rest. *Socialism Sucks* has the potential to do great good if it gets into the right hands, and its impressive sales suggest that it will do so.