

EPISODE 6

IF WE'RE SO DUMB, HOW COME WE'RE RICH?

Hi there. Welcome to the end of the world. My name is Michael Folz. And this is the sixth installment of my podcast Dial It Back Or Die. In the last episode I went over the real back story of that negative materialistic ideology which has the oh so nice sounding name of Liberal Democracy. And I dwelled quite a bit on the life and thoughts of one Jeremy Bentham.

Now was this a bit too simplistic? Of course it was. After all, there have been any number of writers and promoters on the subject of classical liberalism over the last couple of hundred years. What's more, these ideas didn't come out of nowhere. So that it's really important to have a firm understanding of that period of intellectual history from the latter 18th Century ironically known as the Age of Enlightenment. Which I will be going over in somewhat exhausting detail later on. In fact, I will be arguing that the real seeds of change in the mentality of the West can actually be traced back to the 16th Century.

But I will also be pointing out that there were lots of other ideas which were associated with the real Age of Enlightenment which have not carried over to the present time. And that the ones that have, well, not so coincidentally they were the ones that Jeremy Bentham decided that he liked. So that, when you hear pundits of today solemnly invoking 'Enlightenment values', they are still mostly just repeating the assumptions of Bentham and John Stuart Mill. And this being the case, I therefore still firmly stand by my contention that virtually all of the certainties of the postmodern head space can easily be traced back to the mind of this strange little man.

And why hadn't you heard of him? Well, first of all, if anyone actually knew that this was the person who was responsible for the postmodern head space, those people with the postmodern head space would be greatly disturbed.

More importantly, though, every ideology seeks to pretend that it is somewhat like mathematics or science, in that its so-called 'truths' are somehow independent of said ideology's founder. You know, kind of like gravity exists independently of the historical fact that Isaac Newton first described it. Or

that the Theory of Relativity exists independently of the thoughts and life of Albert Einstein. As I've already mentioned, Marxists were totally convinced that Karl Marx had merely teased out immutable laws of nature and laws of economics which had always existed.

And how much better if you the ideologue can successfully pretend that your particular ideology didn't even have a founder. That it was the inevitable outcome of 'Freedom' or 'Dignity' or 'Human Rights'. Or whatever.

And, as I've already mentioned, ideologies also like to pretend that they are somehow connected to the noble men and ideas of the past. And/or that the adoption of said ideology was historically inevitable.

Because here's something you should never forget: That legitimacy is always the name of the game. So something else that ideologies need to do is to demonize the past. That way, if, for instance, a Marxist regime can convince everyone that workers in the past were horribly exploited, then the present day, no matter how oppressive, will still seem to be better. Likewise, if Liberal Democracy convinces everyone that the status of women in the past was little better than that of a slave, then their present condition, no matter how objectively degraded and stripped of self respect they are in actuality, it will still seem to them like progress.

And we'll be getting into the whole demonization of the past thing later on. For now, though, I'd like to focus on one final way that ideologies seek to legitimize themselves. And this is through the use of propaganda and of statistics and of feel good happy talk so as to convince everyone that the present day is the best of all possible worlds. Marxism did that. And it's no surprise that Liberal Democracy does it, also.

I'm sure that in your life you've already heard many arguments to this effect: That we are living much longer lives than before. That we are healthier and better educated. That modern science and modern technology have made our lives infinitely easier. That you can walk into Costco and find fruit that is larger and more luscious than anything that any emperor of old ever ate.

Nowadays there is a professor from Harvard named Steven Pinker who has written several books that forcefully make this argument by presenting reams of statistics which supposedly prove that we are all living in the most wonderful secular utopia possible. Violence is way down, our health is ever healthier, our wealth is ever wealthier, and our security and cooperation are way up. And guess what? It's all because of our belief in liberal democracy, free markets, and the heritage of that unbelievably golden Age of Enlightenment.

Now Mr. Pinker trained as an experimental psychologist, and I can't comment on his professional work. Nor do I in any way want to assassinate his character. After all, for all I know he's the nicest guy in the world. And some of his other positions I even agree with.

But he's also obviously an ideologue. And like most ideologues he is completely oblivious to that fact. No, like a religious fundamentalist, he has a rock ribbed certainty that his belief in liberal democracy is instead some sort of revealed secular truth.

And I would assume that when he undertakes actual experimental psychology he is very careful and conservative. But remember what I said about PhD's who try to venture outside their particular fields of expertise. Not only are they often laughably ignorant, but their prestige from being a Harvard professor or such often makes them convinced that all of their other ideas and opinions must be correct.

And in this instance Pinker seems to be ignoring the most obvious flaw in his argument. Namely: If everything today is so hunky dory and secure, then why is everyone today feeling so miserable and insecure? It's like he's saying, 'Don't believe your lying eyes and ears and emotions; believe my mountains of cherry picked statistics.'

Because it would seem obvious that, if you're going to be using statistics, then you also need to be painstakingly fair about it. Because, as you know, with statistics it is so easy to be misleading. For instance, I'm sure you've often heard something to the effect of, 'Well, x number of years ago, the average lifespan was only 38. This means that virtually no one ever lived to be an old person.'

This, however, ignores what was really going on before the 20th Century. Namely that around half of all babies born died before their fifth birthday. Once you made it to the age of five, though, then your expected lifespan was only ten or so years shorter than it is today. Which means that in the real world back then there was basically the same mix of young and old as there is today. I mean, back in the 17th Century Thomas Hobbes lived to be 91. As I mentioned in the last episode, Jeremy Bentham lived to be 84. In the Old Testament, in 600 B.C., it was clearly stated that one's expected lifespan was 70 years.

And even quoting average lifespans is not all that constructive or meaningful. After all, if I told you the true fact that animals in zoos live twice as long as animals in the wild, would you therefore conclude that animals in zoos are happier than if they ran wild?

Then there's the problem of guesstimating, say, murder rates in the Middle Ages. Because even today there are big methodological problems with gathering crime statistics. So it's difficult to believe that anyone can come up with anything remotely accurate about really what went down in the 11th

Century.

But even were you to come up with the true figures, that still wouldn't tell you all that much. For instance, a few years ago the city of Juarez, Mexico, had the highest murder rate in the world. El Paso is right across the tiny Rio Grande, and in terms of population and culture you can almost think of it as a suburb of Juarez. So if I gave you the crime statistics for the greater Juarez area you would no doubt conclude that El Paso must also have been frighteningly violent. The reality, though, is that El Paso has always been one of the safest cities in all of the United States.

And I can throw in my experience from traveling around Africa. Now if you haven't ever been there, you no doubt think that it must be an incredibly scary and violent place, and that I must have been taking my life in my hands by doing that. The reality is almost the exact opposite. I've always felt perfectly safe in my travels there. Almost everyone is polite, soft spoken, and well mannered, and will almost always stop what they're doing to help you out should you need it. Really, some places there are so poor that if everyone wasn't incredibly moral and cooperative then everyone would die. But you certainly wouldn't guess any of that by looking at the statistics or by reading all the scare stories.

Getting back to Professor Pinker, he also uses his statistics to make the absurd claim that the latter half of the 20th Century was ever and ever more peaceful. Really? How about the exploding crime statistics after 1960 and the breakdown of social trust? How about the incidence of clinical depression rising with each passing decade? Again, I can clearly remember 1955. Back then women really could walk down the street in the middle of the night with no fear. And as someone who was subject to those 'duck and cover' nuclear war drills in school back then, the idea that for fifty years the U.S. and the Soviet Union were engaged in a Mexican standoff with upwards of 30,000 warheads aimed at each other's population and that this is somehow a sign of peace is beyond ridiculous.

And I could go on and on. But let's put all of those happiness questions aside for a moment, and—for the sake of argument—accept all of the health and wealth statistics as true. After all, broadly speaking, there has been an incredible amount of progress in our health, wealth, and standards of living. I myself really enjoy those mangoes and giant strawberries from Costco. I certainly enjoy how easy it is to get around the world these days.

But, pray tell me, what in the world does any of that have to do with liberal democracy?

Because, remember, the acceptance of liberal democracy is mostly a late 20th Century phenomenon. And any economic historian can tell you that most of the radical changes which lay the

foundation for present health and wealth, from indoor plumbing to eliminating childhood disease to harnessing electricity to revolutionizing transportation through cars and planes, all clustered around the end of the 19th Century. To pretend that liberal democracy or 'Enlightenment values' had anything to do with any of it is kind of like thinking that Paris Hilton's lifestyle and frame of mind are what is responsible for her being rich, and not the other way around.

Consider: Louis Pasteur, the person who discovered germs and who is therefore most responsible for that reduction in childhood deaths, did most of his work under the reign of the dictator Napoleon III. Germany, highly autocratic and highly authoritarian back then, was also hands down the world's center for physics, chemistry, and most other scientific research. Germans, living under a totally illiberal monarchy, invented the internal combustion engine, the Diesel engine, and a whole host of other technological breakthroughs. Even in America, which I've already pointed out had zilch to do with liberal democracy back then, the inventors such as Thomas Edison and the innovators such as Henry Ford were almost all of a decidedly conservative bent. In fact, as opposed to 'Enlightenment values', Henry Ford was a raging anti-Semite.

And it's pretty much a fantasy that the foundations of American wealth had anything to do with that other brainchild of the Age of Enlightenment, free markets, either.

Although before we get into that, let me make a quick point about economics in general. Because to a large extent the study and practice of economics is somewhat of a tautology.

Because remember how Marxism prized huge industrial enterprises churning out raw manufactures? And that therefore the Soviet Union was indeed a world beater in producing concrete and iron and steel? Well, in like manner, the utilitarian/liberal democracy/free market ideology that we follow only prizes those goods and services on which one can and does put a price. 'Intangibles' such as culture, peace of mind, or social cohesion *by definition* have no economic value. In fact, according to Jeremy Bentham's quantitative utopia, again, these qualities don't even exist. Therefore it is not surprising that the world as we know it should have focused on maximizing monetized goods and services.

And, by the way, you may already know that if we each mow our own lawns, then it doesn't count towards the GDP. But if we were to pay each other to mow the other person's lawn, then it would. Likewise, if a mother stays home with her children and makes meals for her family it doesn't count. But if she goes out to get a job, and as a result she has to pay for childcare, an extra car and

insurance, and the family ends up eating in restaurants, then the GDP grows splendidly.

But even if you grudgingly concede these points, you might well still feel dissatisfied. After all, we do have it pretty good in the United States. And people throughout history have kind of liked to have comfort and possessions. So we can't blame it all on an 'economic' culture that has been so highly influenced by utilitarianism, can we?

No, we can't. But at the same time to a very large extent—and this may surprise you— we can't *credit* our country's wealth to our present economic system, either. And here are a few of the reasons why:

First, consider geography. It is hard to imagine any place in the world which could be more conducive to success than the middle latitudes of North America. Our eastern seaboard was full of fine harbors, relatively good soil, and a temperate climate. The Appalachians were an early barrier to settlement, but once people discovered the Mohawk Valley in New York and the Shenandoah Valley in Virginia, then the whole central part of the country was opened up. And it was mostly flat and had probably the greatest expanse of top grade soil in the entire world. California just happened to have a huge amount of gold, and—once it was irrigated—quickly became the world's premier place to grow those giant fruits and vegetables.

Then consider our early history. Just before the first settlers arrived virtually the entire native population had been unintentionally wiped out by smallpox and other European diseases for which they had no immunity. There was hardly anyone left to fight us for the land. Thus we didn't have to deal with a large indigenous population like in the rest of the New World. What's more, since our east coast didn't have any gold or silver or any other wealth besides agricultural produce, we weren't subject to a controlling central authority back in Europe.

Our specifically English roots didn't hurt, either. Even in the 17th Century over 65% of our population was literate. With its legacy of the Magna Carta, etc., England had been the first place to develop a general sense of equality and fair play. And that was long before the Age of Enlightenment. What's more, it had just so happened that England had split into only two political parties, the Roundheads and the Cavaliers, who then morphed into the Tories and Whigs. As we shall see, democracy doesn't work so well when it involves three or more groups.

Remembering that the Founding Fathers in no way believed in 'democracy' or 'free markets' as we currently understand these ideas, let's go ahead to the 19th Century. Virtually all of the country's

wealth that was generated before 1860 was agricultural. And by far the largest part of this was due to cotton. Which was produced not by private enterprise and free hands, but, as you well know, by a pre-feudal system of outright slavery. The railroads that were built in the middle of the century may have been constructed by private concerns, but they were all massively subsidized by the federal government. America did industrialize in the latter half of the century, but this was enabled by a massive wall of tariffs which protected our native industries. Which is of course the exact opposite of free trade.

If you think about it, the idea of limited liability—which means that capitalists aren't personally responsible for their mistakes, and which is the basis of our entire modern corporate structure—also goes against the very notion of totally free markets. And the somewhat linked concept of corporate 'personhood' has nothing to do with capitalism per se, but is a result of a bizarre 1886 ruling by the Supreme Court. (Which, when you look into it, turns out not to have been in the actual ruling. But go figure on that one.)

Now it's true that by 1900 the United States was poised for greatness. But you should never forget that the way that it got into that position—the foundation that it was built upon—was a result of economic ideas and a code of morality which were directly contrary to those adapted by the latter half of the 20th Century.

And you should also understand that in 1900 there was another country which was poised for even more greatness. Germany. Autocratic and aristocratic, and by the way the world's first welfare state, it was in every way the antithesis of the liberalism of John Stuart Mill. And it had been expanding almost exponentially ever since its unification in 1871. By the turn of the Twentieth Century its industries and financial firms completely dominated Central and Eastern Europe, and its tentacles were stretching to Africa and China.

But because his much smarter, kinder father had tragically died in a botched medical operation, the bellicose doofus Wilhelm II had become Emperor. And he then stumbled his way into World War I. And although there were several points during that war when Germany came within an inch of victory, in the end it lost. So that it was pretty much a historical fluke that the 20th Century became the American Century, not the German one.

On top of that, by being neutral for the first three years of the war, the U.S. had been able to become even richer than ever by selling both food and material goods to both sides; many American farmers became millionaires as a result. And after the war we were the only major country which had

not been heavily impacted by debt and/or destruction. (Not to mention that we forced all of our erstwhile allies—who had suffered much, much more than us—to pay us every last penny for all that food and all those weapons.)

So we thrived in the Twenties.

But in the Thirties the two countries which were the runaway economic success stories were the Soviet Union and Nazi Germany. Those Five Year Plans may have been brutal, but they did produce results. And Hitler was so popular for the prosperity that he had brought to Germany that Austria voted 97% in favor of union with Germany in 1938.

In fact, at the end of World War II, after all the carpet bombing and destruction by Allied forces, (the by now underground) German factories were producing more goods than they had been doing at the beginning of the war. So that if you share the free market economist's view that moral questions shouldn't interfere with economic analysis, then you would have to agree that the 'best' (that is, most efficient) economic system ever developed was Nazi slave labor.

Anyway, at the end of that war we were once again the only country left safe and standing. So it's not surprising that we boomed in the 1950s and became the world's leading economy. Our relatively large population didn't hurt in achieving that, either. But in the 1960s European economies such as France and Germany, with their so-called 'socialist' welfare systems and their government directed industrial programs, easily surpassed us in annual growth.

Now so far we've been talking about Europe and North America. So I suppose that one could make the argument that, whatever the official economic system in various countries, still 'Enlightenment values' were at the heart of the remarkable transformation in living standards in the modern era. Even though, as I've already pointed out, mainstream thinking in the 19th Century, John Stuart Mill and his friends notwithstanding, pretty much totally disavowed the Age of Enlightenment.

But it's when we turn and look at Asia that we can really see how silly and off the mark a Steven Pinker type of argument really is.

For instance, take Japan. Because one would be hard pressed to come up with a culture which had less in common with 'Enlightenment values' than Japan's. Traditionally 'individual rights' weren't even a theoretical possibility. So much so that you were expected to commit ritualized suicide over what to us would seem to be trivial social infractions. Emperor worship and racist imperialism in the past, drunken group think and strictly defined gender roles in the present, the country hardly screams

'liberal democracy'. Yet starting back in the 1880s Japan undertook one of the most amazing modernization and industrialization exercises ever. In 1941 it took them about three weeks to conquer almost the entire Pacific region, and if it weren't for our incredible luck at the Battle of Midway they would have probably beaten us, too.

Then, after being totally defeated during World War II, Japan, with its fake one party 'democracy' and its giant corporations acting hand in glove with both the government and each other, almost became the world's most dynamic economy. It was only around 1990 when—after years of our constant hectoring—Japan adopted the West's system of 'free trade' that its economy stalled out.

Or look at the smaller Asian success stories of that era, the 'tigers' of Singapore, Taiwan and Korea. They all followed the same pattern of strict authoritarian government and 'crony' capitalism. And they all experienced spectacular growth.

Singapore is especially interesting. In 1965, when it was unceremoniously expelled from Malaysia, it was a hot, sweaty island in the middle of nowhere with no plausible future. Its leader, a man named Lee Kuan Yew, specifically rejected the concept of liberal democracy and instead instituted a highly authoritarian and paternal one party government which continues to this day. The result is that today Singapore's citizens have about the highest average income in the world. And Singapore is generally regarded as having about the highest quality of life and as having the least corruption of any place in the world.

So that when, in the 1980s the leaders of China were looking for a new model to emulate, they turned for advice to Singapore. And the result of that is that ever since then China has not only astounded the rest of the world with its year upon year double digit growth, it has become—bar none—the greatest economic success story in all of history. Even if it completely stalled out tomorrow, it would still have been the greatest economic success story in all of history. No economist would have ever predicted that such a consistently rapid economic expansion was even possible. It's kind of like having successfully driven a semi down a winding mountain road at 80 miles per hour. And anyone who has been to China and who has seen what they've done knows exactly what I'm talking about.

And the truck has been driven by Communists. Let me repeat that: These are Communists. No matter how many times we say that they're not really Communists, that doesn't change matters. No matter how many times we declare that tired old Marxists couldn't possibly maintain such breakneck growth, they still do. No matter how many times we conclude that there is no way such a system can continue without our 'free expression' and 'democracy', it does. And while our infrastructure falls apart

and our debt balloons, they keep building those thousands of miles of 200 mph train lines and those modern airports and the like, and they have a surplus of trillions of our dollars.

Think about it. They don't believe in Adam Smith. They don't believe in John Stuart Mill. They don't believe in liberal democracy. They believe in telling people what to think and how to act. They believe that censorship is a terrific thing. And they have a 70-80% approval rating from their population. And about 80% of the Chinese people have great optimism about their future. How are we doing?

And if that's not enough for you, then look to Africa today. Because there are two countries there, Rwanda and Ethiopia, which have also specifically rejected liberal democracy and have specifically adopted the Singapore/China model. They have no natural resources like oil or diamonds, and, what's more, started off from much much worse than dirt poor. And yet year upon year they have 10% growth. And their health and other social indicators are also way up.

Now please don't misunderstand me. I readily agree (as do, by the way, China and Singapore) that the marketplace has its place. I mean, as an incredibly small businessman I may well have more first hand experience of the real world day to day marketplace than most of you who are hearing this.

What I am doing is merely pointing out that the facts just do not support the belief that the wealth of the modern world has anything at all to do with the ideology of liberal democracy and its free markets. The largest part of American material well being is due both to our wealth of natural resources and to our long cultural traditions of literacy, fair play, lack of class structure, and relative stability. Most of the rest is because in the 20th Century we were the only major country lucky enough not to be devastated by a major war.

And much the same can be said about other countries. For example, Germans have a cultural history of being obedient, thrifty, hard workers. They prospered under the Kaiser, they prospered under the Nazis, they've prospered under European quasi-Socialism. East Germany was easily the most prosperous of all the Communist countries. Similarly, Japan just happens to have a culture which has always produced really hard workers with really high standards, whether under an Emperor or under U.S. domination.

Now can a bad economic regime totally screw things up? Of course it can.

But it is difficult to see how any of the world's economic progress has been caused by, or is in any way related to, our adoption of 'modern' liberal democratic secular values or our embrace of unalloyed free market economic beliefs in the latter part of the 20th Century.

Again, think of all of those people like Paris Hilton. Is their behavior and attitude a *cause* of their wealth? Or are their spoiled little rich kid lives the *result* of their wealth?

Okay, so now I've dealt with health and wealth. But we still haven't covered happiness. And yet we have run out of time. So now you'll just have to wait for Episode 7.

In the meantime, though, again, thanks a lot for so far having listened.