



America Should Reject Both Nationalism And Socialism

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The likely looming populist electoral storm in November between President Donald Trump and Senator Bernie Sanders presents a perceived unique moment in American history. It would be the first time a declared nationalist candidate (Trump) takes on a declared ‘democratic’ socialist candidate (Sanders). This, of course, depends on the Democratic primary electorate and whether Sanders is shuffled aside for a more ‘center lane’ candidate.

It’s caused a rather curious debate on which political ideology is easier for a country to survive, especially among those who worry about America’s future. History tends towards the side of those who believe survivability under nationalism is more likely – although caveats exist, as usual.

It’s also important to consider the definition of ‘survive.’ A nation can live on with a mostly crippled economy versus no economy at all. Not that seeking either scenario is preferable.

The most obvious socialist states aka state-owned industries are Cambodia, Cuba, North Korea, and Venezuela. They all are, or in Cambodia’s case were, run by socialist dictators. All are rather stagnant on the United Nations’ list of Human Development Indicators. Cuba’s Gross National Income is below 8K per the UN, while Cambodia’s GNI is barely over 3500. Venezuela’s GNI is in freefall, listed at just above 9K based on projections. The World Bank last listed Venezuela’s Gross Domestic Product in 2014 at \$482B. Cuba’s last listing was 2018 at \$100B while Cambodia’s was around \$24B the same year. North Korea was not listed in the rankings. There’s no telling when the economic damage to these countries will be undone.

Corruption is also a problem with Venezuela, North Korea, and Cambodia all near the bottom of Transparency International’s 180-country list of least corrupt nations. Cuba is in the Top 60 but lagging far behind other countries in the Americas like Canada and the United States.

What of Norway and Sweden? These are considered by democratic socialists, like Bernie Sanders, as countries with a version of socialism that works due to their economic success. However, neither country is socialist or close to socialist. Both countries possess a large social

welfare state, yet their economy is mostly liberalized (the state does have a share in certain corporations).

A part of the reason for the not-exactly socialism is the fact both countries attempted, then rejected socialist policies.

“The talk of a “miracle economy”, flattery promoted by the ruling Social Democratic party, was both premature and incorrect.” Richard Holgersson wrote in 2002 about Sweden’s economic woes of the late 1970s.”Strains and stresses grew in the Spirit of Saltsjöbaden as the expanding public sector inflated manufacturing compensation. Increases in domestic costs, particularly cumbersome for the export sector, was met with series of devaluation instead of entitlement retrenchments, which would have been a more appropriate antidote for a country that started to live beyond her means.”

Norway rejected socialism for a market economy, much later.

“A more nuanced perspective is that although Norway has yet to introduce market liberalizations which promote competition, reduce state involvement in the economy and promote workfare policies, it seems headed in this direction,” Dr. Nima Sanandaji opined in a 2013 essay at newgeography.com. “Norwegians can continue to afford an overly generous welfare system. But they have good reasons to be concerned over the social and economic consequences that follow long-term welfare dependency and deterioration of the work ethic. Like many other European systems, Norway has much to gain in bringing in more emphasis on individual responsibility and free markets in the traditional Social Democratic system.”

A Norwegian friend of mine quipped America’s view on Norway’s policies and politics is stuck in the 80s or earlier. The tax rates are slightly higher than the U.S. while debt tends to vacillate wildly depending on the country.

One reason why Norway and Sweden implemented free-market reforms is their system of governance. Both countries enjoy free elections unlike the strong-man systems in Cuba, Venezuela, and North Korea. Cambodia’s strong man was Pol Pot whose tentacles are still felt today even though he’s been dead 20 years. Perhaps it was providence which kept Norway and Sweden from the sort of strong-man dictatorship of the other socialist countries. Perhaps it’s the parliamentary system that forces coalition-building versus the dominance of a single party. Whatever the case, Sweden and Norway avoided the socialist hell the other countries have yet to completely emerge from and escaped economist destruction.

A key factor in nationalist countries emerging from their government’s regime more crippled than destroyed is the willingness to liberalize markets from state control. The government still enjoys a great amount of power over the economy but loosens the reins a bit, thus increasing freedom by a small amount. Not every nationalist nation is like this (see Russia), however, authoritarianism still runs rampant, and rights are denied to select groups.

Three examples of current nationalist leaders, outside of Trump and Russian President Vladimir Putin, exist Rodrigo Duterte in The Philippines, Brazil’s Jair Bolsonaro, and Narendra Modi in India. All three countries are involved in some semblance of privatization of state assets while also promoting higher taxes, more infrastructure spending, crime deterrence, and increased drug wars.

The results are mixed. The Philippines and India are enjoying a decent economic boom while Brazil's is slightly down. Human Development Indicators for the nations are all stagnant albeit on an upward tick. Corruption figures show The Philippines ranked by Transparency International as 113th on their 180-nation list while Brazil was 106, and India 80.

Hmm...centralized government planning, plus higher taxes, plus corruption issues. Sound familiar to the overtly socialist nations?

You may notice the omittance of China and Russia in the list of socialist and nationalist countries. This is purposeful as the two are both overtly nationalist and mostly socialist. Vladimir Putin's former economy minister told Reuters in 2017 that there were "almost no fiscal reasons" for privatization. Xi Jinping ordered larger China-owned corporations to take over smaller ones in 2017 although private investment is allowed in certain settings. Both are considered dictators who rule their countries with an iron fist.

The one overarching factor linking all the nationalist and socialist countries together is the absence or limiting of freedom. Cambodia is the highest-ranking of all the non-Nordic countries listed above because of their decision to reject socialism, however, Cato Institute noted Cambodia's freedom index was dropping. Brazil and India's freedom ranking are slightly going up but it's not surprising considering where they were a few years ago. Venezuela and North Korea are not countries any sane person would want to imitate.

All countries are also run by strongman politicians who seek to bend the government to their wills instead of seeking to obey the rules set forth within their constitutions. The problem has already made its way to the United States where presidents seek to skirt Congress by executive action after executive action. Trump's defenders have long praised his executive orders because they believe the unconstitutional acts 'help' the country. Sanders' defenders are already hailing the executive action he might do, regardless of Congress, were he to end up in the White House.

It's important to realize freedom is the best indicator of country 'success,' for lack of a better term, and nationalist and socialist countries perform poorly.

Ludwig von Mises warned in 1944, "The domestic policies of a nationalist state are inspired by the aim of improving the conditions of some groups of citizens by inflicting evils on foreigners and those citizens who use a foreign language. In foreign policy economic nationalism means discrimination against foreigners. In domestic policy, it means discrimination against citizens speaking a language which is not that of the ruling group."

Not to be outdone, Alexander Solzhenitsyn said in 2003, "In different places over the years I have had to prove that socialism, which to many western thinkers is a sort of kingdom of justice, was, in fact, full of coercion, of bureaucratic greed and corruption and avarice, and consistent within itself that socialism cannot be implemented without the aid of coercion."

The United States may be able to survive a nationalist president slightly better than it would a socialist president. However, both should be avoided and rejected at all costs.