

Chapter 4

Freedom Promotes Wealth and Prosperity

The more freedom a people have, the greater their health, wealth and prosperity; the less their freedom, the more their impoverishment, disease, and famines.
----This book's [Appendix](#)

Your democratic freedom is your right, as previous chapters have established. This is in itself just and to deny you your freedom would be unjust. And as a just right, no one can morally deny your freedom to you for whatever the ends, as has happened to billions of people. For example, some rulers and their supporters deny their people freedom by arguing that this is necessary to develop the country economically, achieve national glory, promote racial or ethnic purity, or create a communist paradise. This is to make of a your freedom a tool that those in power can manipulate or ignore, depending on the job they want done. This is a destructive premise that for too long intellectuals have allowed dictators and their supporters to assume. Your freedom is not a tool; it does not have a utility attached to it that justifies government in granting it or taking it away. In this sense, democratic freedom is a *moral good*, something that is to be sought or held for its intrinsic moral value, and for no other reason.

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Yet, amazingly, there are actually consequences to freedom that are also important moral goods. When we compare what happens to an economy and society when people are free and democratic versus unfree, the results of freedom are often the very ends that some dictators try to fulfill by repressing freedom. So stressing that freedom is a moral good is not erecting a firewall against any negative consequences, for the consequences are not only positive, but moral goods in themselves. It is like eating fruit, which is tasty and filling, inherently good, but which also reduces the probability of getting cancer, a stroke, and a heart attack.

One of freedom's desirable consequences is to promote unrivaled wealth and prosperity; it is an unbeatable engine of technological and economic growth. As an example of how freedom can have this miraculous result, look at the life of William (Bill) Gates, who could not have created the computer software he did other than in a free society, and which software has contributed greatly to our prosperity.

Born into an upper middle-class family in 1955, Gates' mother taught school and was a regent of the University of Washington, and his father was a prominent lawyer. Gates went to public elementary school, then to the private Lakeside High School in Seattle, where he learned about computers and soon became fascinated by them.

By 13 years of age, he and his best friend, Paul Allen, were already programming computers, and spent as much of each day as they could on the school's main-frame computer--playing with it, causing it to crash, rewriting its programs, and writing new ones themselves. In those days, computer time was costly and had to be rationed; because of their excessive use of it, the school finally had to ban them from the computer for short periods. Gates and Allen had become so good at using it, however, that a computer business, the Computer Center Corporation, hired them and two other hackers from the school to solve some problems with their computer, for which they were paid with unlimited computer time. Now Gates and Allen could work on a computer day and night., while also reading computer manuals and picking the brains of other employees. This ideal life did not last, however, for in 1970 the company went out of business.



Bill Gates

Gates and Allen's next break was when Information Sciences hired them to program the company's payroll. This gave the two free computer time--probably more important to them than whatever money they made. The company also paid them royalties for any of their programs it sold. Encouraged by all this, Gates and Allen made their own small computer for measuring traffic flow, and started a little company, Traf-O-Data, to sell it. This earned them about \$20,000. By now, though he was only a high school student, Gate's computer skills were becoming more widely recognized. His school asked him to program a scheduling system for them, and he and Allen wrote the program together.

While they were seniors, the defense corporation TRW was having difficulty with bugs in its computer programs. Impressed by what they heard about Gates and Allen's successes, company officials hired them to debug TRW programs. This was another big break for the two. This job not only helped them further refine their software writing skills, it started them thinking about setting up their own software company.

In 1973, both graduated from Lakeside. Because of Gates excellent grades, recommendations, and achievements, he was able to get into Harvard University, where he chose to study pre-law. After all, his father was a lawyer and there was no such field then as computer sciences. However, he soon found Harvard's computer center, and all else was lost. He would work at night at the center and sleep in his classes. He did not forget his friendship and work with Allen, however, and soon the latter moved close to Gates so that they could continue to develop and work on their ideas. After finishing his freshman year, Gates and Allen got programming jobs at Honeywell Information Systems. They still were working for others, however, and Allen particularly wanted to set up their own company. Gates, however, was reluctant to drop out of Harvard to do this.

Then, in December 1974, a sheer chance event led to the start of Microsoft. Accounts disagree on how this event came about, but a popular version is that on his way to see Gates, Allen happened to stop to look over some magazines. On the cover of *Popular Electronics* he saw a picture of the new MITS Altair 8080, the first microcomputer. He bought the magazine, took it to Gates, and after both had read it, they saw what an opportunity the Altair was. This was a most propitious time to be interested in computers. The IBM room-sized mainframe dominated the computer market and most computer specialists were interested in mainframe hardware or programs. Personal computers (also to be called desktop or microcomputers) for the general market had yet to be made, but Gates and Allen recognized that small personal computers were the future for businesses and home computing. And each of these computers would need system software to run them, as well as separate software for specific needs.

Stories also vary as to what happened next. One version is that Gates called MITS and claimed that he and Allen had written a program they called BASIC for the Altair. The

company expressed interest and wanted to see it, but Gates had lied. There was no such program, yet with the company's expressed interest, he and Allen raced to write it. One problem: they had no Altair at hand. So, while Gates focused on the writing of BASIC, Allen developed a way of simulating the Altair chip using one of Harvard's computers, the PDP-10. In about eight weeks they finished, and Allen flew to MITS to demonstrate their new BASIC on the Altair, a computer he had yet to see or touch. The gutsy test was a success on the second try, and MITS bought the rights to the program. This victory finally convinced Gates that the personal computer market were set to explode, and more important, that they had the skills to share in it.

In 1975, Micro-soft, later to be Microsoft, was born, and Gates soon dropped out of his junior year at Harvard to devote himself to the new business. Its initial product was the BASIC system Gates and Allen had written, and several large companies were eager customers. At the time, I was also writing computer programs for my research, and can attest to one overwhelming principle of computer life. It is cheaper to buy a good program than to write one yourself or hire programmers to do it. This was one of the main reasons for Microsoft's early success.

By 1979, Microsoft had sixteen employees, and Gates moved the company from Albuquerque, its first home, to Seattle, Washington. The company continued to grow and create new products. It produced a spreadsheet program, which later would become the MS Excel spreadsheet we know today. And it produced the first version of what is now the overwhelmingly popular MS-Word.

Paul Allen, who had been instrumental in so much of Gate's early work and then in the growth of Microsoft, had to resign in 1983 because of Hodgkins disease. Eventually he would successfully fight off the disease and as a very rich man with his Microsoft shares went on to form his own software companies. He also bought the Portland Trailblazers basketball team.

What made Microsoft so dominant in the computer marker, however, and what has mainly contributed to Gate's wealth, was a deal he made with IBM in 1981, when Microsoft had only grown to about thirty people. With great foresight, Gates had bought an operating system, which he rewrote into what he called MS-DOS (Microsoft



disk operating system). The operating system is the software that runs a computer. It interfaces between the computer hardware, such as the computer processor, memory chips, hard disks, floppy drives, CDs, monitor, and so on, and the applications, such as word processing or spreadsheet programs. At that time IBM, the dominant force in the computer market, was preparing a new line of personal computers, and needed a good operating system for them. They were in negotiation with a more established company, but Gates impressed them, and Microsoft got the job to write the operating system for IBM's new computers. This was an amazing deal for this small company. Within years IBM began to turn out personal computers like McDonald's turns out hamburgers, and each one ran with a rewritten MS-DOS.

This was not enough for Gates, however. He had always been interested in making the computer more graphically oriented so that the user could see better on their monitor what they were doing with the computer, such as when trashing a file or transferring a file out of one folder to another, and he began the development of such a program in 1982. This evolved into a graphically oriented, pseudo system program that operates on top of MS-DOS. Finally shipped in 1985. it was the first version of Windows. In its ninth incarnation as Windows 2000, it is now used on virtually all IBM computers and compatibles in the world.

In 1986, Microsoft successfully went public with its stock offering of \$21 a share, and by 1995 Microsoft had 17,801 employees. Gates had realized his dream. He has played a dominant role in making personal computing available to everyone, and his products have continued to dominate the field. I do my work on a Macintosh computer with an Apple Corporation operating system that competes with Windows--and personally I think Apple's system software is better. Yet because of their quality, I use Microsoft's Word and Excel, as well as its Internet Explorer browser.

In recognition of his contributions, President Bush awarded Bill Gates the National Medal of Technology in 1992. Bill Gates also has been more than amply rewarded financially. On May 22, 2000, his wealth, tied partly to the near 141 million shares of Microsoft that he owns, was \$72,485,700,000. This made him the richest man in the world. Not even the wealthiest of monarchs, with jewels and gold bars piled at their feet, can beat Bill Gates' worth. According to one rumor, he is so rich that when he got the bill for his \$50 million manor built on Lake Washington, he turned to his wife, Melinda, and asked her to get his wallet. If he had worked ten hours a day, every day of the year,



And wife Melinda

since the founding of Microsoft in 1975, I calculate that he earned about \$1.3 million per hour.

How can one man become so rich? Surely, Gates was lucky in being at the right place at the right time, with the right friends, when the personal computer revolution was just beginning. Supportive and affluent parents played a role in his success, as did his naturally deep interest in computers, a proclivity for the



Gates' 97 million dollar, 66000 sq. feet home

mathematics of it, and a willingness to work hard. But most important, he was free to follow his star. He needed no government approval. Personal computers and related hardware and software were a new market, and there were virtually no government regulations telling Gates what programming he could and could not do. Of course, Gates and Allen had to satisfy certain government registration requirements when they set up Microsoft, and there were more regulations covering Microsoft going public in the stock market. But it was entirely up to Gates how hard he worked, what he produced, and what he charged for his products.

You may believe that I am exaggerating the role of freedom, and that Gates' talent and initiative were more important. Then consider what his life would have been like in a country that allowed no freedom, such as the former Soviet Union, which I will cover in some detail later. This is a good example at this point because the Communist Party that ruled this country placed the strongest emphasis on economic and technological development, and thus you would think someone with Bill Gates abilities and interests would prosper there. First, however, for Gates simply to survive without going to a labor camp or his death, he and his parents could not question the Party line, and neither his parents or grandparents could have been connected to the previous royal government, or be bourgeoisie. Presuming, then, that Gates was clean of any such "counterrevolutionary" taint, he might have succeeded as a scientist or engineer. But he could not have produced any great jump in software development.

The Party strictly limited the use of computers, all of which it owned. For over a decade it kept computers under lock and key and they could be used only with Party permission. Gates, therefore, would not have had the free usage of computers that

enabled him to develop his programming ability and to eventually write the programs he did. Anyway, since all private businesses were illegal, there could be no Microsoft to design personal computers or write software. Such could only be done within some Party-run shop. If in such a shop a Gates had written useful software, it would be the property of the Party, to dispose of as the Party bureaucracy wished.

There is a slight taste of such a statist attitude in the American Justice Department taking Microsoft to court in 1997 for monopolistic practices. Specifically, it accused Microsoft of making its Internet Explorer part of Windows 95, and thus stifling competition with other Internet browsers, such as Netscape. In April 2000 a federal judge ruled that Microsoft did violate antitrust laws, and in June issued a final judgment ordering Microsoft to be broken up. However, this order was stayed later in the month pending resolution of an Appeal by Microsoft that will go to the Supreme Court.

This case reflects an anti-free market attitude towards competition, big business, and success; and likely some envy of Gates' wealth. More important, this action by a Democrat administration probably shows the power of political contributions or their lack. Gates had naively refused to make any large contributions to the Democrat Party or President Clinton's two presidential campaigns, while Microsoft's chief competitors had done so. It was their complaints about Microsoft that brought action.

Many of the commentaries on this case saw capitalist greed as Microsoft's, and especially Gates', primary motivation. Indeed, this view reflects a general criticism of free-market capitalism itself as the incarnation of greed. These critics see entrepreneurs and business people as only out to make a profit--that is, money--and economic competition as nothing more than capitalists climbing on top of each other's bodies to profit from the poor. Such critics instead want an economic system wherein each tries to help others and provide for their needs, rather than people trying to get rich at each other's expense, a view that lies at the root of much leftist, and even socialist thought today. Even many that strongly support a free market see greed as its driving force. This not only gives ammunition to the enemies of this freedom, but also mischaracterizes it altogether by reference to something that is an aspect and not its central, psychological dynamic.

Imagine this utopia. In it people are highly motivated to provide services and fulfillment to others, usually perfect strangers. They see this as in their own self-interest. Many of these people also spend sixty to seventy hours a week trying to provide such services. Also imagine--unbelievable as it may seem--that in this utopia some of these people spend their life savings and borrow huge sums of money to discover or provide new things that they believe other people might want. That is, in this society *the chief preoccupation of people, something to which they may sacrifice virtually all their time and*

resources, is to satisfy the wants of others or to determine how they might do this, and do so with the least expense to those getting the services or goods. Such an unbelievable other-directed society does seem utopian. But if we could have such a society, would it not be inherently moral? Is not this the dream of many communitarians, philosophers, and theologians that people spent their time, energy, and resources to provide others with what they need and want?

Yet, this Utopia does exist. It is the free market. Lawyers, doctors, teachers, intellectuals, writers, authors, journalists, computer programmers like Bill Gates, movie stars, business owners, financiers, stock owners, and all other individuals making up the whole population comprise the free market, as do all large and small businesses. The automobile repair shop, the computer discount house, the Italian restaurant, the Chinese laundry, the small Catholic college, the mom and pop grocery store, and so on and on, exist to give people a particular service. If this service is unwanted or the business charges too high a price, then it goes bankrupt. Moreover, entrepreneurs are constantly trying to invent new businesses or services that will fill some need or want not yet recognized by others. If no such want exists or the fulfillment of the want is not worth the cost, the businesses fail. Such working and striving to satisfy others is a moral ideal. That this is the essence of the free market is unappreciated.

Again consider what Bill Gates and Paul Allen did. They spent unbelievable hours of their own time learning about computers and how to program them. This they were doing out of sheer interest in the subject, not because of greed. When they had learned enough, they began to satisfy the needs of others, particularly in helping to debug mainframe computer programs, and in writing their own programs to fill needs that others had expressed. When they started Microsoft, they wanted to sell software and make money, to be sure. But to do this, they had to speculate on what kind of software would most benefit the users of computers, and they had to make an initial investment of time and resources in writing it. If they were wrong, they lost what they put into the program. If they struck out enough times, Microsoft would have gone bankrupt. Microsoft succeeded, however, more than anyone dreamed was possible, and the simple reason for this is that Gates and Allen, and then Gates alone, saw what people needed most, and worked to satisfy that need.

Years ago I wanted a good word processor to write my books with, and a spreadsheet program with which to do my analyses. Microsoft foresaw my need with very good software, and I bought their Word and Excel. I thereby contributed to Gates' wealth, to be sure, but I did this freely and received in return two programs I could not write, and which have made me far more productive.

Bill Gates and Microsoft are participants in a technological revolution that began in the eighteenth and nineteenth centuries, one that was really a revolution in freedom. As

government loosened its stranglehold on national economies and foreign trade, as it allowed creative and enterprising people to produce new things, there was a takeoff in new inventions, new businesses, and the earnings and wages of the poor. Before this revolution, laws tied workers to a farm or manor and forced them to live the most basic and poorest of lives. They often faced the threat of starvation if a harvest were meager, if they lost or broke their tools, or if they were dispossessed of their land by the force of government, or feudal lords. And they would wear the most basic and plainest of clothes and eat the simplest and cheapest food. What the revolution of freedom did was to liberate these poor from this kind of servitude, assure them of a basic wage, and enable them to improve their consumption. Much to the complaint of the upper classes, which saw this as putting on airs, the poor began to dress more colorfully in better clothes and to eat a greater variety of foods.

All of us are the inheritors of this freeing of the market and resulting technological revolution. The automobiles you drive, the television you watch, the movies you see, the telephones you answer, the planes you fly, the cars you drive, and-- exemplified by Microsoft--the computer you use, all owe their development and availability to the free market. At a more basic level, you can see the operation of the free market best in the availability of an amazing variety of cheap foods for the poor and lower middle-class. An

American supermarket is a cornucopia of agricultural wealth, with choices of fruits, vegetables, meats, cereals, breads, wines, and so on from many areas of the United States and countries of the world. Similarly with a department or hardware store, which shelve, hang, and display a rich variety of goods. For you to see the results of freedom is to shop in any of democracy's stores.

Just to focus on new inventions and innovations, for example, freedom promotes a continuous reduction of the cost of goods compared to the average wage, such that even the most complex and advanced products are available to the common person. An example of this is the rapid evolution of the handheld calculator. When I was a graduate student and had to calculate statistics for my M.A. thesis in 1960, I used a large, desktop, Monroe mechanical calculator. I had to punch the numbers into it, move some switches to do a specific calculation, and physically crank it (like starting an old car) to



1946 ENIAC—one step away from the true compute

1967



Jack Kilby, who developed the first truly hand held calculator. Would replace one released a year earlier that weighed 55 lbs and cost \$2,500

get the results. By computer standards today, this Monroe was painfully slow and clumsy, but still better than doing the arithmetic by hand. I could calculate sums, cross products, and correlations, but it took me about two months and a sore arm to do all the calculations needed. My university paid about \$1,100 for the machine then, or about \$14,000 in current money.

By the early 1970s, I could pick up a handheld Hewlett Packard electronic calculator that would do all these calculations and many more, such as logarithms and trigonometric functions, store one figure or calculation in memory, and function on a small battery. It cost about \$400, or about \$1,700 in current prices.

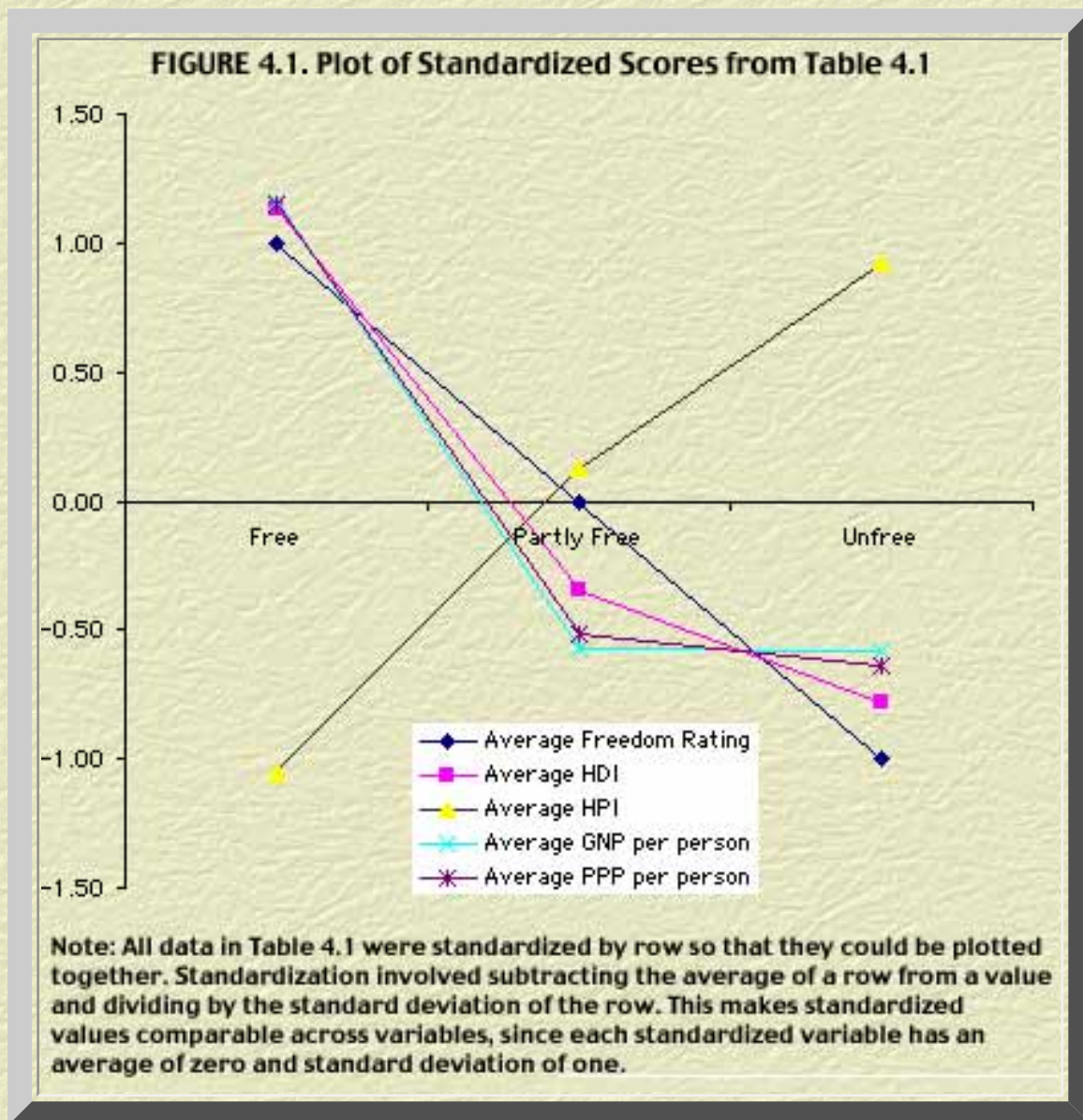
Now one can get such a handheld calculator for \$10, and paying slightly more will get one a calculator that will do much more than the obsolete Hewlett Packard. And for about \$800 I now can buy a personal computer, for example an iMac with monitor, keyboard, modem, CD drive, and an internal hard disk, that has a capability undreamed of a mere decade ago and on which I could have done all the needed calculations for my M.A. thesis in seconds, not months. It is as though the free market, through innovation and competition, were to bring the price of a new automobile in 1960 down to the cost of a new shirt today, which makes one wonder what the price of an automobile now would be without any government regulations on its production and quality.

Also, I did my Ph.D. dissertation on the Northwestern University mainframe, central IBM computer worth tens of millions of dollars in current money. It had a memory of 36k bytes and took up a huge air-conditioned room with its blinking lights, spinning tapes, massive central processor, very slow printer, batch punch-card input, and bustling attendants. The computer, lights, air conditioned room, and all created an almost spiritual mystery about it. To use this monster, I had to learn to write my own computer programs, and to change some of



The 1964 IBM/360 mainframe computer

its functions I had to rewire part of the computer. That was in 1962 and 1963. Today I sit before a 19-inch color monitor with a new Macintosh G4 that has 256 megabytes of memory (over 7,000 times what memory I had on the mainframe), a 19.1 gigabyte hard disk, a DVD-CD drive, and modem. I also have connected a color printer. The total cost of all this was about \$3,500. Incredible power at an unbelievable low cost compared to what I could have bought only one human generation ago. This is the fruit of freedom.



For the world as a whole, there is a very strong positive correlation between the democratic freedoms you have and the economic wealth and growth of your nation, as I

show in [Table 4.1](#), the [Appendix](#), and Figure 4.1. Much of this is due to the close association between civil liberties and political rights-freedom-and economic freedom, as shown in Figure 4.2. I am tempted to call this the Bill Gates effect. And this positive correlation goes far beyond economic matters to include as well your social and physical welfare. The more freedom people have, the more their nation's technological growth and scientific contributions; health services, hospitals, doctors, and life expectancy; availability of railroads, paved roads, and airports; literacy, high school and college graduates, universities, and books published; and so on. To adopt a current term for all this, the more your freedom, the more your *human security*.

But, why should freedom be so productive? One is that people like Bill Gates can follow their interest and fully realize their inherent capabilities and talents. But also, they have an incentive to work and produce what people want because they are rewarded--and handsomely so, if they can satisfy the desires of millions. There is something more here, however, than simply following personal interests and getting material rewards. You naturally take care of your own. It is like driving a rented automobile versus your own car--in subtle and perhaps even in some extreme ways, you are probably inclined to be rougher with the rented car. After all, you lose nothing when you rapidly start and stop a rented car, corner it at high speed, screech its tires, grind its gears, ignore potholes, and let it get filthy. The rental cost is the same either way.

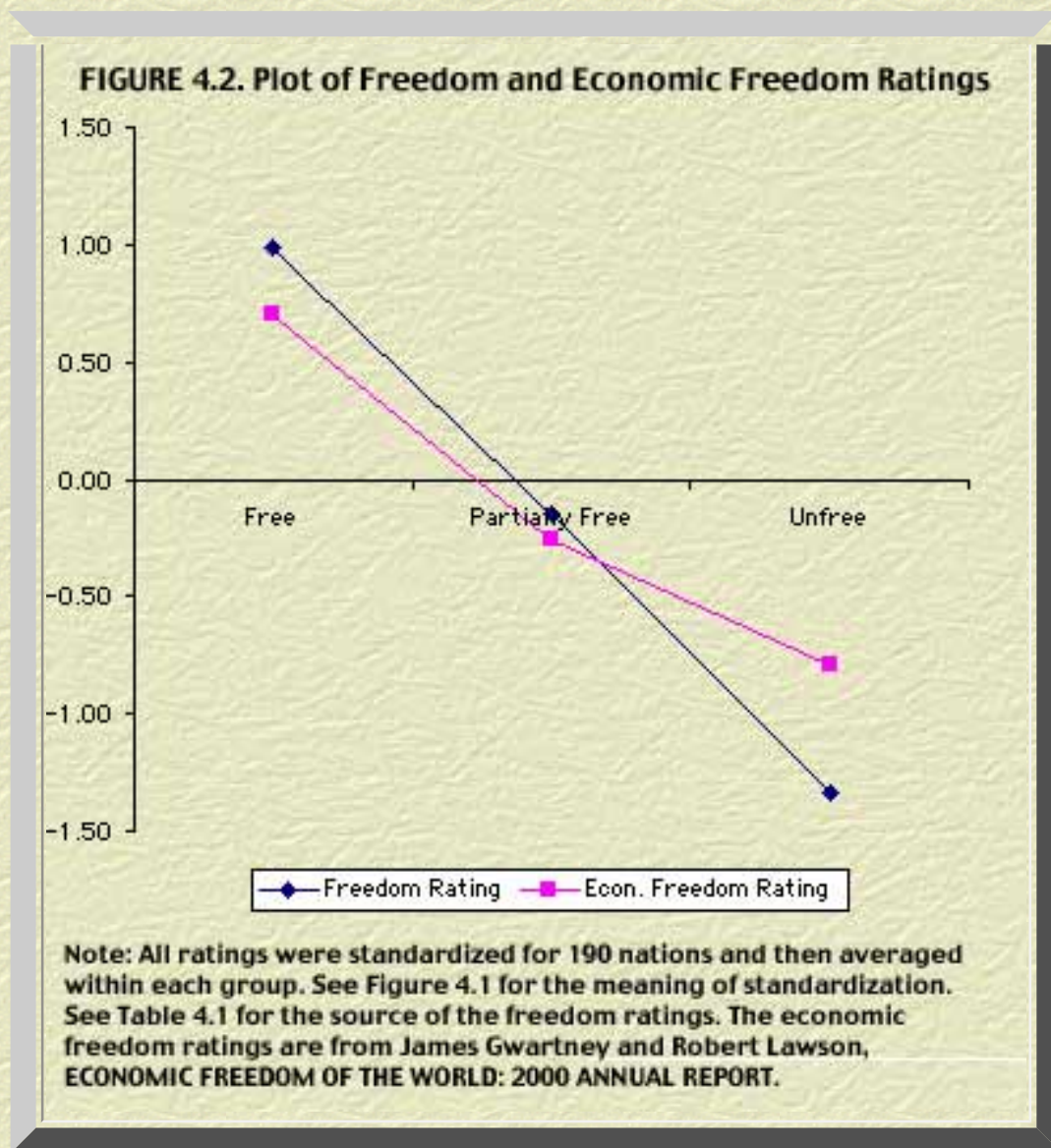
This is like the

TABLE 4.1
Human and Economic Development
By Level of Freedom 1998

	Free	Partly Free	Unfree
Number of Nations	83	71	86
Average Freedom Rating [1]	13	8	3
Average HDI [2]	0.8	0.63	0.58
Average HPI [3]	14	26	34
Average GNP per person \$	11,082	2,420	2,384
Average PPP per person \$ [4]	11,918	4,285	3,733

Notes

1. Freedom = combined rating of Freedom House on civil liberties and political rights, which varies from a rating of 2 to 14. For this table, free = ratings of 11-14, Partly Free = 6-10, Unfree = 2-5. Data from the Appendix--see Table A.1.
2. PPP = purchasing power parity per person, or the average person's ability in \$ to purchasing goods comparable to what can be purchased by those living in other states. This is a good measure of comparable average wealth. Data from the Appendix--see Table A.7. Data for 1998.
3. HPI = Human Poverty Index. Source is the United Nations Development Program. See Table A.5 in the Appendix. Data for 1998.
4. HDI = Human Development Index. The index comprises life expectancy at birth, adult literacy, gross primary, secondary and tertiary enrolment, GNP per capita in purchasing power parity. For source, footnote 3. Data for 1998.



commons, or common areas of a neighborhood. You take care of your house and yard. It is personal property and a reflection of your inner self, a matter of personal pride. But the commons, like a public park, is owned by the public and therefore by no one. Government bureaucrats are the stewards over such property, and by law must manage it. This is not their personal property, and therefore they do not have a primary motivation to take care of and improve it. Usually, their personal motivation is to do the least work at the best wage, and even if it is to do the best job possible, it is not to do more than needed. So I see trees and flowers that the Transportation Department planted along newly built public roads on Oahu, Hawaii, withering and dying for lack of water, and I walk along grassy areas in parks that are overgrown with weeds and littered with paper cups and plates, beer cans, and all the debris of people who use facilities that they do not own. I dare not think about using a public restroom.

The incentives of private ownership versus the commons gives us an understanding of

why plantation owners would often take good care of slaves they bought, though the owners might punish them severely for trying to escape or refusing to work. And by comparison, the biggest slave-like establishment of modern times, the Soviet gulag, or forced labor camp system, took little care of its forced laborers. Camp managers often worked them to death or allowed them to die of malnutrition and exposure. The life expectancy in some camps, especially the mining camps in Kolyma, was a matter of months. The reason is that the incentive for the camp managers was to get the most out of the workers for the least cost--then extra funds could be pocketed--not to take care of them. These people were not personal property, but public property. This was the very worst of the commons.

Besides the joys of freedom, the prosperity it creates, and the incentives of private ownership, there is the individualization of choice and behavior. While you share much with your neighbors, friends, and loved ones, each of you is different. you have values, perceptions, and experience that no economic and social planners can know, or usually even guess at; in no way can they become data in some planner's computer; your path through life is unique. This means that you alone can best judge what you value, desire, want, and can do. To borrow a useful cliché, you alone know where the shoe pinches.

This is more basic than it may first seem. In the free market, we are free to buy and sell, to create and build, as did Microsoft. This freedom enables us to best adjust to the world around us and apply our unique values and experience. Therefore, a farmer who has learned from his parents and his own direct experience how to till the unique soil of northeastern Ohio, to read the local weather patterns, and to plant and fertilize the seeds that will grow well in the rocky soil, will best know how to make his farm productive. No government official far away at the State capitol in Columbus, or the national capitol in Washington, D. C., can do as well. And really, were they to command him how to farm, this would destroy his incentive to produce and the farm's productivity. The loss of this freedom to farm is a loss of personal experience, knowledge, and values that commands by government cannot replace. You will see below the catastrophic results of this in communist nations.

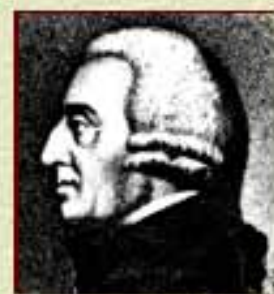
Moreover, in a free market, buyers and sellers automatically balance the cost and amount of goods. This means it is often more profitable to sell many items at a small profit than few at a high profit. This encourages lower prices and cheaper goods to meet the mass demand of poorer people. Some producers will specialize in building yachts and make a profit at it, but many others will find it most profitable to market cheap clothes, fast food, games, and thousands of devices that make life easier. And in this way, businesses are encouraged to produce more items, more cheaply, and with better quality. We have seen this regarding computers. Note also, as our free market economists like Milton Friedman, Ludwig von Mises, and F. A. Hayek have stressed, that free market prices are an economy wide message system. They communicate

shortages, where things are cheap, where production might be profitable enough for a business to move into the market; they also communicate where demand is slack and businesses might cut back production. Prices in a free market tell business what to put on the supermarket shelves, where, when, and at how much. And therefore, the free market is equally a massive distribution system.

Think about this for the moment, about the miracle of the thousands of goods on the supermarket shelves, many from other countries and far away states. Who decides this? What great mind or computer figures out what is to be sold in what market for how much, when? And with no shortages, no long lines waiting for a supply truck to arrive as in command economies. How is this done without the economic planners that socialists believe necessary? Automatically and spontaneously, by the decisions of hundreds of thousands of free producers, suppliers, truckers, and market managers, all responding to different prices and demand.

This is why the command market and government intervention fail to improve prices and allocation over the free market, and creates economic dislocations, hardship, privation, and, as we will see, famine. No government officials, no social scientists, no central computer program, can possibly figure out what each person wants, when, and where, and how all this for tens of millions of people can be balanced. A government cannot improve the free market price mechanism, even at the minimum by anti-trust, anti-monopolistic laws; it can only distort or destroy it.

This idea of a free market was the cornerstone of classical liberalism, with the eighteenth century, British philosopher and economist Adam, Smith's *Wealth of Nations* its bible. He argued that wealth is best created when government keeps its hands off the economy and there is free trade. This free, or laissez-faire, market is, however, only one political-economic model.



Adam Smith
(1723–1790)

The major competing one in the Twentieth Century was that based on the economic and historical analysis of the nineteenth century German political philosopher Karl Marx as given in his *Das Kapital*, and who along with Friedrich Engels established scientific socialism, what we now call communism. The Russian revolutionary and philosopher Vladimir Ilich Lenin then showed in many works, such as his influential pamphlet *What Is To Be Done* how Marx-Engel's politico-



**Karl Marx
(1813-1883)**

economic theory could be put into effect--how a communist revolution could be brought about and a communist nirvana achieved through the dictatorship of the proletariat. Scholars now think his work is such a basic addition to Marxism, that they make Marxism-Leninism synonymous with communism.

Communism has been the most influential politico-economic theory of the Twentieth Century. With its supposed scientific theory of history, its assumed empirical proof, and its utopian plan to rid the world of poverty, exploitation, economic greed, and war, which it claims are all due in the modern world to capitalism, it captured the minds of many intellectuals and workers. And through revolution, invasion, and war, these believers took over one country after another: Russia, China, Mongolia, North Korea, Vietnam, Cambodia, Laos, Cuba, East Germany, Poland, Hungary, Rumania, Bulgaria, Yugoslavia, Czechoslovakia, Ethiopia, Angola, Mozambique, Grenada, Nicaragua, and South Yemen. This is an impressive roster, indeed, and since the communist politico-economic model explicitly claims that while the free market will lead to the impoverishment of the worker and its own destruction, communism will create socio-economic equality and a society in which abundance will reign and "from each according to their ability, and to each according to their need."

This abstract model seems ideal and has misled many a compassionate intellectual. Now lets look at what this model really meant in practice. You already have seen how different the life of Gates would have been in such a communist, command economy. Now consider in detail what such a command economy in the former Soviet Union and communist China under Mao Tse-tung accomplished compared to a free market.

I will discuss in detail the 1917 Bolshevik--communist--coup against the Russian Kerensky government in the next chapter. Here, however, as a precursor to Stalin's collectivization of the peasant and his intentional famine in the Ukraine, I want to note the severe famine that Lenin created in the Soviet Union after the Russian Revolution as a result of his command policies. After the Red Army seized control of much of Russia by 1920, the Communist Party issued a Decree on Land that encouraged peasants to seize large estates, thus depriving cities and towns of food. This created much local disorder, as did the Party establishing committees of



Vladimir Ilyich Lenin

poor peasants to "assume the responsibility for repression..."; and the decree that in all small, grain-producing districts, officials should pick twenty-five to thirty "wealthy" hostages, all of whom they should kill if the peasants did not deliver their "excess" grain. But in practice, excess grain often turned out to be any grain; even the peasants' reserve and seed grain were expropriated by detachments of workers ignorant of farming, but nonetheless sent in the tens of thousands from the cities to uncover the "excess," which resulted in more disarray hardly conducive to good harvests. As Lenin himself confessed: "Practically, we took all the surplus grain--and sometimes even not only surplus grain but part of the grain the peasant required for food."

By 1920, 30 percent of what the peasant produced was requisitioned, a seizure of the peasant's product sometimes called "War Communism." But the White, anticommunist, armies had not dictated Lenin's requisitioning, since they had not yet posed a serious threat to the Red Army. Lenin's purpose was to move from a capitalist free market to a socialist one--to a command economy--as Lenin declared. This was Lenin's plan to nationalize the peasant, although not in the total way that Stalin would do a decade later through his collectivization of the peasant, as you will see below.

Nationalization and its attendant forced requisitions was a solution to the problem of getting the peasant's grain without paying for it; and of preventing the peasant from keeping his grain and other crops from the Party. And it made many new laws to assure that the peasant would play his proper role under communism. These set low prices for his produce, banned private trade, and established a system of rationing. Unlike a free market, they provided little motivation to produce; notwithstanding the likelihood of new detachments of workers coming through to expropriate or loot whatever was in a field or house. Understandably, the harvest of 1921 was only 40 percent that of 1913, before the revolution.

This disastrous harvest, along with the peasant having lost or in hunger having eaten the reserve food supplies needed to survive the periodic draughts, had human costs far beyond the hundreds of rebellions this all caused. In 1921 a drought that in some Russian provinces formerly would have at most created a minor famine, then triggered one of the worst ones in modern times: starvation faced over 30,000,000 people.



Collection wagon for Children wh starved to death in Lenin's famine



A victim of Lenin's famine

Faced with a calamity that could threaten the survival of communism, the Party began to provide some aid to the starving while requesting urgent international help. International relief, particularly from the United States through the American Relief Administration (ARA), was soon forthcoming. But even in the face of this historic disaster, Lenin wielded aid and food as a socialist weapon. Said Lenin, lacking any feeling for the victims:

it is necessary to supply with food out of the state funds only those employees who are actually needed under conditions of maximum productivity of labor, and to distribute the food provisions by making the whole matter an instrumentality of politics, used with the view of cutting down on the number of those who are not absolutely necessary and to spur on those who are really needed.¹

Also, Lenin at first ignored the counterpart famine in the Ukraine. The Party must have known as early as August, 1921, that the southern Ukraine was verging on famine, but Lenin refused to allow a transfer of food from the north to the south. This was to pacify Ukrainian nationalism and defeat the many rebellions there--to crush peasant resistance, a goal that Stalin would resume by famine in the early 1930s, as you will also see below.

Requests for foreign aid were for the Russian Republic; the Party mentioned nothing about famine in the Ukraine; and did nothing about it at first. Indeed, the Soviets tried to feed Russia with Ukrainian grain, justifying this by exaggerating its grain production. "Starving Ukrainians were forced to sacrifice their own lives to save hungry Russians...." The Party allowed no aid from the outside until American relief officers forced the issue, and even then the Party hindered the aid effort.



More famine victims

Then, in the summer of 1922, irrationally, unless one has firmly in mind their communist obsession with building socialism, the Party resumed large-scale grain exports. This, even though the Party had to starve a part of the population to get the



**American relief workers
feeding Russian Children**

grain. But it wanted capital for industrial heavy equipment. So it asked the ARA to continue aid so that some of these people could be fed. Thus, the picture that displayed the heartlessness of communism versus the apolitical compassion of democracies: in the port of Odessa Russians would see the SS Manitowac unloading American famine relief supplies while nearby the SS Vladimir was loading Ukrainian grain destined for Hamburg.

Although there were agricultural dislocations caused by civil war, Lenin and the Communist Party were mainly responsible for some 5,000,000 people starving to death or dying from associated diseases. The toll would have been much higher had not the ARA provided about \$45,000,000 in aid and kept alive about 10,000,000 people. (For the overall toll of mass murder during the civil war and deaths from this man-made famine amounting to murder, see the civil war period in [Table 1.1](#) of my [Lethal Politics](#))

After Lenin's death from a stroke in 1924, there was a struggle for Party rule between Leon Trotsky, commissar for war and Lenin's heir apparent, and Josef Stalin, general secretary of the Central Committee of the Party. By 1928 Stalin had won the battle and had full control over the Red Army, secret police, and communist cadre (see [map](#) of Western USSR at this time, and [world map](#)). He could now carry out his plans to fully socialize what was now known as the Soviet Union, especially to go much further than Lenin had dared go with the peasants, to nationalize--without compensation--independent farms, their livestock, and land, and consolidate them into huge farm factories run by the Party. Each farmer was to become an employee earning a daily wage for his work. It was to be total collectivization of the peasantry.



Josef Stalin 1879-1953

Theoretically, the idea has a certain appeal: turn "inefficient" small plots for which farmers could not afford, or use, modern farming equipment into large factory-like farms, each with its own tractors, each efficiently allocating farmers to specialized tasks. To be sure, this required persuading farmers to give up their land, animals, tools, and often their homes to the communes, and to become workers with regular wages, hours, and tasks.

The peasant resisted, of course. They killed their livestock rather than give them up,

**TABLE 1.1
OVERVIEW OF SOVIET DEMOCIDE
(MOST PROBABLE ESTIMATES) [1]**

PERIOD	FROM	-----DEMOICIDE (000)-----			-----COMPONENTS (000)-----				
		TOTAL [5]	CITIZENS	RATE% [2]	TERROR	DEPORT.	CAMPS [3]	FAMINE [4]	WARS [5]
Civil War	1917	3,284	3,284	0.43	750	?	34	2,500	1,410
NEP	1923	2,200	2,200	0.25	?	?	232	0	?
Collectivization	1929	11,440	11,440	1.04	1,733	1,400	3,306	5,000	0.20
Great Terror	1936	4,345	4,345	0.89	1,000	65	3,280	0	1.20
Pre-WWII	1939	5,104	4,438	1.02	1,932	283	2,889	0	256
World War II	1941	13,053	10,000	1.21	1,257	1,036	10,761	0	19,625
Post-War...	1946	15,613	12,448	0.88	1,376	1,557	12,348	333	90
Post-Stalin	1954	6,872	6,613	0.08	250	8	6,613	0	22
TOTAL [6]	1917	61,911	54,769	0.45	>8,298	>4,349	39,464	7,833	>21,403

NOTES:

1. Mid-estimates of dead: most probable central values in a low-high range.
2. Annualized rates for mid-period populations. The total is the weighted average.
For citizens only.
3. Camp totals include transit deaths.
4. Famine totals are only for those included as democide
5. Wars and rebellions; includes Nazi caused famine. Shown for comparison only.
6. Numbers may not add up to the total democide for each period due to rounding.

burned down their homes, fled to the cities, shot at the troops who came to enforce the Party's commands, and committed suicide. This Peasant War destroyed and depopulated whole villages. Even nomadic herdsman were not exempt, as Stalin decreed that the Party also must settle them into communes, and collectivize their wandering herds. By March 1, 1930, 14,264,300 peasant holdings had been collectivized throughout the Soviet Union.

As it turned out, once he "voluntarily" turned all he owned over to a collective farm, the peasant found it more like a penal colony. Usually thousands of miles away, Party functionaries in Moscow commanded commune work and activity, and regimented the lives and daily routine of each commune member, although they know nothing of local conditions and farming. Peasants, now commune "workers," had to obey orders without question, or communist agents, spies, or their supervisors, would report them. In words that a peasant living under Pol Pot's Khmer Rouge in Cambodia could have uttered, as you will see in a later chapter, Myron Dolot pointed out:

We were always suspected of treason. Even sadness or happiness were causes for suspicion. Sadness was thought of as an indication of dissatisfaction with our life, while happiness, regardless of how sporadic, spontaneous, or fleeting, was considered to be a dangerous phenomenon that could destroy the devotion to the communist cause. You had to be cautious about the display of feelings at all times, and in every place. We were all made to understand that we would be allowed to live only as long as we followed the Party line, both in our private and social lives.²

This Peasant War was the largest and most deadly war fought between the World Wars I and II. The Party fought the war by trying to "persuade" peasants to "voluntarily" join the communes using lies, false promises, peer pressure, coercion, and finally naked force. Moreover, a massive, coordinated propaganda barrage extolled the manifold virtues of collectivization and condemned those "rich" peasants--or "kulaks"--who were systematically and selfishly sabotaging this humanitarian Party effort to spread the benefits of communism to the poor peasant.

Stalin also formally declared war on *kulaks*. Party activists and even everyday workers became convinced that these kulaks were wholly responsible for the resistance to collectivization and its associated violence. Party officials throughout the Soviet Union spewed forth hate propaganda, and consistently harangued activists on kulak evil-doing. Whipped into frenzy of hostility, and upon being sent out to the countryside in waves of collectivization, activists and cadre unleashed their pent up rage on any

assumed kulaks.

Kulaks were not only scapegoats, they were the focus of attack. Stalin pursued the collectivization campaign through a campaign to eliminate the kulaks as a class, and decreed the liquidation of all kulaks and their families, even extended relatives. This meant an execution for many, or the slow death of labor camps for lots more. Others were barely more fortunate to be deported by the Party to forced settlements in remote regions, like Siberia--in some ways worse than camps. Kulaks were not regarded as people, but as more like vermin.

This kind of scapegoating, deception, propaganda, and use of naked force are intrinsic to a command economy. To command an economy means just that, to use commands that subjects absolutely must obey--else prison, camp, or death--to get done what is planned. Since human beings have their own interests and are unwilling to be shoved around like so many chess pieces, they have to be persuaded or pushed, and as communist cadre everywhere have seemed to say, "If some die in the process, so be it--you can't make an omelet without breaking eggs."

In practice, those liquidated "kulaks" were mainly the peasants who had been more successful farmers--they owned fatter cows, they built better houses or barns, and they earned more than their neighbors. In short, these were not the rich (the average kulak earned less than the average factory worker, or the rural official persecuting him), the exploiting landlord. They were simply the best farmers. And they paid for their success. The Peasant War consumed their lives and the country. Speaking with Churchill during a World War II summit, Stalin admitted that this Peasant War was worse than that against the Nazis, it "was a terrible struggle....It was fearful." After saying that he had to deal with 10,000,000 kulaks, Stalin claimed that "the great bulk was very unpopular and was wiped out by their laborers."

Stalin's estimate was not far off. From 1929 to 1935, the Party deported to labor camps or resettlements, usually to a slow death, possibly 10,000,000, maybe even 15,000,000, "kulaks" and their families. Even infants and children, and the old and infirm. Even they apparently stood in the way of progress, of Stalin's collectivization. The cost in lives? The Soviets themselves admitted that their collectivization and dekulakization campaigns might have killed 5,000,000 to 10,000,000 peasants. This was mass murder, a hidden Holocaust that few in the world outside the former Soviet Union know about. All to apply an untested, theoretical economic model--Marxism-Leninism.

And did collectivization work? No, this greatest of experiments in scientific, social engineering, utterly failed. It denied the laws of economics and human nature, of the free market; and so, the communes never did produce enough food for even the Soviet

table. The Party had to turn to massive food imports and to giving the communes some freedom, but to no avail. Stalin helped agricultural productivity most when he permitted peasants, during their time off, to plant food on a little plot of land the Party gave them near their collective. As one might expect, these little plots became highly productive, and eventually accounted for most of the food produced in the Soviet Union, strongly vindicating the free market model.

Incredibly, the horror of collectivization was only the beginning. This Peasant War and the resulting communes totally disrupted the agricultural economy. By 1932, famine again threatened, but there was the Peasant War and the Party could not give aid to the enemy. In fact, Stalin saw the famine as positive: it would encourage peasants to join the collectives, particularly if that were their only source of food. But Stalin perceived another potential benefit from a famine. He could use it to squash Ukrainian nationalism. Ukrainians, even top communists, were becoming more assertive about strictly Ukrainian interest: music, language, Ukrainian history and literature were undergoing a renaissance. Stalin could not allow this to continue, since Ukrainian nationalism was inherently an opposing force to communism, at the heart of which was the peasant. Destroy them and Russian immigrants and collectivization would easily follow.

So Stalin opened in 1932 a new and differently fought front of the Peasant War by ordering an impossible grain delivery target of 7.7 million tons out of a Ukrainian harvest already reduced by a third from that of 1930. After much argument Ukrainian officials got this reduced to 6.6 million tons, but when the Party apportioned quotas among the villages, said one survivor, "Our village was given a quota that it couldn't have fulfilled in ten years!" In effect, the quotas were a sentence to death by starvation for Ukrainian peasant families. Stalin's war strategy on this front was simple yet imperial in scope: to force the unwilling peasants into communes, while also destroying the spiritual resources and cultural achievements that supported their nationalism.

As shown in Table 4.2, although collecting more grain than ever, although exporting millions of tons of grain, the Party showed the starving peasants no mercy. It took even warm baked bread off the peasant's tables. It marshaled detachments of workers and



Work of 100,000 prisoners on the White/Baltic Sea Canal 1931-33. Tens of thousands died.

activists to seize every last bit of produce or grain, including the seed grain needed for planting. They went through peasant homes with rods, pushing them into walls and ceilings, seeking hidden stores of food or grain;

they dug up or poked around yards with rods searching for hidden food, and brought in special animals to sniff out the food, like trained dogs now sniff for drugs in traveler's suitcases. To the Party officials and activists, peasants must have food hidden somewhere, since they were still alive.

TABLE 4.2.
Soviet Grain Collection 1928-1933

Period	Collected[1]	Exported
July, 1928-June 1929	10,790	-184
July, 1929-June 1930	16,081	1,343
July, 1930-June 1931	22,139	5,832
July, 1931-June 1932	22,839	4,786
July, 1932-June 1933	18,513	1,607

1. Thousand tons. Includes milling levy.

To survive, the peasants ate roots; they boiled bark and the soles of their boots for the broth. But at each grasp for food, the authorities stepped on their hands. When the peasants started eating their dogs and cats, the Party ordered village officials to bag a "certain quota of dog and cat skins," and they thus went through the village shooting these animals. When the peasants tried to eat birds and their eggs, communist activists organized systematic bird hunts, shooting birds out of the trees with shotguns. Finally, the peasants ate horse manure; they fought over it, sometimes finding whole grains in it. Emaciated, enfeebled, near the end, they sometimes ate--as have North Koreans during their communist-made famine--their own children and those of their neighbors they could kidnap.

The Party left the peasants with nothing. To isolate these starving victims, the Party ordered the military and police to seal Ukrainian borders to block the import of food. And the Party blacklisted some villages with especially stubborn peasants, totally isolating them from the outside; and forbid the sale of any food or other products--even soap.

And then they died by millions in the Winter of 1932-33. Stalin prevented any aid until he was sure that the Ukraine would no longer resist collectivization or be a threat to communism. About eighteen months of famine did it. With whole villages lifeless, highways and fields dotted with the dead, the survivors too weak to work, the Ukraine

prostrate and even workers in the cities now threatened, with victory in hand, Stalin ended quotas in March, 1933; in April some army grain reserves were released for distribution to the dying peasants.

The result? The Ukraine was like a huge Nazi death camp, with about a fourth of all peasants dead or dying, and the rest so weak and debilitated as to be unable to bury the dead. On Stalin's orders, about 5,000,000 Ukrainians had been murdered through starvation, 20 to 25 percent of the Ukrainian farm population. Another 2,000,000 probably starved to death elsewhere, such as 1,000,000 in the North Caucasus alone. While Stalin intended the Ukrainian deaths, those elsewhere were the unintended by-products of the war on the peasants--collectivization.



Stalin's Ukrainian famine victims

Still, the Party did learn little from this famine. It loosened its controls, and, as mentioned, allowed the peasants to operate small, free market, plots. But this was not enough to prevent famines. Aside from some local famines in the next decade, another major one occurred in the Ukraine and Byelorussia in 1946 to 1947. This time only 500,000 to 1,000,000 people starved to death. (For the overall toll of mass murder during collectivization and from the Ukrainian famine, see [Table 1.1](#) of my [Lethal Politics](#))

Regardless of these famines, no matter the costs of collectivization, some Western intellectuals claimed that the communist induced rapid industrialization had brought a better life to the average citizen. Hard to believe now, but there were Western books and articles extolling Soviet progress, and pointing to this as the wave of the future that all our politico-economic systems should emulate. One such the work by the English socialists Sidney and Beatrice Webb, *Soviet Communism: A New Civilization?* (with the question mark dropped from the second edition) written during the worst of the collectivization and the Ukrainian famine. Even years later, when, details of the cost of Soviet communism and the famine, and the nature of the Party's dictatorship was much better known, they would write that the country was a "full-fledged democracy." And the very influential British playwright and socialist George Bernard Shaw would call

the Soviet Union "a really free country." In the eyes of these writers, the Soviet's now had national health care, guaranteed housing, social security, no unemployment, and a "democratic government" that marshaled all society's resources to create a better future, unlike the dictatorship of the rich in the West where greedy capitalists climbed over each other's bodies to impoverish the worker.

This stuff could only have been written by utterly ignoring the reality of Stalin's mass murder, enslavement of his people, and his famines. It is as though these Western supporters had visited a Nazi concentration camp and emerged claiming that the camp's government guaranteed that their subjects would have food, work, and a place to live, and the democratic right to elect the head of their barracks.



Sidney Webb 1859–1947

Even some thirty years after Stalin's death in 1953, even after some seventy years of Party command over the economy, even after life in the Soviet Union had markedly improved since the famine collectivization and famine years of the early 1930s, the Soviet citizen hardly lived better than in czarist times. As typical of communist countries, shopping in Soviet cities was often a long hassle, with lines after lines of people waiting to buy scarce goods; of days spent just to find toilet paper, sausages, or shoes; of a line for a ticket to buy an item, a line to pick up the item, and yet a third line to pay for it. The communist elite was too important to waste such time and deserved better, to be sure, and had their own restaurants, their own stores in which to buy the best of goods, their chauffeured cars, and their Party-owned villas or retreats. As one of the best indicators of public health, infant mortality was increasing, not decreasing as in all free market democracies.

Well, you might say, this really was Russia, and you know, the Russians; they were barbarians compared to Western Europeans. Then consider China (see contemporary [map and statistics](#), and [world map](#)), a far different country culturally, whose people have a reputation for intelligence and industriousness. In 1949, the Communist Party under Mao Tse-tung won the Civil War against the Nationalist government in 1949, and control over mainland China. Immediately Mao moved to consolidate and centralize power, destroy any source of opposition, and make communist authority supreme throughout the land. At least acceptance, if not outright loyalty, had to be assured to apply the communist economic model, especially among the mass of peasants. With actual or potential resistance liquidated, Mao then could command nationalization,

collectivization, and forced industrialization.

In hammering out this transitional, "dictatorship of the proletariat," the Mao and his henchmen in the Party murdered many millions of Chinese, sent them to forced labor camps to die, or caused them to commit suicide. It was often enough to be a better-off peasant, a simple businessman, a minor member of the former government, a humble priest, or a Westerner's friend. And any resistance to the Party or criticism of Mao or communism was enough for a bullet behind the head. This terrorism soon reached into the smallest village and furthest reaches of China.



**Mao Tse-tung
1893-1976**

This preparatory softening up and totalization of Chinese society took almost four years. It involved many movements or campaigns, each an effort by the new rulers to define specific goals and enemies, to name these and the suitable tactics and perhaps quotas to the lowest cadres, and to mobilize the masses through slogans, giant mass meetings, required political and orientation sessions, and often outright incitement to violence against the class enemy. Mao aimed some of these movements at economic growth or social welfare, such as the "Increase Production and Thrift," "Patriotic Cleanliness and Health," and "Elimination of Illiteracy" movements.

Perhaps the best known of these movements was that of "Land Reform." China was and still is a land of farming villages. Traditionally, much power in the village had rested with the gentry and relatively rich landowners. They were a largely independent power base, historically moderating between the peasants and the power of the local and central governments. This was not a feudal, peasant-landlord class system as had existed in Europe. The Chinese peasant was independent and often owned his own small piece of land.

Acting through the Party's organization, officials, and cadre, Mao's method used to destroy this free agricultural market was simple: create class hatred of what landlords there were and of the "rich" and then give him their land and wealth. Moreover, if the Party also could incite the peasant to kill or participate in killing the landlord, his fear of revenge or of losing his new land would cause him to support the Party. Therefore the Party's directive to cadres:

Adopt every possible measure to rouse the hatred of the people and excite them into frenzy and hysterical animosity against the landlords. The high-ranking cadres responsible for the Land Reform Movement must not hesitate to allow the Land Reform Squads a free hand in executing landlords³

The technique was for a group of activists to occupy a village, and then within a few days to select the victims, and arrange a "trial." The cadre would then haul the victims out of their beds at night, beat, humiliate, insult, and spit upon them, and eventually bring them before a "tribunal" seated at a table, and comprising Party activists, one or two local sympathizers, and if possible some person with some judicial experience to lend legal color to the proceedings. Then there would be the "jury," a crowd of local peasants who the activists had already aroused against the victims. Peasant faces would show manufactured hatred based on fear, for their cadres were watching them for compassion for the victims or lack of enthusiasm for the proceedings.

Amid cries of "enemy of the people," or "counter-revolutionary jackal," or "imperialist lackey," cadre would force the victim to face his "jury" with his hands tied, and with prompting from the "tribunal," to recite his crimes against the revolution. Then a member of the "tribunal" would say that the victim's punishment should be death, at which the coached "jury" would shout widely "Death!" Then the cadre would immediately shoot the victim, or wait until after they dug their own grave.

The Party officially ended "Land Reform" in 1953, and according to the Party affected around 480,000,000 of about 500,000,000 million peasants; almost 114,000,000 acres forcibly changed hands. Under this guise of redistributing land to the peasants, the party destroyed the power base of the gentry and rich peasant, and got the acquiescence, if not support, of the poorer peasants.

How many landowners and their relations the Part murdered or caused to commit suicide in this vast and bloody campaign we can never know. A reasonably conservative figure is that about 4,500,000 landlords, and relatively rich and better-off peasants were murdered. As fantastic as this human toll may be, the words of the highest party rulers give it credibility. In official 1948 study materials about "agrarian reform," for example, Mao instructed cadres that "one-tenth of the peasants [about 50,000,000] would have to be destroyed." Jen Pi-shih, a party Central Committee member, had also said in a 1948 speech to cadres that "30,000,000 landlords and rich peasants would have to be destroyed." (for a breakdown of mass murder-democide--by period, see [Table 8.1](#) of my [China's Bloody Century](#))

TABLE 8.1
PRC DEMOCIDE 1949-1987 [1]

PERIOD	YEARS	DEMOCIDE [000]	DEATH RATES %		WAR/REV. [000]
			PERIOD	ANNUAL	
Totalitarianization	1949-1953	8,427	1.48	0.35	2,785
Collectivization	1954-1958	7,474	1.21	0.24	25
Retrenchement	1959-1963	10,729	1.63	0.33	26
Cultural Revolution	1964-1975	7,731	0.96	0.08	563
Liberalization	1976-1987	874	0.09	0.01	42
TOTAL	1949-1987	35,236	4.49	0.12	3,440

1. Totals may be off due to rounding. Figures from Appendix II.A.

Power thus tightly centralized, society totally under control, and all possible countervailing forces destroyed or emasculated, with now a true command economy to work with, and having learned nothing from Stalin's horrible debacle, Mao put collectivization into effect. After some preliminary collectivization of the peasant into cooperatives, in April 1958 Mao began the forced collectivization of peasants into communes with the establishment of the "Sputnik " commune in Honan Province. The Beijing *China Youth News* described what it was like to live *in this commune*, with unintentional irony:

At dawn the bugles sound and whistles blow to gather the population of the commune.... A quarter of an hour later the peasants are drawn up in a line. At the orders of their brigade and company commanders they now move off in military step to the fields, carrying their banners. Here you no longer see the small groups of peasants, two or three at a time, smoking and making their way leisurely to the fields. Instead you hear the measured tramp of many feet and the sound of marching songs. The age-old habit of living haphazardly has now disappeared forever with the Chinese peasants. What an enormous change! In order to adapt itself better for modern life and collective labor the commune has launched a movement for the shifting and reunification of the villages. The peasants now move together in groups to spots nearer to their place of work. What an astonishing change! From the days of antiquity the peasants have regarded the home as their most precious possession, handed down to them by their ancestors. But now that the little patches of land, the small houses and the livestock have become the property of the commune, and now that the bonds which attached the peasants to their villages have been severed so that there is nothing left of their former home which they could still desire, they feel at peace. Now they say: "The place where we live doesn't matter to us; we are at home anywhere."

This "success" of this "model" commune, so the Party reported, led to a "spontaneous demand" by the peasants throughout China for communes of their own. Acceding to this, the Party ordered communes set up everywhere. Then the newly acquired land, and all else the peasant owned, such as sickles, bamboo or wooden carrying poles, baskets, farming tools of all sizes and types, and even houses, became the property of the communes. Virtually all that hundreds of millions of peasants owned was nationalized in one titanic gulp.

By the end of 1958, the Party had organized into 26,000 communes over 90 percent of the population--about 450,000,000 Chinese. The peasant was now the property of the commune, to labor like factory workers in teams and brigades at whatever the Party commanded, to eat in common mess halls, and often to sleep together in barracks. In an

instant, for about one-seventh of humanity, Mao had destroyed family lives, traditions, personal property, privacy, personal initiative, and individual freedom. Mao and Party functionaries now dictated every condition of peasant lives, now truly creating a *command* agricultural economy.



A commune in Henan

Mao still found time for even more Movements to remove any possible critics or opponents to its policies and ideology. One example was the "Anti-Rightist" Movement, which was notable for assigning quotas. Mao gave educational institutions, from primary and middle schools to technical schools, and up to the university, quotas of between 5 and 10 percent of their staffs to be delivered to the state as "rightists," who would then be imprisoned, tortured, and possibly executed. And because the quotas for rightists were often higher than institutions had legitimately qualified rightists to fill, rightists had to be invented. To understand this system is to know that some institutions would enthusiastically overfill their quotas.

But this was a diversion from the main line. Even as Mao was displaying the first model commune and planning to modernize agriculture, he also undertook to catch up with the West in industrialization, particularly Great Britain in steel production. Indeed, Mao considered collectivization and industrialization two legs of China's socialism, necessary for China's "[w]alking on two legs," as he put it.



Great Leap Forward poster

Beginning in May 1958, slogans, exhortations, drum-beating mass meetings, mobilized the whole country in a "Great Leap Forward." The Party hastily built workshops and factories, reportedly half-a-million in Hopei Province alone in less than two months. It erected Iron smelters throughout the country side; 1,000,000 by October, involving 100,000,000 Chinese. It ordered the communes, and "encouraged" millions of urban families, to contribute pots, pans, cutlery, and other iron and steel possessions for smelting. Peasants had to work day and night, fourteen or sixteen hours or more, on these projects.

And production statistics zoomed. But top Party officials soon realized that local



Guandong peasants labor
in Great Leap Forward

authorities had falsified the statistics. What factories and workshops produced was often worthless junk; much of the iron produced in backyard furnaces was impure and unusable slag.

All of this demolished Chinese living conditions. In a pre-1937 survey of 2,727 households spread around 136 different areas of China, the average food consumption of each adult male was 3,795 calories. In 1956, official sources reported the daily individual food consumption as less than 2,400 calories--an astounding 37 percent drop. In 1957, according to official statistics, rice production was 82,000,000 tons.

This reduced to 340 grams (12 ounces) per person per day; and considering the better rations of officials, soldiers, and agents, the ordinary person got less than 320 grams, as refugees reported, or under half the normal daily calories needed. Although there were nearly 150,000,000 fewer people in 1936, the rice production then was about the same as in 1957. Predictably, in 1956 and 1957 there was famine in certain districts.

Then there were the many the Party murdered during this collectivization period. As best we can estimate, the collectivization and the "Great Leap Forward," as well as the campaigns against "rightists," probable cost about an additional 5,550,000 Chinese lives.

This is not all this economic model, supposedly vastly superior to the free market, cost these poor people. The worst was yet to come. The effects of collectivization and the "Great Leap" were disastrous. Already in 1959, the negative effects on public welfare evident in previous years were multiplying. For example, *Honan Peasant's Daily*, a provincial newspaper, disclosed that many peasants died from overwork or malnutrition that summer. During two summer weeks, 367,000 collapsed and 29,000 died in the fields. Other papers revealed that over a similar period 7,000 so died in Kiangsi, 8,000 in Kiansu, and 13,000 in Chekiang.

The peasant was trapped by these conditions. With the Party forbidding the peasant from leaving his commune or work place, he could only rebel. From 1959 to 1960, the peasant rose up in arms in at least five of China's provinces, rebellions that the military could not subdue for over a year. It was reported that in Honan and Shantung "members of the militia stole weapons, set up roadblocks, seized stocks of grain, and engaged in widespread armed robbery." In 1959, rebellions took place over a large area in Chinghai, Kansu, and Schechwan; and during the same year Chinese, Hui, and Uighur forced laborers rebelled together and destroyed trucks, mines, bridges, and

tunnels.

But all this was part of the buildup to the worst famine in world history. According to the demographer John Aird in an U.S. Bureau of the Census study, during the late 1950s and early 1960s possibly as many as 40,000,000 people starved to death. However, the demographer Ansley Coale, using official Chinese data and adjusting for underreporting of vital statistics, concluded that 27,000,000 died, which is more in line with other estimates. This massive death toll is as though every person in Texas and Virginia in 1999 starved to death.

This famine was largely the result of failed communist policies and the grandest, most ambitious, most destructive social engineering project ever: the total communization and nationalization of an agriculture system involving over half-a-billion human beings and its reduction to military-like central planning and administration, and the vast and hurried "Great Leap Forward."

A wide-scale drought there was, affecting 41 percent of the farmland in 1959 and 56 percent from 1960 to 1961. This doubtlessly triggered the Great Famine and might have caused a million or so deaths had it happened in the 1930s under the corrupt Nationalist regime. But now the agricultural system was in such disarray and social policies were so counterproductive that the greatest of all famines was inevitable.

This, added to privation and famine, was enough for some people. More so than in 1959 and 1960, peasants resort to armed rebellion. During 1961 and the following year in southern China, there was continuous guerrilla warfare, and Fukien Province, across from Taiwan, also saw a serious armed uprising. A former army officer, a Colonel Chung, led some 8,000 peasants to attack the militia and loot granaries in Wuhua. During 1961 alone, official sources admit that resistance included 146,852 granary raids, 94,532 arsons, and 3,738 revolts. In addition, according to General Hsieh Fu-chih, the Minister of Security, there were 1,235 assassinations of party and administrative cadres.

As with the Soviet Union, many Western intellectuals were under the spell of Chinese communism, particularly of Mao, and argued that he had greatly improved the lot the average Chinese. Here also, if we do the ridiculous and ignore all the mass murder, total deprivation of freedom, and resulting Great Famine, we still must find these arguments naïve or ill informed. Life for the city dweller was better under the previous fascist Nationalist regime than under the communists. After more than twenty years of communism, the average Chinese standard of living had fallen below what it was before the Sino-Japanese War that began in 1937.

To further prove that to deny people freedom is to produce an economy of scarcity, famine, and death, note the wide-scale, famines that communist parties also have made elsewhere. In Chapter 1, I mentioned the famine in communist North Korea and the Party's bankrupting of the country. In an entirely different part of the world, communist Ethiopia put in place controls over agricultural production in the 1980s, and 1,000,000 Ethiopians starved to death or died from connected diseases--this is out of a population of 33,500,000 people, which made this famine nearly as large as China's proportionally.

These empirical economic experiments with an alternative theoretical model to the free market; this incredibly, bloody rebuilding of whole societies and cultures to match utopian plans; this force fitting of people into one job or another; and this effort to do better by dictator's command what free people can do better for themselves; has totally failed. All you need to do is think of the marketplace in any liberal democracy compared to the shortages, long lines, limited choices, massive famines, and bloody repression that prevailed in these command economies. Better yet, just think of the success of Gates and Microsoft. There is a joke about the command economy that Eastern Europeans made when they lived under communism: were a communist country to take over the great Sahara desert, we would hear nothing for ten years, after which there would be a shortage of sand.

Famines have also happened in authoritarian and fascist nations, although not even close in deaths to those under communism. By contrast, no democratically free people have ever had a famine. None. This is so important that I will put an even sharper point on it. *By the very nature of freedom, a free people are immune to one of humanity's' worst disasters, a famine.* This can be seen from in [Table 4.3a](#), summarized here in Table 4.3b.

TABLE 4.3b
20th Century Famine Totals

	Free	Partly Free	Unfree	Non-Sovereign	Totals
No. of Countries	0	15	30*	16	60
Fam. Dead (000)	0	14,374	>60,080	>12,115	>86,569

* Angola 1974-76 famine counted in both unfree and colony categories.

TABLE 4.3a
20th Century Famine

Country	Famine Years	Non-Sovereign	Famine Dead
Angola	1974-76	colony/unfree	?
Greece	1944?	Nazi occupied	250,000
India	1943/44	colony	3,000,000
Indochina	1945	Japanese occupied	1,500,000
Lebanon/Syria	1914-16	colony	325,000
Levant	1914-18	colony	56,000
Malawi	1949	colony	200
Mozambique	1906	colony	9,000
Netherlands	1944-45	Nazi occupied	15,000
Nigeria	1905	colony	5,000
Nigeria	1942-43	colony	?
Rwanda	1943-44	colony	300,000
Tanganyika	1907	colony	30,000
USSR (Eastern)	1941-45	Nazi occupied	6,500,000
West Africa	1913-14	colony	125,000
Zimbabwe	1922	colony	47
TOTAL DEAD			>12,115,247
Partly Free			
Armenia	1918-20	partly free	50,000
Austro-Hungary	1918-19	partly free	75,000
Bangladesh	1974	partly free	2,000,000
China	1927	partly free	4,000,000
China	1929	partly free	2,000,000
China	1942-44	partly free	4,500,000
China	1946-47	partly free	50,000
El Salvadore	1979-88	partly free	23,000
Ethiopia	1966	partly free	55,000
Ethiopia	1957-58	partly free	250,000
Ethiopia	1973-74	partly free	200,000
Germany	1918-19	partly free	203,000
Mexico	1900-20	partly free	900,000

Spain	1931-39	partly free	38,000
Uganda	1980-81	partly free	30,000

TOTAL DEAD

14,374,000

Unfree

Angola	1993-94	unfree	?
Cambodia	1970-75	unfree	30,000
Cambodia	1975-79	unfree	1,350,000
Cambodia	1979-81	unfree	250,000
Chad	1975-83?	unfree	100,000
China	1920-21	unfree	500,000
CHINA	1959-62	unfree	30,000,000
Ethiopia	1974-75	unfree	50,000
Ethiopia	1984-85	unfree	1,000,000
Korea, North	1995-	unfree	3,000,000
Liberia	1992-93	unfree	?
Liberia	1995-98	unfree	?
Mozambique	1982-85	unfree	250,000
Nigeria	1968-70	unfree	1,000,000
Sierra Leone	1995-98	unfree	?
Somalia	1974-75	unfree	20,000
Somalia	1991-93	unfree	500,000
Sudan	1988	unfree	250,000
Sudan	1984-85	unfree	250,000
Sudan	1998-	unfree	1,500,000
Tanganyika	1929	unfree	500
Tanganyika	1917-19	unfree	30,000
Turkey	1914-18	unfree	2,000,000
USSR	1921-23	unfree	9,000,000
USSR	1931-33	unfree	7,000,000
USSR	1946-47	unfree	2,000,000
Zaire	1997	unfree	?
Zaire	1977-78	unfree	?

TOTAL DEAD

60,080,500

This is not because nature is kinder to democracies. Note, for example that in 1931 the worst drought ever to hit the United States began in the Midwestern and southern plains states and centered on Colorado, Kansas, New Mexico, Texas, and Oklahoma. By 1934 the drought had spread to 27 states and covered over 75 percent of the country. Without rain, farmlands that were over-plowed and over-grazed became powder dry, resulting in huge dust storms called "black blizzards." Drought took out of cultivation about 35,000,000 acres of farmland, and dust storms removed or were removing topsoil from 225,000,000 acres more.



Dust bowl dust clouds

Just in 1935, 850,000,000 tons of topsoil probably blew off the Southern Plains. As the drought and dust storms continued year after year, whole farm families fled in caravans, wagons and carts piled high with belongings; leaving behind vacant homes and farm machinery partly buried in dusty soil.

Through a variety of relief, cultivation, and conservation projects and programs, Congress and the Roosevelt Administration acted to save what land, crops, and livestock they could, and help the farmer survive the drought. Finally, in 1939 the rains came and the drought was over.

While even lesser droughts had caused the starvation to death of many tens of millions where governments forbid a free market, I could not find a reference to even one American starving to death during the dust bowl. Some Americans did die of suffocation from the dust storms, however, and some died of related diseases.



Buried in dust

The worst famine to hit a European country in the last two centuries was the Irish famine of 1845 to 1849, which is sometimes blamed on a free market. A fungus attacked and destroyed the potato, the major crop of Ireland's peasants, causing massive famine throughout the country and the death of perhaps 1,000,000 people, almost 13 percent of the population. Now, Great Britain had united Ireland with her by the 1801 Act of Union, and before that had ruled Ireland as, in effect, a colony. Over the previous centuries the British had tightly controlled the development of the Irish economy through many repressive laws, such as those inhibiting world and British trade with



Searching for potatoes

Ireland. In particular, various British governments were intent on suppressing Roman Catholicism, the religion of virtually all Irish peasants. Dating from 1695 and not fully repealed until 1829, laws to this end had a disastrous effect on Ireland's agriculture.

For



Food riot in Dungarvan

example, the British forbid the Irish Catholic to receive an education, engage in trade or commerce, vote, buy land, lease land, rent land above a certain worth, reap any profit from land greater than a third of his rent, and own a horse worth more than a certain value. This code so distorted Ireland's agricultural system, so impoverished the

peasant, and so made them dependent on their landlords that any natural disaster wiping out their crops could only mean a major famine. Moreover, because of limits on the franchise, the secret ballot, and the manner of representation and legislative voting, Great Britain was not even an electoral democracy at the time of the famine. It did not become a democracy until it democratized its electoral system later in the century.

But there is even more to freedom than just avoiding disaster. It is no accident that democratically free people are the most economically advanced, technological developed, and wealthiest in the world, as shown in the [Appendix](#) and Figure 4.1, above. Nor is it by chance that the poorest nations are those in which their dictators allow no or little open economic competition, prevent people from buying and selling goods freely, and encourage bribes of government bureaucrats or their relatives.

Then look at the economic miracles in Germany and Japan. The Allied bombing of these countries in World War II thoroughly destroyed their economies and infrastructures. Germany and Japan also had to absorb millions of returning soldiers and civilians, which for West Germany alone was about 8,000,000 Germans, most

homeless and hungry. How did these countries recover as fast as they did, going from being among the most devastated of nations in 1945 to being in the early 1990s among the most economically powerful states? In each case, it was the effects of freedom, particularly a free market.

Of course, when the Allies occupied these countries after the war, they provided aid to relieve starvation, but this would have only been a short run solution had not they also broken up monopolistic government-big business cartels, encouraged private enterprise, freed the market place of many government controls, assured the rule of law, and democratized their political systems. It is to the credit of the Japanese and West German postwar leaders that when given their nation's independence, they maintained and enhanced their people's democratic freedom. Both Japan and German are now liberal democracies.

For further proof, note the rapid economic growth and modernization of now-democratic South Korea. A good measure of this growth is in its annual total of goods and services, or gross domestic product. This averaged a growth rate of 5.3 percent annually, 1950 to 1985, despite the devastating Korean War during the first three years. For the world as a whole, the average was less than half that, or 2.3 percent. In 1998, South Korea's growth rate was even higher at 6.8 percent, and it is now becoming a close competitor to Japan. Compare this to North Korea, with the same ethnicity, culture, and traditions, and with a more developed industrial base before the communist takeover. While the southern half of Korea is prospering, as noted, under a command economy the north is bankrupt, economically ravaged, with its people suffering severe famine and dying in the millions.

There is also the example of now-democratic Taiwan, whose economy from 1950 to 1985 grew at a rate of 7 percent, leveling off in 1998 to 4.8 percent. Taiwan now is among the industrially developed nations. Then there is the "Asian tiger" that is Singapore, which despite an authoritarian government has allowed the market to be free, and thereby has become an economic jewel of Southeast Asia. Over the years 1950 to 1985 it grew at an average annual rate of 7.9 percent, making it then the economically fastest growing country in the world.

The former British colony of Hong Kong is another free market, economic jewel. Located on a series of small islands and a small strip of mainland China, it comprises only 397 square miles. In 1945 it had a population of fewer than 600,000, but through natural population growth and by absorbing millions of refugees fleeing communist China, its population swelled to over 6,000,000. Though there were so many people on this small bit of land, there was little unemployment, a bustling, productive, and continually growing economy, and an annual growth rate of 6.9 percent, which was only slightly behind Singapore and Taiwan at the time.

Now compare the results of the freedom in South Korea, Taiwan, Singapore, and Hong Kong, to what happened in mainland China when Mao deprived its people of any freedom: total economic disaster, rebellions, economic retrogression, and people starving to death by the tens of millions. With the death of Mao in 1976, the new Party dictators began to liberalize its economy and introduced a semi-controlled free market in many areas of the country, as described in Chapter 1. Total party control had so devastated the economy that once it lifted many of its controls, China's economy leaped forward at or near a double-digit rate. In 1998, it was growing at 7.8 percent. The Chinese people are rebuilding their cities, a new class of Chinese investors and businesspeople is competing with businesses from abroad, and for the first time in decades the Chinese now have plenty of food. The signs of economic vigor and growth now astound a visitor returning to China after thirty years' absence.

Of course, I have only given examples here and not a systematic analysis of the consequences of freedom for all nations. That has been done in the [Appendix](#) and proves in general what the above examples show: no reasonable person can now deny that the evidence overwhelmingly supports freedom as a means to the economic betterment of society and the fulfillment of human needs. Quite simply,

freedom produces wealth and prosperity.

These are moral goods of your freedom, a moral reason for you to be free.

Previous chapters have established that you have an inherently moral right to be free, regardless of the consequences of freedom--its utility. Now we can say that, anyway, freedom does also have very desirable, moral consequences for humanity: wealth and prosperity. We have known for near two centuries this result of freedom, and its teaching by classical liberals of previous centuries did much to free Western economies from the heavy hand of government regulation and control. But this is not the only or maybe the most important moral good of freedom. Freedom has yet other moral goods that I will discuss in the next chapters. And of these not many people are aware.

NOTES

* Written for this web site. I am indebted to Judson Knight for his careful editing and helpful comments on a draft of this chapter. For the statistics on the Soviet Union and China and the details of their historical periods covered here, see my [Lethal Politics](#) and [China's Bloody Century](#).

1. Quoted in G. P. Maximoff, *The Guillotine at Work: Twenty Years of Terror in Russia (Data and Documents)*. Chicago: The Chicago Section of the Alexander Berkman Fund, 1940, p. 149.

2. Miron Dolot, *Execution by Hunger: The Hidden Holocaust*. New York: W. W. Norton & Co., 1985, p. 92.

3. Quoted in Ching-wen Chow, *Ten Years of Storm: The True Story of the Communist Regime in China*. New York: Holt, Rinehart and Winston, 1960, p. 101.
