

SOCIALISM - A Perspective

Dr. Jerry Galloway - Sept. 15, 2015

Currently, Bernie Sanders is a candidate for the Democratic Party's nomination for President. He is an admitted socialist. This author is not an economist and not a political scientist. While highly educated, this author is admittedly a layman in these areas. It is understood that there are subtle variations creating various classifications of Socialism. Whether speaking of Democratic Socialism, Religious Socialism, Marxist Socialism or Utopian Socialism or any of the other flavors and variations, there is a central tenet to all: The government takes all resources and provides all services. The government owns and controls the production and distribution of goods and services. That's it. It sounds simple enough but the implications are profound.

The surprising phenomenon nowadays is how Mr. Sanders is capturing the support of millions of Americans. Mr. Sanders is in competition with Hillary Clinton at the moment but, while Democrats make up presumably about half of the country not counting an uncommitted middle ground, Sanders is actually nudging ahead of Clinton in many current poles. That is a shocking number of supporters. His televised campaign rallies demonstrate the support of thousands of people following and backing his demand for a new Socialist society - the end of capitalism and all that it has allowed in America since well before 1776.

So, it raises a question in the mind of this author. Do these people really understand what they are supporting? For those opposed, it's easy to shake one's head in disgust at the naiveté, to object to such ignorance or blind irresponsibility. Maybe such an assessment of those supporting socialism is accurate. Maybe the masses want the promise of government-provided services without any real awareness of what that entails. Or, maybe it's a "*have your cake and eat it too*" mentality. If either is true then they are a real danger, a kind of evil in America. They should indeed be despised, shunned and actively opposed at all costs. On the other hand, if Socialism and all that follows actually brings both justice to all workers and citizens as well as all desired sustenance and accomplishment in life and in society - happiness and fulfillment to all - then those opposed should halt and get with the Bernie Sanders program.

So, let's look at it. This paper is a layman's perspective - a review and examination of Socialism and what the implications for this country might be.

It is first worth noting a particular perspective - a *Weltanschauung* or world-view - that is relevant in this analysis. There are only so many acorns on the ground and we are competing with all the other squirrels while a cold winter is coming. In other words, there is a competition in a life-or-death, world-wide struggle for resources and benefits and the other players can and will be ruthless and cruel. There is danger. History teaches nothing else. Others may view the world as a kind of calm and peaceful commune, collective or kibbutz in which everyone shares a benevolent desire for universal welfare but this is just not reality. Arguably, it is not even human nature. One point of the story is how economic and social policy can make or break a country's standing in both prosperity and security.

In other words, the Soviet Union came to an end. The so-called 1000 year Nazi Reich came to an end. The Incas, the Aztecs, the Mayans all came to an end. Even the Roman Empire came to an end. Societal break-down and the suffering of innocents has happened everywhere

in the world and the governments there to protect them could not stop it, if not actually causing or inflicting that suffering directly. To think that we are immune, that it couldn't happen to us is the ultimate naiveté. We are indeed vulnerable and social structure and ideology matters greatly. Nothing less than our very survival is in the balance.

So, as a starting example, Mr. Sanders just called for the complete expansion of Medicare to provide full medical coverage for all citizens. By comparison, even the relatively modest expansion under Obama's administration, along with other government spending, has had a significant impact on the national debt. Debt held by the Federal Reserve increased by 400% during Obama's term. Debt held by the public increased almost 200%. And, the Federal Debt increased from around 11 trillion to well over 18 trillion dollars. Today, Mr. Sanders proposed even more governmental expansion where his programs would cost yet another 18 trillion dollars over only the next 10 years - before my grandchildren are even out of high school.

Medicare, food stamps and other welfare programs, all generally classified as *entitlement* programs, all contributed significantly to this unprecedented increase. This has a very real effect on both prosperity at home and our standing on the world stage. Just like exaggerated credit card debt for a household represents increased hardship, risk, unstable economic conditions and a future of repaying the past instead of advancing the future, so too does a national debt fall on the shoulders of our children.

Mr. Sanders has also called for a nationalized day-care program, where the government would provide all of the necessary daycare services for American children. How to pay for this and the rest of a socialized economy is not often discussed but clearly it is through increased taxes and restructuring the profitability of the economy.

Whether you would want to entrust your children to a government bureaucracy daycare program is a different question. Many American parents use services provided by well-established private enterprise including La Petite Academy, KinderCare Day Care, The Learning Experience and others where children receive individual attention and educational development. Imagine, instead, leaving your children all day at the DMV. One can easily doubt whether even average parents would accept such a reduction in quality care not to mention the loss in the educational paradigm as well.

The criticism of governmental service is valid and quite applicable to considering where we would get all of our future services. Gasoline, groceries and hair care not to mention home maintenance and vehicle repair. The movie "*Brazil*" from the *Monty Python* writers is perhaps the most poignant satire on such a notion. What about the range of interesting or exciting options? Will government-run clothing options yield exciting colors and fabrics and innovative styles or might they more likely be reduced to the gray suits reminiscent of Mao Tse-tung's communist revolution?

It seems that private industry for product delivery, such as FedEx, UPS, DHL and others, has out-performed the U.S. Postal Service which continues to go into debt. Perhaps American veterans would praise the Veteran's Administration for their exemplary service. Perhaps American courts and the justice department can display their operation as models of efficiency and performance. Not to unduly denigrate the DMV yet again but imagine that model used for groceries. How else would a government-run food distribution system be handled?

Take away private ownership. There's no more Kroger, Safeway, Albertson's, Wal-Mart and 7-Eleven. How to achieve through effective change the conditions and results that Socialism espouses is a different question, a different issue. Certainly, government-owned and

government-run production and distribution of goods is the keystone of Socialism that so many actively support today. So, take away business and capitalism. Take away both chain stores and mom and pop enterprise. Substitute a government institution established to provide the same service, the same goods, the same distribution and acquisition system to all persons in society. You will shop with, wait with, suffer and benefit with the lowest common denominator in human society - and you, as an individual, have no means to aspire to anything better because it just does not exist in socialism.

There is a related movement in society today focused on maligning the so-called one-percent'rs: those few who are among the richest in America. They aren't a well-defined group and the indictment is also convoluted and confused. Nevertheless, there is a movement against those who have in favor of those who have not. Whether they may be investors, inventors and entrepreneurs or CEO's and corporate leaders, they are considered the evil oppressors of the poor. It is a classic conflict.

But, where a class-based society with caste distinctions and separations may limit opportunity and restrict benefits based on such membership, America has no such limitations. This tends to invalidate the challenge to have-vs-have not's. That is, while opportunities and life in general are not equal for all, literally any individual in the U.S. can educate themselves, find what society needs and work hard to fill that need. Success can be found in our system by virtually any person.

Just a related side note: People speak of poor schools, poor educational opportunity, etc. Aside from the fact that we spend more per child for a lower performance than any other country, most interestingly, those who are presumably suffering the most from such limitations do nothing to compensate. For example, they do not read more and spend more time in libraries. They do not come together to form study groups, etc. You often see them on the street corners of our cities. One might ask how much money was spent on the schooling for Abraham Lincoln yet he managed to become both educated and wise. The point is simple: Some work toward success and some do not. There is a difference among people, what they do to improve their circumstances and, of course, the consequences of those choices. But, now we look at the differences among people well entrenched in those consequences blind to the opportunities and behaviors long since past.

A very nice analogy was recently presented on some college campuses among students who support the Socialist movement. They were asked their GPA - their grand point average representing their quality and worth as academics/students. Most all proudly proclaimed their high standing... perhaps 3.7 or even 4.0 out of a possible 4 points. But, then, they were told that, with a new sharing system, they have to give up some of their GPA points to be shared with the students who were not performing as highly. They would have to reduce their scores from 4.0 to be averaged to lower values with the mediocre or low-performing students to help bring those lower GPA's up to a comparable standard. To say these students immediately and passionately objected and refused such personal intrusion and compromise is an understatement. They had no interest at all - through this system of sharing and redistribution of academic achievement - in helping those less accomplished. But, while still speaking to protect their ownership of the GPA standing they've earned, they continued to advocate for a Socialist redistribution of wealth. This author cannot find any other explanation than pure hypocrisy if not ignorance or evil intent.

So, we take the riches. Whether by taxation or storm troopers going door to door, the government collects the art, the money, the valuables from those who have it - either in one massive swoop through American households or by gradual attrition over time. They will take on the task and responsibility of equally and fairly distributing such resources. That's exactly what a disproportionate taxation system does. Tax the wealthy and give it to the poor through some system of redistribution. Obama-care is such a system and the authors of the program (ex., Jonathan Gruber, an MIT professor) knew it and designed it as such.

If taxes on the wealthy are increased even to 100% - the government takes it all - that would fund the government for only about 4 months. Even if we included cash reserves and other valuables, it would serve the government for only a very short period. Then, of course, there are no more rich people. What then? How does Socialism work when you run out of rich people to tax? How does Socialism work when there is no longer a resource from which to draw? Who pays for Medicare and the other entitlements? It seems advocates believe it to be a self-sustaining economic system. Although, man has never produced one successful example.

Another argument, even more obvious, is the issue of where jobs come from? Who creates the jobs? In Socialism, we would work for the government, create government-controlled goods and work in the distribution system getting those goods to the public. This seems to be a factor in making it self-sustaining. While we can consider further below this Marxist balance of usage and contribution, the irony is not lost on this author how those supporting the Socialism of Mr. Sanders are often wearing Nike or Air Jordan shoes. They might be wearing T-shirts supporting the music of rich performers. They might be wearing Levis, Wrangler or Lee jeans. They might be wearing Hanes or Fruit-of-the-Loom underwear. They are using their iPods or other phones. They rely on Apple, Microsoft, Verizon and more. They support the very capitalists they presume to discard in their Socialist agenda. The vehicle in which they rode to their rallies was sold with a clear profit motive in mind.

So we limit the profits a company can earn. Take that money through increased taxation. We limit the incomes of the higher-paid employees so we can boost the income of the lower paid. Perhaps \$15 per hour might be the bottom rung but we might limit CEO income to \$25 per hour. After all, they no longer need to pay for exceptional day care or better groceries or exclusive housing as all such goods and services are provided the same to all by the government. Even the car they drive will be the government-built cars available to everyone else. Can you say "Yugo?"

In any event, the compensation for the work by CEO's and other such leaders will in no way make them rich or financially exceptional in any way. Today, being financially independent or otherwise well-established is frowned upon and considered to be part of the problem in society.

In any event, usurping the profits of production centers, whether factories or markets or services, through taxation or other acquisition methods, will provide some funds on which to operate the new Socialist society. Whether that is enough to fund the 18 trillion dollars of government expansion proposed by Bernie Sanders seems doubtful at best.

Equally doubtful is whether that company, that factory or service will continue to be equally productive in the future. That is, perhaps whatever level of resource might be gleaned from production this year, why would next year surpass or even meet such levels? Specifically, how can a company attract a better CEO, smarter people, more effective leaders? What exactly would be their incentive? History has shown that people, without an incentive to improve, excel or achieve, can become complacent, stagnant and apathetic. In any event, it is highly

doubtful that society can continue to provide the same level of services. Steady decline and depreciation of society is inevitable. Growth, indeed, competitive growth on a level that will effectively meet the challenge of global competitors, if not global predators, is impossible. It has never occurred anywhere in the history of the world.

Taking the profitability of a company also takes its motivation. Why would a company work hard if the results are for someone else, like the government? One might want to suggest that the noble purpose of helping society is a sufficient reason or impetus for doing a little more, going the extra mile, trying and devoting just a little more. But, this is naive in the extreme. If there is no predictable benefit specifically to an individual and where there is no personal relationship with a vested interest (like for one's family), then history has demonstrated one will more likely do the minimum required. This is as true for companies, employees and institutions as it is for individuals. Indeed, a company, like a country, is no stronger than the individuals in it.

For example, why would anyone become a doctor? If their income and personal benefits show no promise of exceptional return, why would one engage in exceptional trial and hardship sacrificing so many years of one's life. Sure, one might suggest that there would still be the occasional individual who cares only about getting to do the work and nothing about the hardship and challenge involved - like one who might climb the highest mountain just because it is there. But, there are not likely to be enough to meet the medical needs of society. In fact, this same argument might apply to many if not most of the more challenging occupations in society. The point is not that literally no one will excel or advance to perform such challenging jobs but that there will be a critical reduction in the upper echelon of the work force reducing or eliminating many advancements like those we've seen in the 20th century (rocketry, moon landing, microchip, cancer and aids research, digital media, environmental science, etc.).

It is more than a rhetorical question as to why people (in sufficient numbers) would undertake the hardships of such advancement when no significant personal gain can result. One might suggest that their importance in society is so much greater than those who choose the fast food industry that they should be afforded, even in a socialist society, a larger percentage of the group pie. But, that's more or less what we have now and they are still vilified by the one-percent'rs for being rich just like other institutions in our society. Ironically, those with a less critical or less vital contribution to society than doctors, such as entertainers or sports figures who still manage to become multi-millionaires, are generally immune from the ire of the poorer classes.

So, future research and development (R&D) would stagnate. If Microsoft and perhaps Bill Gates cannot become rich or somehow reach higher levels in society then why would the hardships and sacrifices be undertaken? This question, this point can be extended to virtually all areas of societal advancement. Compare, for example, sneakers (perhaps outdated terminology, so: tennis shoes or sports shoes, etc.) now are highly technical, highly advanced devices of comfort, traction and endurance. Consider a switch to Socialism at the end of WWII. Aside from the transitional difficulties - assuming one could just flip a switch - there would be no company to research and develop such products. They do so in anticipation of profits. Remove that incentive and R&D comes to an end.

So, return us to the industry and economy of the late 1940's with all private ownership of business and all pursuit of profit removed. It is easy to play with alternative notions for today's society taking for granted all existing benefits, lifestyles, comforts and resources. But a small naiveté can fully blind one to the future. So look at Socialism and its effects through the

optics of yesterday. Look at America as a fully Socialist society in 1945. Even considering the occasional dedicated talent devoted to the nobility of helping society with no promise of exceptional return, there is no possibility that the U.S. could compete on the world stage today. Aside from the archaic and obsolete life-style in which all U.S. citizens would be permanently entrenched, our economy and security would be surely dictated by China, Russia, Europe, the Middle East and many others. American accomplishments in space exploration, technology, medical advancements, the green movements and even the digital revolution would all be compromised as risk-taking, advancements, investment, a work ethic of devotion and dedication above and beyond the routine would all be lost and subordinate to more powerful foreign forces upon us.

Of course, one must also consider how the U.S. has helped the world. For an update on this, consider the audio recording, *"The Americans"* by the Canadian, Gordon Sinclair, 1973. Whether grain shipments, military protection, economic influence and advocacy for human rights, in spite of many fair criticisms about our society, we were able to achieve many great things in these and other areas. Of course, that requires an influential standing in the world.

So, this author suggests that Socialism represents stagnation and the end of technological and economic advancement both locally and in the world. If not reaching an absolute zero, then certainly slowing to the point that the diminution becomes fatal.

A supporter of Socialism must first answer the dilemma of the lack of motivation for exceptional sacrifice - a virtue that is critical and necessary for competitive advancement. Of course, supporters of Socialism inevitably decline this challenge. Forcefully taking from those who have and giving to those who have not, through any social construct, whether taxation or forced Socialist reconstruction, will inevitably take both the resource and all reason for its existence.

For example, taxing capital gains from investment beyond a certain level creates a disincentive to take the risk of investing, especially considering that the monies used in the investment were already taxed when first earned. The balance of risk to reward, the importance of potential return, is true for any personal endeavor. The Left never acknowledges that such a critical threshold even exists, let alone taking any responsibility to identify that marker. They simply want to tax more and then more. In listening to the arguments and demands of the left calling for increased taxation, never do they provide any answer to the question: How much is fair? What higher percentage, what disproportionate amount must those who are better off pay in order to be righteous, fair and just? When asked how much is owed, the left disgracefully ignores or avoids the question.

One might suggest that Socialism can accommodate Marx. But, the Marxist principle, *"from each according to his ability, to each according to his contribution"* may in fact already be what we have in our capitalistic system. Perhaps those more learned in mathematics or science and those smarter and more accomplished in psychology or education do indeed contribute more. Perhaps those who have developed the ability to provide services and products useful to society, those with increased ability and contribution are the very ones receiving more of society's resources. Again the left remains mute.

Like freedom of speech can include someone saying something stupid, the majority rightfully utilize that liberty. So too might some work the capitalist system to an extreme result. But, the freedom in America includes the opportunity for literally everyone to do that as well. The result is the highest standard of living and the greatest accomplishments the world has ever seen. The so-called American Dream includes not only a homestead but the opportunity to achieve personal advancement beyond the average.

So, while *"to each according to his contribution"* sounds fair, there is no reliable method of determining whether those with nicer homes, better jobs and incomes in fact have developed superior abilities or make superior contributions. Did those people try harder in their 8th grade math class? Did those people develop a better foundation for learning as very young children? Do those people spend more hours in the library and in the books than their poorer counterparts? Do they work longer hours today? Do they carry greater responsibility?

There is little concern today whether they actually contribute more than those who are less educated and work less. In fact, the current indictment of the financially successful includes no concern for such subtleties at all. There is no evidence of any concern among the detractors for accurately distinguishing those who have earned through hard work and education from those who have not. It is simply a case where those who have - regardless of how or why it was acquired - must give freely, even if unwillingly, to those who do not have - regardless of whether they may be undeserving and freeloading on society.

So, as an individual, I am willing to let some in society be ridiculously rich and I'll be satisfied to buy the fancy shoes and sandwiches they've learned to make and market. I'll accept Bill Gates living better than me and I'll be happy to use my Intel microchip and Windows 7 or the latest hand-held, etc. I accept the responsibility for myself and my family to rise above to a reasonable level; that it is up to me to do so. I recognize I could take greater risks in pursuit of even greater rewards should I choose to do so. And, most importantly, I value that opportunity in the American capitalist system.

I don't mind paying more taxes but I want us to go back to the moon and beyond and reduce the National Debt. I can help pay for the occasional food stamp for those who might be poor and handicapped/infirm and literally incapable of work but not if they divide their efforts with drug habits. In exchange for all types welfare, I would require the recipients to be drug free and work in the administration of those benefits. Like temp workers, they would be assigned to filing, desk work, public service and other roles within that administration for the duration of their benefits and thereby save on employee expenses for the government.

A capitalistic society can care for its poor. Today's so-called poor in fact have a standard of living far above generations past. How many poor today still have TV's, cell-phones and the latest shoes? But, recognizing that there will always be poor, in comparison with those better off, is a principle contrary to Socialism. The fact that individuals themselves also vary in terms of value, ability and contribution to a society is a reality too easily ignored in Socialism. I'm a believer that, for the most part, reward and personal responsibility are generally well correlated within the American capitalist system. And, I don't believe those supporting our change to Socialism recognize the reality of what they advocate.

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