

## Book Review: 'Social Economy and the Price System' by Raymond T. Bye, Macmillan, New York, 1950

by Murray N. Rothbard

Financed by the Rockefeller Foundation, Professor Bye's *Essay in Welfare Economics*, as he styles this work, is neither welfare nor economics. It is a bland blueprint for a system of "benevolent" slavery, with the State treating the people like permanently backward children. The theme runs constantly throughout the book: the consumer – every person – cannot be trusted to run his own life and make his own decisions. At every turn, he must be guided, harassed, and commanded by the all-wise State, acting presumably under the advice of alleged "experts" in the proper procedures of tyranny.

An economist cannot presume to impose his own values on his fellowmen; if he does, he becomes a dictator instead of a scientist. Bye begins by denying this principle, leaving himself free to attempt to rearrange consumers' choices by force. He is critical because in scientific economics "*apparently each individual is presumed to be competent to judge for himself. This narrow approach will certainly not do.*" Of course not, especially if the economist wishes to transform himself into a dictator.

If individuals are not ends in themselves, what goals does Bye set up for our world? It is "the group," "group cohesion," "group solidarity," "effective group organization" – these become the ends into which individual human beings must be fitted. The fitting, of course, must be accomplished by the State. As a result, Bye makes the amazing statement that individual happiness is a fairly good thing, because "*unless human beings are happy in their work, they cannot be good producers or good co-operators; but above all, happiness is essential to group solidarity.*"

Beginning in such an auspicious manner, Bye proceeds to ladle out liberal doses of dictatorial regulations. Should "we" permit inequality of incomes, and how much? Certainly, asserts Bye, there should be a great deal of enforced equality, in order to promote "*group cohesion.*" "We" should "*divide the social income*" (which presumably has been dumped into some sort of convenient heap for Bye and the State to divide as they see fit) according to the "*principles*" of "*a guaranteed minimum,*" "*incentive,*" and "*common surplus.*"

The first guarantees everyone a "*fair standard of living*" to support group strength; the second doles out a little "*incentive*" to the wards so they can produce for the group; and the third commands that the State take society's "*surplus*" income and use it to promote projects for group welfare. The principle of incentive, incidentally, works "*by making the right to receive income conditional upon performing the duty of producing correspondingly*" – the slave must be forced to work to recompense his master for his board and keep.

It is not surprising that Bye considers collectivism superior to freedom – or "*capitalism*." Collectivism can put Bye's principles into efficient operation, thereby eliminating the "*capitalist*" problems of monopoly, income inequality, competitive wastes, depressions, and unemployment. Furthermore, collectivism will benefit, rather than hamper, the consumer, "*because there will be no acquisitive advertising to mislead consumers*"; instead, the State can "*provide a comprehensive program of consumer education to improve the wisdom of consumers' choices*."

The State "*because of its long-range view*" is far more able to invest and save than private individuals, and its statistics enable it to plan the economy far more efficiently. Bye concludes that "*collectivism offers a program for the systematic reorganization of the whole economic process...such a system offers the prospect of an economic order in important respects superior to capitalism*."

Viewing collectivism with such favor, Bye praises the alleged industrial and economic achievements of the Soviet Union: "*The Soviet Union found that by forcing the people to curtail their present consumption...it was possible to arrive in a few years at a stage of industrialization that might not have been accomplished by individual saving in less than several generations... Had not World War II forced the Soviets to turn their industrial power to the making of munitions, the plants accumulated by the forcible saving might by now have rewarded the Russian people with a stream of consumable products that would represent a very marked rise in their standard of living*."

For some reason, however, Bye refuses to reward the Nazi and Fascist states with the honor of being called "collectivist." "*Nazism and fascism were not collectivist systems. They were manifestations of mass hysteria arising out of economic chaos under the leadership of mad adventurers*." On the other hand, the tyrannical excesses in Soviet Russia are due to things "purely Russian," such as absence of industrialism, no tradition of democracy, and Marxian and other ideological extremes. Because of political dangers associated with these regimes, Bye looks more enthusiastically to the slowly evolving collectivism of Great Britain "*with its faculty for wise leadership and its long tradition of democracy*."

Economically, he has not doubt of the virtues of the collectivist slave-state. Yet, in the process of concocting his plans, he has abandoned economic science and replaced it with a program designed to remake other people by force in ways which he thinks best. Yet the supreme

irony is that a complete collectivist State could not carry out its plans because it could not calculate economically. Only free-market prices permit calculation. Would-be planners are busily foisting tyranny and poverty on people in pursuit of plans which cannot succeed.

~ Jonathon Randolph [Murray N. Rothbard]