

Our Kampf:

Redefining Social Responsibility

By Robert Douglas Viglione

## Introduction

My first economics teacher started his course by stating that people want everything and need nothing. The teacher then challenged everyone to come up with something that would disprove his statement. We all tried. We all thought we could come up with at least something that would make him take back his words. It seemed pretty simple at first. How about shelter? Don't we all need a place to live? I learned that we only need shelter if we *want* to be protected from some of the elements of nature. How about food? Surely we all need food to stay alive. I learned that we only need food if we *want* to stay alive. The same thing goes for air. We only need oxygen if we *want* to breathe to keep our bodies going. What a way to start learning economics! What the heck was this economics anyway? It sounded harsh to me and I was right from my first assessment. There is no heart to economics, and that seemed wrong. For someone who has grown up thinking that the noblest goal is to help other people this whole economics business seemed flawed from the start.

Humanity has come a long way from where we first began. Today we live in a world in which some people have so much wealth they do not know where to begin to spend it all. So many people have everything they could ever want to stay alive. Few people are in danger of starving in the United States; in fact, obesity is much more of a problem. Scientists have learned how to split the atom and people have made it to the Moon and back! Civilization has come so far that we can hop in a plane in New York and within the same day reach Australia. We

can sit on a computer in Shanghai and instantaneously chat with someone else in London. What mankind has accomplished is remarkable, so why is it that so many people in this world still suffer and have so little compared to others? Why can't all of the wealth, all of the knowledge, and all power mankind has accumulated be used to help everyone? Why is it that when I walk down the Santa Monica promenade there are so many homeless people? Why are there so many people begging for change and scraps of food? How can this be the sum total of humanity's achievements?

Many people have asked similar questions throughout history and there have been many creative responses. Some people devote their lives to helping others, while many more contribute to relief efforts in a less direct manner. People have constructed elaborate concepts to direct resources to distribute wealth to those who are in need of assistance. The common premise is that there are many good people in this world who are willing to contribute to helping those who are less fortunate. That makes me feel much better than the thought of living in a world in which no one cares for anyone else. What place is there for economics and can it be used to better the lives of real people today?

At first I didn't see much of a fit when my teacher introduced his challenge. It seemed like economics was what some people call a *zero sum game*, meaning that there is a fixed amount of everything and it is just a matter of figuring out how best to allocate what already exists.

The idea of rationally constructing an economic model that provides everyone with some minimal subsistence starts with the use of government.

People turn to government to use its power to direct resources and distribute production in ways that introduce a heart to economics. Without the use of government power it would not be possible to construct such a broad scheme to help so many people. This is the premise for collectivist economic systems such as the Green Party's *Eco-nomic* system, Socialism, Fascism, and Communism. They all center on the notion that directing the resources of a group can benefit everyone. Each system differs in who directs what, but they all attempt to collectivize resources to achieve social objectives. Looking back at history it is obvious that some of the examples given have failed outright. Fascism and Communism are ideologies responsible for untold violence and misery. Countless millions of human beings were sacrificed before people began to realize neither concept was delivering the good it had promised. The economic systems of Communist countries failed to produce even a fraction of what other countries that had little forced social direction managed. Those countries that still maintain outwardly Communist regimes, such as China, function more efficiently today precisely because they are relaxing Communism. What was it about these attempts that brought more harm than good? Was it the particular leadership involved, or was there some general flaw in method?

My investigation into the alternative methods of mixing government with economics brought one point to my attention: Each method involved introducing force to achieve social objectives. The proponents of each type of government, from the strictest Communist regime, to the mildest examples of Socialism, used law and its punitive power to alter what would otherwise exist naturally. This was

often done with the best intentions, but I became skeptical of the morality of such methods. What kind of force was being used, what were the consequences, and what were the overall effects on peoples' ability to pursue their own happiness? I then learned the concept of *value* and began to understand that economics is not a zero sum game. I learned that the reason our civilization is so much better off today than it was even a century ago is because value is created through economically productive activities. There is a whole process necessary to create value, and this is what has given humanity the unprecedented levels of wealth we experience today. In this respect the wealth of civilization can fluctuate, depending on whether more value is created or consumed over a period. This concept gave an entirely new perspective when evaluating past attempts at constructing economic systems because I learned that it was actually government force being used for various reasons that inhibited natural production processes. By turning to government to use its power to intervene, in many respects collectivists were actually causing more harm than they could ever alleviate.

Understanding economic forcing functions can be misleading. Introductory courses teach that a force in any market will create either a shortage or a surplus of something. It's not until we take this concept to the next step that judgment can be made, and this next step is not always obvious. For instance, doing something as seemingly harmless as introducing a minimum wage law will reduce the level of employment in the labor market; the cost of production increases and employers cannot afford to hire as many people. That's not too

difficult to understand, but matters become worse when you consider that those worse affected by this kind of law are those who most need employment. The first to be let go because of increases in the cost of labor are those who are least productive, which are typically those who have the least experience and human capital; in other words, these are the people with the least options. To take this example further, increases in production costs eventually manifest themselves into increases in prices, which cause general price inflation and erode the real purchasing power of everyone. Going just one step farther, consider a marginally profitable firm whose profits are highly sensitive to labor costs. Minimum wage laws erode this firm's capability to exist, which means less wealth is produced and fewer people find work. All of this occurs because well-meaning people decided to use the power of government to force employers to provide a minimum level of compensation for workers. This leads me to question whether government was the appropriate body to solicit in the attempt to better the lives of low-wage workers. What about other social objectives which government is called upon to pursue?

Every time government introduces a force something happens. There are winners, losers, and consequences. What I found is that economics provides some useful tools to evaluate government policy to determine whether certain laws actually benefit or harm those they are intended to help. What is interesting is to look back at history and see that basic concepts are corroborated by real events. People have been making laws and dictating how others live their lives ever since social units were formed, so what we see in modern law is nothing

new. Roman emperors dictated prices and soon found there was a shortage of everything controlled<sup>1</sup>. Stalin's attempt to nationalize the Soviet agricultural industry resulted in millions of deaths from starvation. The Carter Administration's attempt at controlling gasoline prices meant drastic shortages for American consumers. The list goes on, but the concepts are always the same. We are lucky that the concepts are always the same, because this means that there is hope in understanding how government can be used to truly make life better. History and economics go together like peas and carrots, so it's a matter of putting together a coherent picture of the past to be used in constructing a model for the future.

In constructing a model for future policy designed with the intention of satisfying as many social objectives as possible, it comes to a question of balancing government power and personal freedom to behave as we desire. I believe in helping people, but I also very much believe in permitting people to pursue their own happiness. I would never deliberately harm one person to benefit another, nor do I think it conscionable for others to pursue such behavior. Every human being has the right to his own life, and those that make forceful demands on the lives of others have absolutely no right to do so. The philosophical failure of so many of the collectivist ideologies is that they sacrifice individual sovereignty in the pursuit of social objectives. Human beings are not meant to be guinea pigs in social experimentation, nor are they meant to be enslaved to satisfy the wishes of others. In this respect, I believe it time that

those who really want to help others cease pursuing methods of using force to shape the world.

The motivation for this book is the concept that the best way to make life better is to lift barriers to freedom, and embrace the notion that individual life is sacred. I question why people consistently turn to government to fix problems, rather than attempting to do things peacefully on their own. Force is not necessary to make the world better; in fact, it does quite a bit to make life harder for so many people today. At least in terms of economics, I found that the best way to make life better for the greatest number of people is to leave them alone to make decisions on their own. This does not mean that the best world is one in which there is no government. On the contrary, government is essential in providing rule of law so that no one is permitted to strip another of the right to individual sovereignty. Life, liberty, property, and the pursuit of happiness are all real concepts that can only exist in a free society protected by a governing body, whose roles and powers are clearly defined. There are things that government does well and there are many other things that it is not capable of doing. These boundaries are the focus of the first few sections of this book. The remainder evaluates American legislative policies in three broad areas: Protectionism, Socialism, and Moral Law. Each policy area is evaluated against what would otherwise occur in the absence of legislative power. Intention and satisfaction of objectives are the focus of each evaluation, so that we may dissociate wishes from reality.

Finally, the America we inhabit today is the product of decisions others in the past have made. Many of these decisions have been beneficial, but that does not mean our predecessors were infallible. There are many decisions that have been made that have severely negative consequences, and pose a good deal of harm to our future if they are not corrected. There is too much suffering in this country and the world as a result of bad decisions made in the past. Because Americans have the power to vote, we are in a position to make right what is wrong. This book is an appeal to the younger generations of America to reject the notion that individual life can ever be subordinated to the desires of anyone, even if that “anyone” happens to be a majority. There is no need to continue down mistaken paths either through ignorance or complacency. I offer Americans a new sense of *social responsibility*; not one of servitude to the desires of others, but one in which we are all working together to ensure everyone is free and able to pursue their dreams as they desire. When every American is free then we may go about peacefully helping each other on our own terms as individuals.