

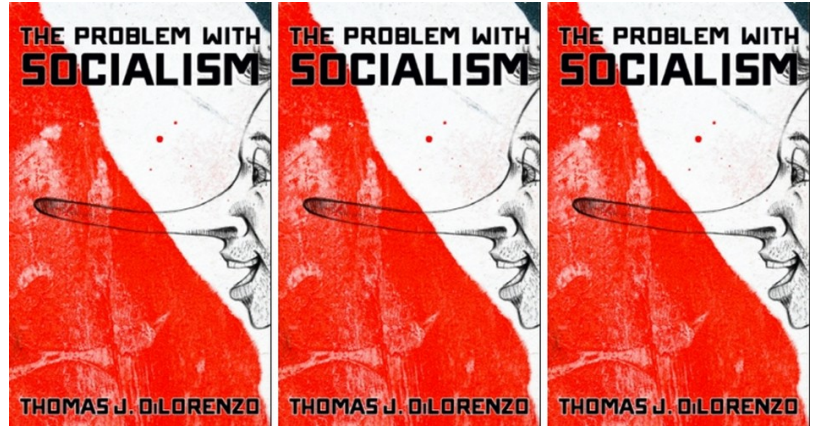


Written by [Alex Newman](#) on September 30, 2016

Prof. DiLorenzo Debunks Socialism in Devastating New Book

[The Problem With Socialism](#), by Thomas J. DiLorenzo, Washington, D.C.: Regnery Publishing, 2016, 226 pages, hardcover.

If the last 100 years of human history were not enough to convince you that socialism is evil and deadly, Thomas DiLorenzo's new book will definitely do the trick. From debunking the theories and narratives that underpin socialism and socialist programs, to outlining a powerful case for freedom and free markets, *The Problem With Socialism* can serve as an excellent resource to educate Americans. If the information contained within the book were to become widely and generally known, socialism would undoubtedly die a much-deserved death.



Indeed, the book deals a devastating blow to socialism — its theories, justifications, rationalizations, history, and more. Even the way DiLorenzo defines socialism — the imposition of a single, centralized plan over the lives of individuals who otherwise would have made their own plans for their lives — provides much food for thought. When socialism is defined in this more honest way, it becomes much harder for socialist ideologues to get away with using empty and deceptive slogans about “equality” and the “workers.” And the evil of socialism does not stop there. As the book observes on more than one occasion, these grandiose Utopian plans are imposed at the barrel of a gun, using “threats, intimidation, and violence.”

Despite its relatively few pages and words, or perhaps because of it, *The Problem With Socialism* does an excellent job of hitting many of the key points in a simple way, a way that even a child could understand. For example, it explains the theoretical problems with socialism, but it also includes an abundance of historical and contemporary examples showing how and why socialism is always and everywhere a disaster — including a chart showing the gargantuan body counts (60 million dead for China) associated with various murderous socialist regimes over the last century. The book also addresses human nature, and how, under socialist systems, the most ruthless savages have a tendency to rise to the top, perhaps helping to explain the staggering death toll of socialism.

Unfortunately, though, while facts, logic, history, and reality all conclusively show socialism to be a horrifying plague upon mankind, DiLorenzo's book starts off by pointing out that it is becoming increasingly popular among young Americans. The government's schools, addressed in a separate chapter, are no doubt one of the primary explanations for that.

The often brief and simple but very effective explanations of the rationale behind supporting markets are wonderful. “In the private sector, profits reveal what value a business has contributed to the economy or to society,” writes DiLorenzo. “For instance, if a business takes \$10,000 worth of resources



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and creates products for which people pay \$100,000, then it has created \$90,000 worth of value to society. Government enterprises, by contrast, can actually *destroy* value by using resources in a less than efficient or profitable way. Indeed, the worse a government agency performs, the more money it can claim from a legislature, city council, or county commission.” Short and to the point.

Of course, no book purporting to expose the problems of socialism would be complete without a thorough debunking of the pervasive myths surrounding what is alleged by socialists to be successful Scandinavian socialism. DiLorenzo does a fantastic job here, again, in addition to exposing the socialist healthcare model that is becoming increasingly prevalent elsewhere in the West.

One of the most fascinating sections of the book deals with how socialism causes pollution and how, if free markets with strong property rights were allowed to flourish, the scourge could be easily kept in check. The shocking pollution found behind the Iron Curtain is an ongoing testament to the environmental horrors associated with socialism.

The book has an entire chapter devoted to the “progressive” income tax, which enshrines discrimination and inequality under the law into law. So crucial was this scheme to Karl Marx’s broader agenda that it was listed as the second of 10 planks in *The Communist Manifesto* — right after the abolition of property in land. In *The Problem With Socialism*, DiLorenzo does a good job explaining the reasons why Marx viewed the tax as so crucial to his plan. “If you’re a socialist, exploiting envy is a great way to destabilize a capitalist society,” he writes.

In the United States, DiLorenzo continues, the situation has become especially extreme, with some 45 percent of Americans paying effectively no income tax and the top 10 percent shouldering more than 70 percent of the national income-tax burden. The distortions and perverse incentives wreak havoc on society. And the progressive income tax in America has also served as an “engine for destroying constitutional liberty,” DiLorenzo explains, noting that warnings about precisely such an outcome were made as far back as the 1850s. The income tax has also served to centralize power as never before in American history, creating a government with practically unchecked powers.

The book also does an excellent job demolishing the pseudo-arguments for everything from “public-interest” regulation to minimum-wage laws. In fact, DiLorenzo and the sources he cites make a powerful case that these sorts of policies tend to produce devastating effects — often along the lines of what they were allegedly supposed to remedy in the first place. Of course, dishonest or naive socialists point to the devastation they themselves caused as justification for even more devastating socialism. And the cycle thus continues, leaving a trail of misery, poverty, dependence, devastation, corruption, and often death in its wake.

Unlike many of the contemporary attacks on socialism, DiLorenzo takes aim at one of its most critical institutions: the Federal Reserve System. Noting that the idea of centralizing credit in the hands of a national bank with an exclusive monopoly also comes from Marx’s 10 planks, the book correctly points out that the U.S. economy under its present monetary regime cannot properly be considered a free market. By bringing in a bit of history on American banking, DiLorenzo provides a very valuable service. He is basically unmasking the 800-pound gorilla in the room, properly identified as the “banking cartel,” that “mainstream” and “respectable” voices like to pretend does not exist — or even that the violent ape is actually helpful.

This is crucial: Without understanding the problem and accurately diagnosing it, the problem cannot be fixed. At the heart of the problems caused by socialism in America (and worldwide) is the central-



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banking regime. DiLorenzo takes on Fed-fueled malinvestment, the Fed's shoddy regulation, its political manipulation of interest rates, its destruction of the U.S. dollar's purchasing power, its role in funding and enabling oppressive Big Government in other areas of life, and much more. All in all, the explanation is a fantastic summary of the Fed and the terrible havoc it has inflicted on America over the last century.

Another crucially important chapter deals with government schools. DiLorenzo starts off with a thought experiment: What if grocery stores were organized along the lines of government schools? For instance, each resident gets assigned a grocery store, and changing stores is difficult even if the service is atrocious. Groceries are paid for with a lump-sum tax collected by the local government, and residents can simply pick from what's offered. It would be ridiculous, of course, and almost everybody recognizes that. Yet, in something as crucial as the education of future American voters, parents, workers, and leaders, many Americans still trust government schools. DiLorenzo could have delved much deeper into the great government miseducation disaster and the agenda behind it. But in the relevant area — the intersection between socialism and "education" — the book does an excellent job.

"The government-run schools in the socialist regimes of the twentieth century were indoctrination academies that taught obedience to the state," DiLorenzo observes correctly. And that is, of course, by design. As the book points out, Marx considered government-controlled "education" so important that it, too, was included among his infamous 10 planks. The National Socialist (Nazi) program in Germany similarly demanded that all students be brainwashed in government schools from a young age. Yet despite the increasingly obvious academic and moral dumbing down of students occurring in our own government schools, they continue to perpetuate misery all across the United States.

The book concludes by shattering a number of important myths propagated by socialists. In essence, socialists have few tools in their arsenal, and so they must concoct capitalist "strawmen" to attack. As DiLorenzo shows using a wide array of examples, though, the truth of the matter is often the opposite of what the socialists claim. It is probably enough to make a socialist's head explode, but the documentation in the bibliography is thorough and meticulous.

Many of the arguments outlined in the book will be well-known to regular readers of this magazine and others well-versed in economics and the history of socialism. But it is an enjoyable, fun, easy read, and everybody is likely to learn at least some new arguments from it. Just the abundance of supporting quotes from great economists and thinkers such as Murray Rothbard and Ludwig von Mises makes the book worth reading.

The book may be especially useful in reaching younger Americans — high-school and college students stewing in Marxist rhetoric, for example. Not only does the book thoroughly debunk the simplistic and oftentimes silly "arguments" in favor of socialism, it also provides a very convincing argument in favor of freedom. If nothing else, [consider picking up a copy for your children or grandchildren](#).



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