

SOCIALISM IS DEAD, LONG LIVE SOCIALISM

Much of the social history of the Western world over the past three decades has been a history of replacing what worked with what sounded good (Thomas Sowell)

Historical evidence shows that capitalism is the only system in recorded history that has lifted the median citizen above the subsistence level and sustained a steady, if cyclical, rate of economic growth. Private property rights and the law of contracts are the institutions most (but not exclusively) responsible for the economic performance of capitalism. By empowering individuals to pursue their subjective ends, the incentive effects of private property rights and the law of contracts enhance the efficiency-friendly allocation of resources. Nobel Laureate James Buchanan wrote: “Economic performance can only be conceived in values; but how are values determined? By prices, and prices emerge only in markets. They have no meaning in a non-market context ...where the choice-influenced opportunity costs are ignored.”¹

Success creates resentment. From its early days, capitalism has had numerous critics. They have come diverse groups such as university professors, conservative Catholic theologians and socialists. The major difference between capitalism and all its critics is the difference between individualism and collectivism. Most if not all critics of capitalism see the community as an organic whole that has a common good or predetermined outcome (a flexible concept that changes with changes in the community leadership). Capitalism, on the other hand, sees the community as a

¹ Buchanan, J. (1976), “General Implications of Subjectivism in Economics,” paper presented at the conference on Subjectivism in Economics, Dallas, Texas.

voluntary association of free and self-responsible individuals who join and leave the community in the pursuit of their own private ends.

Socialism has been the most enduring opponent of capitalism. The socialist doctrine rests on three assumptions: (1) a just and harmonious society based on the equality of outcome can be established, (2) human reason is capable of discovering the top-down rules required to bring about such a society, and (3) the political elite is responsible for enforcing those formal rules.

The French Revolution of 1789, which was carried out in the name of a new concept of legitimate centralism, had the unintended consequence of refueling the socialist doctrine. The difference between the social democracies of Western Europe and Anglo-American capitalism are traceable to the effects of the French Revolution. Even most prominent classical liberals in Europe accepted the state as the watchdog of individual actions in the economic domain. Eucken wrote, “The economic system cannot be left to organize itself.”² Roepke maintained that “undiluted capitalism is intolerable.”³

A defining feature of the 20th century was the struggle between capitalism and three types of socialism: Fascism, National Socialism and Communism. Writing about these three types of socialism, Walter Williams said: “Fascism, communism, socialism are kindred forms of collectivism whose survival critically depends upon undermining of private property rights, rule of law, limited government and other institutions. Collectivists everywhere

² Eucken, W. (1951), The Unsuccessful Age, Edinburgh: William Hodges, p.93

³ Roepke, W. (1958), Social Crisis of our Time, London: Thames and Hudson, p.119

disdain the rule of law, traditions and the market place in favor of the direct pursuit of intended outcome.”⁴

Of those three types of socialism, Karl Marx’s model was by far the most serious threat to capitalism and is the one referred further in this paper as socialism of the last century. In 1917, Lenin put Marxism into practice. After 1945, the spread of socialism seemed unstoppable until the late 1980s. Many Western scholars praised the ‘achievements’ of socialism. Robert Heilbroner and Lester Thurow wrote: "Can economic command significantly compress and accelerate the growth process? The remarkable performance of the Soviet Union suggests that it can. In 1920 Russia was but a minor figure in the economic councils of the world. Today it is a country whose economic achievements bear comparison with those of the United States". Paul Samuelson said: "It is a vulgar mistake to think that most people in Eastern Europe are miserable... The gap between Western and Eastern living standard may narrow in the future."⁵

Some economists disagreed. Paying more attention to the efficiency consequences of the freedom of individuals to pursue subjective preferences rather than to short-run quantitative measurements, Warren Nutter described socialism of the last century as follows:⁶

⁴ Williams, W. (1994), Liberals care Only about Results,” Conservative Chronicle, February 9, p.24. (please note that Williams is using the term liberal in the American sense)

⁵ Heilbroner, R. and Thurow, L. (1984), Economic Problem, New York: Prentice Hall, p.629; Samuelson, P. (1980), Economics, New York, McGraw Hill, p.624

⁶ Nutter, W. (1969, The Strange World of Ivan Ivanov, New York, World Publishing Company, p.39

It was Lenin's genius to recognize the importance of embellishing the Soviet system with all the trappings of democracy. If the people want a constitution, give them one, and even include the bill of rights. If they want a parliament, give them that, too. And a system of courts. If they want a federal system, create that myth as well. Above all, let them have elections, for the act of voting is what the common man most clearly associates with democracy. Give them all these, but make sure that they have no effect on how things are run.

Nutter was right. By the end of the 1980s, socialism in the Soviet Union and Eastern Europe decayed from within. Yet, the socialist doctrine refuses to die. Every time one type of socialism fails, the opponents of capitalism are quick to come up with a new one. Indeed, socialism is raising its ugly head once again.

The home of this new type of socialism is Western Europe, from which it is trying to spread. In Central and Eastern Europe the transition of the early 1990s from socialism to capitalism is slowly turning into the transition from one type of socialism to another. In the United States, we observe policies such as reviving the influence of labor unions, ignoring the 10th amendment, encouraging class warfare and calling for more income equality.

The purpose of this paper is analysis of the social and economic forces at work in the transition of social democracies to new type of socialism in Western Europe (and elsewhere), the circumstances upon which this transition depends, and its progress to date.

MAJOR FEATURES OF LIBERAL SOCIALISM: IT IS ALL ABOUT PRIVATE PROPERTY RIGHTS

Two major features of the new type of socialism that set it apart from socialism of the last century are: (1) it is evolving from within social democracies in Western Europe *via* free and democratic elections, and (2) it accepts private property rights. Given those two features, the term *liberal socialism* seems the right name for this new type of socialism.

The rise of liberal socialism is not an event like the October 1917 revolution; that initiated the spread of socialism in the last century. Instead, liberal socialism is a process of replacing the allocation of resources in competitive markets with governmental controls of economic activities *via* free elections. Support for liberal socialism comes from different sources such as social democratic parties, academia, labor unions, environmentalists, socialists of all colors and persuasions, the European Union's Brussels bureaucracy, and non-governmental organizations like the Organization for Economic Cooperation and Development (OECD; that is, from what one can loosely refer to as the political and intellectual elite of Western Europe.

The acceptance of private property rights does not imply that liberal socialism is giving up the core of the socialist doctrine: governmental controls of the predetermined outcome of economic activities. However, the political-intellectual elite has to find a way to reconcile the two. A few words about private property rights are then appropriate.

According to Irwin Fisher, "a property right is a liberty or permit to enjoy benefits of wealth--in its broadest sense--while assuming the costs which those benefits entail...A property right is not a thing."⁷ Fisher's definition

helps explain the role of private property rights in the ongoing transformation of West European social democracies into liberal socialism. Private property rights are not the relationship between individuals and objects. Instead, private property rights define the relationship among individuals with respect to the access to and use of scarce goods.

Awareness of the importance of private property rights for economic performance goes back to the School of Salamanca in 16th century and even earlier. However it was only in the 1960s that a systematic study of property rights began in the earnest. Armen Alchian, Ronald Coase, Harold Demsetz, Henry Manne, Douglass North and Oliver Williamson among others internalized the treatment of private property rights into the economic theory of property rights. Their research has demonstrated that two components of private property rights have major efficiency-friendly effects on economic performance, thus setting private property rights apart from other types of property rights. The exclusivity of ownership⁸ creates strong incentives for individuals to move their resources to the highest-valued uses. The transferability of ownership provides incentives for privately owned resources to move from lower to higher productivity users.

These behavioral incentives of a free-market, private-property economy link rewards to productivity and entrepreneurship (hereafter jointly referred as productivity). It follows that the distribution of income in a free-market, private property economy is unequal, while the allocation of resources is efficiency-friendly. A good golf teacher earns more money than not-so-good ones. Entrepreneurs who make better bets about consumers' preferences get

⁸ Exclusivity of ownership means that the owner decides what to do with his asset, captures the benefits of the decision, and bears its cost,

better returns on their money than do other entrepreneurs.⁹ Equality of opportunity in capitalism may be a dream yet to be attained, but is certainly not more of a dream than the equality of outcome in socialism. The important difference between the two systems is in the consequences of pursuing their respective goals, not in the pious wish of attaining them.

The allocation of resources reflecting the subjective preferences of interacting individuals and linking rewards to performance has a few friends in social democracies and even fewer in liberal socialism. Analysis of the transition of social democracies to liberal socialism and the expected performance of liberal socialism, if and when the transition is successful, must identify the circumstances upon which the main features of liberal socialism depend and discuss their behavioral incentives. Two such circumstances are the culture of dependence and the attenuation of private property rights.

Liberal Socialism Requires a Culture of Dependence on the State

The undeniable economic success of capitalism in raising the standard of living and the critical role of private property rights in attaining that success makes it difficult for the political and intellectual elite of Western Europe to use the efficiency argument in seeking voters support for more government controls. The obvious quantitative results of the merit-oriented culture of capitalism make the transition of social democracies to liberal socialism via free and democratic elections an unattractive proposition to the median voter.

⁹ We live in a world of bounded rationality. Hence, the transaction costs as well as pure luck create a gap between rewards and productivity, and exacerbate income inequalities.

The political and intellectual elite needed a cause that could stir up voters' support for increasing governmental controls of the economy. The cause was found in the income inequalities of capitalism. The political and intellectual elite was quick to raise the issue of the immorality of capitalism. To prevent the rich from getting richer and the poor from getting poorer, the state has to redistribute incomes. Of course, each and every redistributive policy also means a slightly larger role for government in the economy.¹⁰

The immediate support for redistributive policies comes from a segment of the population who feels that market competition is unfair to them. Blaming others for one's failure to compete in free markets is a predictable response to all inequalities,¹¹ and the nature of redistributive policies is such that they generate more support from one election to another. As individuals grow accustomed to the benefits they get from government (i.e., from outside competitive markets), support for socialist and pro-socialist parties favoring redistributive policies tends to increase.

Redistributive policies have short-run and long-run costs. The economic costs of redistribution is the immediate erosion of the link between performance and rewards. Those costs affect incentives to produce more wealth in the future. The social costs are a slow transformation of the capitalist culture of self-responsibility and self-determination into the socialist culture of dependence on the state. Consider the following examples of the ongoing conflict between the merit-oriented culture of capitalism and the culture of dependence on the state.

¹⁰ To the best of my knowledge this point was raised for the first time by Harold Demsetz in a paper entitled "New Battle Lines", presented at the 2005 Mont Pelerin Society meeting in Iceland.

¹¹ Students almost always say: I got A; he gave me F

In 2008, the OECD, representing twenty three European and eleven non-European countries, gave redistributive policies strong support:

The mix of intervention chosen, society's goal of reducing economic inequalities – at least when these are perceived as conflicting with shared norms of what is fair in society – should be clearly formulated and given the place they deserve within the range of goals that governments pursue. While the specific formulation of these objectives will differ across countries...what matters is that these are set clearly, that policies in all fields (e.g. fiscal, health and education) are assessed for their contribution to their attainment, and that governments are accountable for their success or failures in achieving them¹².

The European Union (EU) is also supportive of an ever increasing role for government in member countries and the ever increasing role of the Brussels bureaucracy over all member countries. Like all bureaucracies, the EU bureaucracy has strong incentives to grow. And issuing and enforcing regulations is the most effective way for any bureaucracy to grow. EU regulations are primarily concerned with fair trade, the environment, global warming, product controls, and harmonization of laws in member countries. For example, on 14 November 2008 the European Commission imposed a 66% tariff on candles imported from China. A major economic consequence of this rule is a redistribution of income from the users of candles in EU countries to the EU producers of candles.

The message of this regulation says a lot about the expected consequences of the bureaucratization of Western Europe. For almost a decade the European public conversation has been about debt, bailouts, and the global financial-market hazards. So, the candle example certainly comes across as fiddling

¹² Growing Inequality: Income Distribution and Poverty in OECD Countries, OECD Publication, 2008, p. 306.

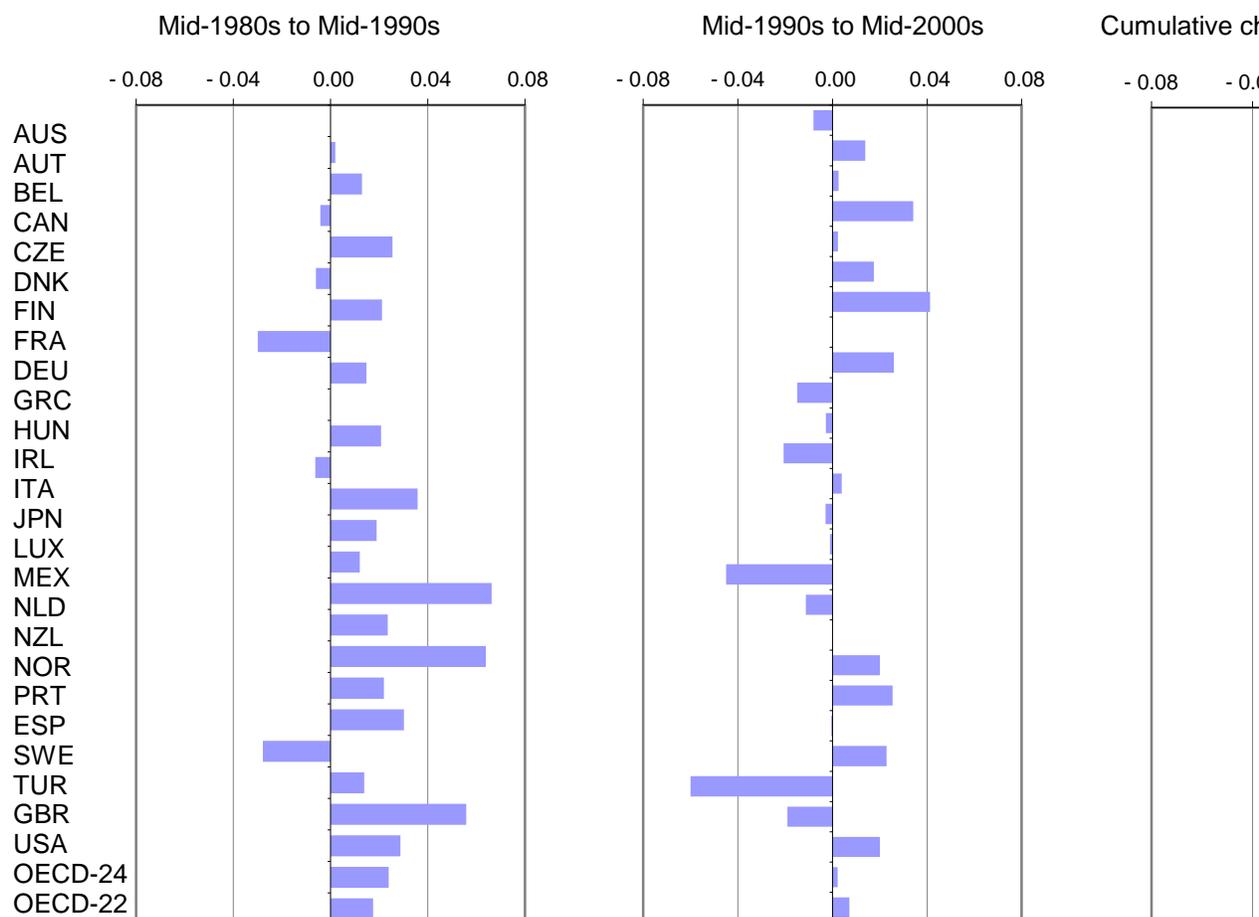
while Rome burns. Yet, this example, and it is not an isolated one, identifies the triviality of bureaucratic actions. The message is that Brussels knows, in minute details, what people would demand if they knew what was good for them.

Redistributive policies always increase governmental controls of the economy, but they do not necessarily reduce income inequalities. While shouting about more equal distribution of incomes, the political and intellectual elite quietly takes care of itself. For example, municipal airports in the West are the home for large number of small private planes. The fees that owners pay for keeping their planes at municipal airports do not cover the entire costs. The rest is paid by taxpayers. Many cities in Western Europe and the United States have municipal golf courses. Fees paid for access to those courses, if any, do not cover the costs of maintaining them. Those costs are paid by taxpayers. Most taxpayers do not own planes and few blue-collar workers are usually observed playing golf. These and similar programs redistribute incomes from the people at large to the ruling elite.

Empirical evidence about the success of redistributive policies is rather inconclusive. Income inequality in all OECD countries has continued to widen since the 1980s. Yet, the rate of increase in income inequalities slowed down during the decade 1995-2005. The point change in gini coefficient was 0.018 in 1985-1995 and 0.002 in 1995-2005. Figure 1 illustrates the continued conflict between the merit-oriented culture of capitalism and the equality of outcome culture of socialism.¹³

¹³ See <http://dx.doi.org/10.1787/420558357243> for a country by country changes in income inequality within the OECD.

Figure 1.2. Trends in income inequality
Point changes in the Gini coefficient over different time periods



Note: In the first panel, data refer to changes from around 1990 to the mid-1990s for the Czech Republic, Hungary and Germany (no data are available for Australia, Poland and Switzerland). In the second panel, data refer to changes from Austria, the Czech Republic, Belgium, Ireland, Portugal and Spain (where 2005 data, based on EU-SILC, are not deemed earlier years). OECD-24 refers to the simple average of OECD countries with data spanning the entire period (all countries). OECD-22 refers to the same countries except Mexico and Turkey.

Source: Computations from OECD income distribution questionnaire.

<http://dx.doi.org/10.1787/42055835724>

Liberal Socialism Requires Attenuated Private Property Rights

Private property rights in West European social democracies create a conflict between the attainment of a predetermined outcome and the incentive effects of private property rights. The former necessitates governmental controls of the use and allocation of resources. The latter requires free and voluntary interactions of individuals in the pursuit of their subjective preferences. The acceptance of private property rights by liberal socialism strengthens this conflict. A way to resolve it is to attenuate private property rights.

The attenuation of private property rights means the erosion of the exclusivity and/or transferability and/or enforcement of private property rights. For example, the Brussels bureaucracy supports fair trade. Fair Trade is a façade of good sounding words that attenuates private property rights by imposing non-market terms of exchange between developed and developing countries as well as between Western and Eastern Europe. The term fair trade is also used by labor unions in the United States to seek government restrictions on the import of goods produced by ‘exploited’ workers elsewhere.

Rules and regulations that attenuate private property rights in resources transfer some decision making rights in those resources from their owners to public decision makers and/or non-owners. Those transfers interfere with the subjective preferences of interacting individuals. The interference with the subjective preferences of interacting individuals obstruct information about the choice-influenced alternative costs of resources. In the end the attenuation of private property rights impedes the flow of resources from lower- to higher-valued uses. How?

The value of any good to a person depends on the bundle of rights to do things with that good.¹⁴ The attenuation of private property rights reduces the bundle of rights in goods. Reduction in the bundle of rights in goods reduces their market (scarcity) prices. Reduction in the market prices of goods reduces incentives to allocate them to their best uses. The attenuation of private property rights then creates a gap between productivity and incomes, and, in doing so, reduces economic efficiency of the economy as well as incentives for the future production of wealth.

Moreover, the attenuation of private property rights then requires the top-down rules and regulations. Those rules and regulations have to be enforced. The enforcement of rules and regulations that attenuate private property rights require resources. It means that some resources have to be withdrawn from more productive uses. That is, the enforcement of redistributive policy is not a free good.

The legal tradition of Western Europe restricts private property rights from serving the subjective preferences of property owners. Predictably, examples of attenuated private property rights in Western Europe are not in a short supply. German law protects private property rights as long as they serve 'human dignity' and welfare programs.¹⁵ The owner of a business in Spain is reluctant to hire workers because the costs of firing them are high. In France, the owner of a company has to pay a tax (penalty) in order to close down the establishment. Italian legal system protects private property rights only insofar as they serve a social function as defined by the state.¹⁶ In general,

¹⁴ The value of a car to me is less if I have no right to resell it. I pay more to join a country club if my teenage kids are allowed to play golf there. I will pay more for a worker I can fire at no cost.

¹⁵ Alexander, G. (2003), 'Property as a Fundamental Constitutional Right? The German Example', Cornell Law Review, 88 (3), pp..101-144.

¹⁶ Mingardi, A. (2005), "No Vice, No Vita," Wall Street Journal, January 19.

by constraining private property rights from serving the subjective preferences of property owners, the legal tradition of Western Europe has made the attenuation of private property rights relatively easy.

It is important to note that the backbone of the legal tradition of common law countries is that the primary function of private property rights is to serve the subjective preferences of property owners. While unable to stop the attenuation of private property rights, the common law tradition has slowed it down. A growing body of literature shows that business firms in countries with an Anglo-American legal tradition earn returns on investment that are at least as large as their costs of capital, while enterprises on the continent of Europe earn on average returns on investment below their costs of capital.¹⁷

What does empirical evidence tell us about the pace of the process of attenuation of private property rights?

France has moved closer to liberal socialism than any other major West European state. The French social model offers numerous benefits including socialized medicine, retirement at the age of sixty or less, five or six week vacation every year, thirty-five hour work week, and legal protection against layoffs and firings. According to Figure 1, France has gone further in redistributing incomes than other West European states. However, socialist benefits are not a free lunch. Steven Erlanger writes:

¹⁷ Gugler, K, Mueller, D., Yurtoglu, B. (2004), "Corporate Governance and Globalization," Oxford Review of Economic Policy, 20, No 1, 129-156. Of course, those returns have no relationship to the returns shareholders earn on their investments. Adjustments in share prices eventually bring the expected returns to shareholders on their investments into equality.

The question is not whether the French social model is a good one, but whether the French can continue to afford it. Based on current trends, the answer is clearly no... There is nonetheless an underlying understanding that there will be little lasting gain without structural changes to the state-heavy French economy. The warning signs are everywhere: French unemployment and youth unemployment are at record levels; growth is slow compared with Germany, Britain, the United States or Asia; government spending represents nearly 57 percent of gross domestic product, the highest in the euro zone, and is 11 percentage points higher than Germany...social spending represents 32 percent of G.D.P., highest among the industrialized countries.¹⁸

The Index of Economic Freedom published jointly by the Heritage Foundation and the Wall Street Journal, and the Economic Freedom of the World Index published by Fraser Institute offer more general evidence of the transition to liberal socialism in the West. Both indexes measure changes in economic freedom on a country by country basis. Those changes include the rule of law, limited government, credible private property rights and unfettered voluntary interactions of individuals in open and competitive markets. It is important to note that both indexes are about economic freedom only. Political and civil freedoms are not included in either of these two indexes.

Like all indexes, the two indexes of economic freedom have technical limitations and methodological problems. However, they are the best we have. De Haan and Sturm¹⁹ tested the Fraser Index in 2000. Many scholars

¹⁸ Erlanger, S (2013), "Proud Nation Ponders How to Halt Its Slow Decline," New York Times, August 243.

¹⁹ De Haan, J. and Sturm, J. (2000), "On the Relationship between Economic Freedom and Economic Growth," European Journal of Political Economy, 16, No 2, 215-241.

have are using those indexes in their research.²⁰ This paper uses the Index of Economic Freedom published by the Heritage Foundation and the Wall Street Journal (hereafter: the Index). The Index classifies all countries into four broad groups: free (80-100), mostly free (70-79.9), moderately free (60-69.9), mostly unfree (50-59.9), and repressed (0-49.9). The highest and lowest ranking countries in the 2013 Index were Hong Kong and Liberia with the overall scores of 89.3 and 49.3 respectively.

To measure economic freedom on a country by country basis, the Index uses ten categories. Property Rights is one of those ten categories. The Property Rights category measures primarily (but not exclusively) the legal protection of private property rights. The Index, however, does not define the bundle of rights that is protected. Given differences in the contents of the bundle of property rights from one country to another, the Property Rights category is then not a very reliable yardstick for measuring changes in the freedom of individuals to use their assets in accordance with their subjective preferences. The 2013 Index for Germany and the United States show scores of 90 and 85 for the Property Rights category respectively. Is the Index merely informing us that more socialized private property rights in Germany enjoy slightly better protection than less socialized private property rights in the United States? If not, why not?

Changes in private property rights are implicit in many other categories of the Index. One that stands out is the Labor Freedom category. Scores for the Labor Freedom category measure the state interference with the rights of individuals to work for wages they find acceptable, the rights of employers

²⁰Stoker, M. (2005), "Equity Returns and Economic Freedom," *Cato Journal*, 25, No 3, p. 589; and Heitger, B. (2004), "Property Rights and the Wealth of Nations: A Cross-Country Study," *Cato Journal*, 23: 400

to hire and fire employees at will; wage controls, support for labor unions, and other pro-labor regulations.

To say that a firm is privately owned means that the owner has a well-defined bundle of property rights in that firm. One of those property rights is the right to hire and fire members of the team. When an owner has to incur high costs in order to justify firing an employee (as is the case in many West European countries) or to satisfy criteria not related to the past performance or expected productivity of employees (as is the case in industries dominated by labor unions) than the owner's property rights in the firm have been attenuated. The owner would have no credible way of enforcing the performance of employees and the costs of running the firm would rise

The Liberal Freedom category in West European social democracies reveals the success of the political and intellectual elite in the redistribution of property rights in business firms from employers to employees. Indeed, the scores for the Labor Freedom category support those expectations. Table 1 compares changes in the Property Rights and Labor Freedom categories in the years 2005 and 2013 for 'benchmark' countries,²¹ sixteen West European states, eighteen East European states, and three North American states.²²

Table 1 provides several useful insights. First, only Western Europe changed its classification in both categories between 2005 and 2013. Second, the scores for North America²³ are pulled down from free to mostly free by Mexico. Third, the scores for North America and countries show that liberal socialism is not enjoying a free ride. Finally, the scores of Eastern Europe,

²¹ Singapore, Honk Kong and New Zealand were the only countries rated free in 2005 and 2013.

²² The Index introduced the Labor Freedom category only in 2005.

²³ North American region includes Canada, Mexico and the United States.

except for lingering memories of the rule of law in the parts of region that belonged to the Austro-Hungarian monarchy, reveal the effects of the socialist rule that has completely destroyed people's confidence in the legal system. Ordinary people in Eastern Europe see the law as a mechanism the rulers use to do whatever the rulers want.

The scores in the Labor Freedom category are then an acceptable source of information about the pace of transition of social democracies to liberal socialism in Western Europe. They are also useful for comparing the pace of changes in Western Europe with those in Eastern Europe and North America.

TABLE 1
PROPERTY RIGHTS AND LABOR FREEDOM SCORES
2005 AND 2013

REGION	PROPERTY RIGHTS		LABOR FREEDOM	
	2005	2013	2005	2013
BENCHMARK COUNTRIES	90 (FREE)	91.9 (FREE)	91.7 (FREE)	89.0 (FREE)
WESTERN EUROPE	81.5 (FREE)	79.7 (MOSTLY FREE)	61.2 (MODERATELY FREE)	56.8 (MOSTLY UNFREE)
EASTERN EUROPE	42.5 (REPRESSED)	45.0 (REPRESSED)	59.2 (MOSTLY UNFREE)	61.1 (MODERATELY FREE)
NORTH AMERICA	76.7 (MOSTLY FREE)	75.0 (MOSTLY FREE)	79.7 (MOSTLY FREE)	79.2 (MOSTLY FREE)

CONCLUSIONS

Socialism in the last century used brute force to replace private property rights and free exchange with state ownership and economic planning. The emerging liberal socialism in Europe is more seductive. It is 'bribing' people to accept voluntarily the erosion in private property rights and free markets.

The mechanism for eroding private property rights and the merit-oriented culture of capitalism are the attenuation of private property rights and income redistribution. To that end, the political and intellectual elite in Western Europe (and elsewhere) uses a variety of policies such as spreading the wealth around, creating entitlement programs, supporting labor unions, promoting fair trade and controlling the hiring and firing of employees by business forms. These and similar policies accelerate the transition of social democracies of Western Europe (and elsewhere) into liberal socialism. The transition of social democracies to liberal socialism will be completed if and when the median voter becomes addicted to and ceases to question the costs of the 'stuff' handed down by the state.

Empirical evidenced suggest that the transition into liberal socialism is not a free ride. The capitalist institutions and the merit-oriented culture of capitalism are resisting the onslaught of government policies supportive of the transition into liberal socialism. The resistance is especially strong in the United States, East Asia and, some parts of Europe (e.g., Estonia, Slovakia and Germany).

Economic analysis supports two interrelated conclusions: Liberal socialism, if successful, would be incapable of duplicating the performance of

capitalism, and the rise of liberal socialism is the clear and present danger to individual liberties.

As for the future of the West, it seems appropriate to paraphrase four Western Intellectual leaders.

The triumph of socialism depends on free men doing nothing (Edmund Burke); the problem with socialism is that you eventually run out of other people's money (Margaret Thatcher); I have never understood why it is 'greed' to want to keep the money you have earned but not greed to want to take somebody else's money (Thomas Sowell); and Capitalism without failure is like religion without sin (Allan Meltzer).

