

## CHAPTER 8

### *Europe's Socialism Is Not for Us*

**W**HEN I SAILED FROM NORWAY, our ship put in at Bergen at four o'clock one afternoon. It was loaded down with American tourists. Nearly everybody aboard ship had just remembered that he had promised Uncle John or Aunt Hannah a present and in the rush he had forgotten to get it. People streamed off the ship to make their last purchases before leaving Europe, but all the stores were closed.

Yet Norway needed those American dollars badly. .

Why were all the stores closed at four o'clock? Because that's the time the government says stores must close. The stores might have been able to hold open late had they gotten a special permit from the police. Then they would have needed a permit from the labor department to work their people overtime. It is highly doubtful if the people would have worked overtime anyway.

The clerks would have told you something like this, "Why should I work overtime? The government would just take more of my pay in taxes."

A man making \$2,500 in Norway, a very good

wage there, must pay nearly \$1,000 income tax. Fifty-nine per cent of Norway's national income goes for taxes.

"Anyways, what can I do with my money?" the clerks would say. "Surely, I can always use more money, but I can't buy an automobile or many of the other things I would like to have. The prices are just completely out of reach. Then, I probably could not get the permits. There aren't many consumer goods available that I particularly want. Really the only luxury that I can afford is time off. The government can't tax that."

It isn't that the Norwegian worker would not rather have an automobile, a refrigerator, or other semi-luxury goods. He would. The fact is that frequently he just can't purchase them legally even if he has the money.

The shopkeeper would have told you, "I am getting along pretty well, selling all the goods I can get hold of. And anyway I can only make 5 per cent profit. That's the law."

Norway, sitting as it does next to the Russian border, can ill afford to have anything but growing industries. Wouldn't it be better if she speeded up production and then found more time for vacations by labor-saving machinery, even though for a time it might mean that the people must put in longer hours and more overtime?

The Norwegian workman has one of the most liberal vacation systems in the world. He just doesn't see any sense in working overtime. There

are no incentives, so he takes time off. Yet, for the good of the country as a whole, it is the one national luxury Norway cannot afford just now.

***What Happened in Britain***

Let me tell you what happened in Britain.

All prices were established and wages fixed during the first part of the war, at about 1939 levels. Those were the early days of the war. British troops were being pushed off the French coast at Dunkerque. Prowling packs of submarines were sinking British supply ships. One could hardly argue that Britain did not need controls then.

The war was won; controls stayed on.

Let's see just how these controls work. Allan Bridger works in a steel mill in Wales. His wage is "stabilized" according to the cost of living index. His wife goes down to her grocer and buys their food at what the government figures she can afford to pay.

Nearby, the government buys Farmer Fraser's wheat and milk at a cost plus price. This is more than the government figures the housewife can afford to pay, so the government pays the difference.

Both Steel Worker Bridger and Farmer Fraser are part of the government and their taxes are not a part of the cost of living index.

Bridger is in the 80 per cent of Britain's population that made less than \$2,000 before the British pound was devaluated. The government pays him

a subsidy for two of his three children. Altogether he gets about eight dollars a week in welfare benefits from the government in the form of subsidies, cheaper food, and medical care. This costs him about \$9.50 a week in taxes.

Businessman Smith has a drug store on the corner in the village. He doesn't have to worry about someone putting a drug store on the opposite corner. To start a new business, the other fellow would have to have a permit. So long as Smith is on this corner, the other fellow would have a pretty hard time getting a permit.

With little competition, small wonder that druggist Smith carries few lines of merchandise and his customers wait in line to be served.

The operator of a moderately sized filling station in Scotland told me he kept one person busy merely filling out forms, checking rations and dealing with government control officers. The government has set up bureaus which check and countercheck permits and rations. Taxpayers Bridger and Fraser find more and more of their tax money going to support a growing staff of government employees.

What is equally bad, when they buy a gallon of gasoline, a suit of clothes, or a pair of shoes, the manufacturer and retail store have added to their cost of doing business the salaries of almost an equal number of people who do nothing but negotiate with the people in the government.

Socialism supplies its own opiate. Actually



Steel Worker Bridger is afraid to see controls lifted. He might have to put in a full day's work for a full day's pay. Farmer Fraser doesn't want the government to step out of agriculture. It would mean that he would have to become more efficient and stop farming on a cost plus basis. Businessman Smith without his permits to limit competition would find that he would have to get down and dig to sell. He shudders at the thought.

In the end everyone suffers, for there are fewer bushels of wheat and less meat, fewer suits of new clothes, fewer new schools. Not only that, but they cost more to produce.

You probably own a reasonably good automobile, if not a new one. Your wife has a good gas or electric range and a modern refrigerator. She may even have a new fur coat.

In socialist countries like Britain, only the very well-off people can afford these things. These are all luxury items and when they plunk down the cash for them, if they can get the permit to buy them, they find that a large proportion of the price goes for taxes. That's why they have to pay nearly twice as much for an automobile as you do. That's why cigarettes sell for 45 cents a pack, gasoline for 50 to 90 cents a gallon.

### ***Politics and Economics***

Let us look in on a government employee in one of the British control offices. Buffington con-

trols certain imports coming into Britain. It is his business to okay them or turn them down. In a sense he is both a promoter of the economy by bringing in things Britain needs and also a controller of the economy since he keeps out the things that the government thinks Britain doesn't need.

Every day Buffington is confronted with people who want to pull some "shenanigan" to get around the rules and regulations. As a policeman, it is Buffington's job to see that they don't get the permits.

Now it is a good deal easier for Buffington to become more police-minded than promotion-minded. His personal income is not set or even influenced by how much his department stimulates business. A businessman with a good idea may find it cooled off in a hurry by Buffington's "Come back tomorrow," or "You will have to see Mr. So-and-So."

The thousands of Buffingtons who make up the government have had at least 10 years of training on plugging the loopholes. If their programs don't work, they merely put in more regulations.

In Britain, following the war, the government took over the coal mines and the railroads. More lately, they have "nationalized" the steel mills. That's why Steel Worker Bridger is now a government employee.

You see, in most European socialistic countries the government runs the coal mines, the power companies, the railroads, the bus companies, along

with most public utilities. They run them just as we do our post-office system here. Like our own post office, most of the government services have their hand deep in the taxpayers' till.

It frequently is easier to subsidize these industries than put in efficient methods that will make them pay. They become huge bureaucracies run by government.

These companies once paid taxes, but now owned by the government, they no longer pay taxes. At the same time, the taxpayer must pay off the people who formerly owned the mines, railroads, and steel mills.

In America we have the Sherman anti-trust laws that set limitations on big companies and have power to break up monopolies. The Sherman anti-trust laws are backed up by a long list of Supreme Court rulings on what does and does not make a monopoly.

In Britain if a steel company gets so big that it can set the prices and charge people too much for steel, government doesn't break it up. Instead, government leaders cry, "nationalize it." So the "evil" private monopoly becomes a sanctified government monopoly.

The inefficiency and price padding that went on in the privately owned monopoly has added to it the additional inefficiency and labor padding of a government bureau.

The English housewife may find rocks in her coal. She may not like it, but she still must buy government coal for the government has taken

over all of the coal mines. Her only recourse is to go hunt up her member of Parliament and complain to him.

The European socialist party member can give long reasons why their planned economy is far better than a haphazard free economy. More frequently than not, the economy is not planned on hard, cold economics — it is just plain politics. Some formula adopted on the spur of the moment has become a religion. Government is afraid to change it.

A few years ago, the British government, faced with a severe oil and fat shortage, inaugurated the *groundnut scheme*. Land was cleared in South Africa and put in groundnuts — peanuts to us. Large amounts of money were spent, expensive equipment purchased, but few peanuts were produced.

The failure has been widely published in the British press, and by every street corner politician. You can rest assured that the British government will think twice before it inaugurates another such program. It all boils down to this. When the government directs the flow of capital, it generally frowns upon adventurous capital. It would rather invest in a "sure thing," and not face the political suicide of a business failure.

### **Socialism Stifles Opportunity**

Corralled by public opinion, government finds that its adventurous capital is limited. The success of America has depended upon people who were



willing to take a chance. The Henry Fords and Thomas Edisons had an idea and were willing to bet money on it. Many of them did not succeed. Some did. But in betting their money on their ideas, they pushed back the frontier of economic development of our country.

A labor leader in Britain argued with me that it wasn't important that British families have refrigerators. The summers are cool and they don't need to keep their food under refrigeration, he told me. He went on to say that it wasn't important that they have automobiles. In Britain distances are short and there is an excellent bus service that will take you to any part of the country.

Perhaps there are few more useless luxuries than a fur coat. But how many families have worked overtime producing more for all of us so that the wife could have that new fur coat? How many families have worked longer hours to pay for that shiny new automobile that they actually could have gotten along without?

During wartime, people will put in long hours to be patriotic. In peacetime, the thread of patriotism wears a little thin.

An act of the British Parliament cannot make more eggs, more meat, more milk, or more houses for its people. There are so many bushels of wheat, so many cattle, so much lumber in the country. Parliaments may divide these as they see fit. But this doesn't create more. The only way the British

and the Norwegian housewife can have more meat or more milk is through productive work. They can only have more by producing more of them or by producing things to exchange for them.

The maximum of security depends upon a dynamic economy to produce more and more things. These countries can guarantee security to their people only to the extent of their total production. If they merely divide what they have, no one will have very much. In the end the road to abundance lies in greater production.

Nor will controls, regulations, price ceilings, and rationing cure inflation in these countries. With production stifled, these at best are but dams that must be built higher and higher to hold back a mounting flood of excess money.

Bad practices by business, labor, and agriculture can make the time ripe for socialism. Even the conservatives of Britain or Norway would admit that decadent capitalism in their countries paved the road for economic planners. Too often huge monopolies had been built up. Big businessmen too frequently mapped out territories and then by gentleman's agreement kept in their own bailiwicks. Labor did the same by slowdown techniques and padded jobs. Agriculture demanded special government protection. This is a lesson we should remember in America.

The greatest argument against socialism is an active industry, highly competitive, that brings more good things to more people.

In my travels from country to country, I ran into large numbers of young people who wanted to come to America. When I asked them why, they would answer, "There is opportunity there." I never heard anyone say he wanted to go to Great Britain or Norway because, "There is security there."

You see, though clothed in the garb of liberalism, the socialist is actually a conservative at heart. He is afraid of the future. He fears a dynamic, expanding economy. For such an economy involves risk. He is afraid of risks. He will settle for freezing the present pattern of things, and he buys the security of today with the opportunity of tomorrow.

Many Europeans are beginning to realize that socialism is an aspirin economy. For a time it makes the country's faltering economy feel better. What at first seemed to be a stabilization of the economy soon turned out to be the first symptoms of rigor mortis. Business continued to lie in bed, afraid to exercise its weakened muscles, taking larger and larger doses of economic aspirin.