



The Failure of the Command Economy

Socialist systems inevitably result in three things: shortages and restrictions on products and services, the reduction or removal of free speech and other freedoms, and government surveillance of the populace.



Socialism today isn't just about socialized medicine, though that continues to be a primary focus of modern socialist platforms. The impact of socialist programs in many nations is discernible in other areas. To recognize these, it helps to keep in mind the fundamental nature of the socialist approach, which, at base, is about command and control.

Socialism attempts to lift economic decisions out of the marketplace, where prices determine economic decisions, and place them instead into the hands of bureaucratic planners. Such planners have imperfect knowledge and are prone to make decisions based on ideology and personal interest. As a result, it is impossible for them, even if they were entirely disinterested and non-ideological, to make sound economic plans. Shortages, gluts, and other economic maladjustments occur as a result.

Secondarily, removing economic decision making from citizens and putting planners in charge is the basis of a command economy. To do their work, planners must be assured that their commands will be obeyed. Thus, the force of law is deployed to ensure compliance. So it was with the initial implementation of Obama-Care, for example. It was made illegal for Americans to choose not to have medical insurance under that socialist plan. As is necessary for any socialist program, ObamaCare curtailed freedom.

Additionally, socialism cannot tolerate dissent, as dissent breeds resistance. A command economy presupposes that those so commanded will obey. Where obedience does not follow command, a socialist command economy is impossible. Thus, dissent, which leads to resistance, is not tolerated. As a result, another of the identifying marks of a socialist command regime is its efforts to restrict the freedom of speech. More advanced and aggressive socialist regimes have not hesitated to use imprisonment, disappearances, "re-education" camps, and worse in attempts to eliminate dissent and resistance.

Finally, any socialist command economy must verify that the population adheres to the regime's commands. This requires surveillance measures. Historically, the more aggressive socialist states have used secret police such as the notorious East German Stasi, the Soviet KGB, or the Maoist Cadres. Modern socialist states may still operate similar secret police organizations, but they also rely on electronic surveillance of citizens.



Written by [Dennis Behreandt](#) on September 2, 2019

Published in the September 2, 2019 issue of [the New American](#) magazine. Vol. 35, No. 17

Thus, we have three general types of socialist programs around the world: state-centralized economic planning and command leading to economic maladjustments such as shortages and restrictions on products and services; repressive anti-free-speech programs and denial of basic human freedoms; and aggressive surveillance efforts.

As to shortages, homelessness is one phenomenon that continues to be caused by socialist restrictions on the supply of housing. In the China of Mao Tse-tung, houses were destroyed en masse in an effort to reach the socialist planners' production goals for both agriculture and industry, resulting in an explosion of homelessness that contributed materially to the massive death toll of the "Great Leap Forward." In modern California, socialist environmental and other regulations have also contributed to a substantial extent in driving that state's rapidly growing homeless crisis.

According to CalMatters.org, "The federal Housing and Urban Development Department estimates the number [of homeless in California] at 130,000 on a given night. That's 25 percent of the entire nation's homeless population."

The reason there is an explosion of homelessness in California is the ever deepening shortage of housing in the state. According to CalMatters, "The state estimates that it needs to build 180,000 homes annually just to keep up with projected population growth and keep prices from escalating further out of control. Unfortunately, for the past 10 years, the state has averaged less than half of that. In no year during that span did California crack the 100,000 barrier."

Why isn't California adding sufficient housing stock? Part of the challenge is the relative scarcity of land in the coastal urban areas of the state. In San Francisco, for example, geographic reality means the amount of buildable land is limited. But CalMatters points out a bigger problem: Many Californian cities "place additional limits on where — and when and how and how much — construction can take place."

In 2015, the nonpartisan Legislative Analysts Office (LAO), the California Legislature's fiscal and policy advisory office, issued a report on housing costs in California that discussed the role of government regulation in the state's housing crisis. "Aside from the cost of land, three factors determine developers' cost to build housing: labor, materials, and government fees. All three of these components are higher in California than in the rest of the country," the LAO reported. The organization cited a 2012 study that found that local governments in California charge more than three times as much for development fees for a single-family home than the rest of the country. "Altogether," the LAO found, "the cost of building a typical single-family home in California's metros likely is between \$50,000 and \$75,000 higher than in the rest of the country."

Government restrictions on private ownership of property, such as those in California, cause market distortions. In this case, they result in a shortage of housing, causing prices for existing housing stock to rise far beyond the incomes of many. In cases like this, those harmed the most are the poor — a bitterly ironic outcome when the socialists are always talking about their concern for the poor. In addition to the increasing number of homeless people on the streets of California's cities, low-income residents who can escape are leaving the state. "From 2000 to 2015, the state lost nearly 800,000 residents with incomes near or below the poverty line," CalMatters reported. "Nearly three-quarters of those who left California since 2007 made less than \$50,000 annually."

California's problems are significant, but they're nothing like the problems facing nations that pull out all the stops on socialism. In the 21st century, it is Venezuela that has led the way in implementing



Written by [Dennis Behreandt](#) on September 2, 2019

Published in the September 2, 2019 issue of [the New American](#) magazine. Vol. 35, No. 17

“real” socialism. Venezuelan socialism was started by president-for-life Hugo Chávez and accelerated by current Venezuelan president Nicolás Maduro, a longtime left-wing partisan who trained in Cuba in a program run by the Union of Young Communists and under a senior member of the Politburo of the Cuban Communist Party. It has decimated the country, turning what was once a wealthy petro-state into a nightmarish dystopia of poverty, filth, and murder.

In Venezuela today, murder is common, crime of all kinds is rampant, and criminals go unpunished. William Finnegan, longtime staff writer for the *New Yorker*, noted in an article for the magazine in 2016 that “Venezuela has, by various measures, the world’s highest violent-crime rate.” Astonishingly, Finnegan noted, “Less than two per cent of reported crimes are prosecuted.”

Naturally, as with all socialist states, prices of commodities are controlled so that the poor can afford them. At least, that’s the theory. Whenever it is put into practice, though, it introduces economic dislocations that result in shortages. And one thing that Venezuela has is an ample supply of shortages.

In the *New Yorker*, Finnegan described one scene, reminiscent of the bread lines in the Soviet Union. “Everyone shuffles a few yards,” he wrote of one line of people trying to reach meager supplies at a supermarket. “They’re waiting on a food line for a supermarket in the La Trinidad neighborhood of Caracas. The supermarket is not in sight. It’s around the corner, up a hill, around another corner, on a different street.” Why the lines? “You’re allowed to queue up for price-controlled items only on certain days of the week,” Finnegan noted.

In Venezuela, as in other command economies, the planners are both unable and unwilling to correctly determine the necessary supplies of commodities. This was the case for toilet paper (and most other things, too) in Venezuela.

Juan Cristobal Nagel, writing for *Foreign Policy* magazine in 2013, described the Venezuelan planning authorities’ reaction to shortages of toilet paper. “The drive to regulate everything by way of clueless bureaucrats also means that warning signs are routinely missed,” Nagel wrote. “For example, Venezuela’s ‘Cost and Price’ regulator famously declared ... that the government could guarantee [the] toilet paper supply was adequate, and that the ‘supposed’ scarcity was simply not true.”

But Venezuelans who could get out of their unfortunate country looked to buy toilet paper and other goods in foreign lands.

In 2016, CNN Business carried the story of Carmen Mendoza, a Venezuelan who visited New York to see her daughter. She also used the trip as an opportunity, said CNN Business, “to buy toilet paper, soap, toothpaste, beans, corn flower, tuna fish, mayonnaise and aspirin.”

Speaking of her experience upon seeing a Whole Foods Market near her daughter’s apartment, she said, “My eyes got wet.” By contrast, in Venezuela, she told CNN Business, “You are so happy when you find something as basic as milk.”

Surveillance and Tyranny

To keep people who are suffering from rebelling against the evil being inflicted upon them, the more-socialist states progress to all-out tyranny. As the need to watch their citizens to make sure they are obeying state dictates increases, the more states have to restrict the citizens’ ability to speak out and resist, which requires ever more restrictions on freedom.



Written by [Dennis Behreandt](#) on September 2, 2019

Published in the September 2, 2019 issue of [the New American](#) magazine. Vol. 35, No. 17

The world's most advanced socialist country is Communist China. Pragmatically, after the death of Mao Tse-tung, Deng Xiaoping and the leaders who have followed him embarked on efforts to unshackle the Chinese economy from classical socialist economic planning. Not surprisingly, this has drastically improved economic prospects in China. But while China's present is no longer strictly based in the standard socialist paradigm, the government retains all other aspects of a communist dictatorship. It maintains close control of and influence on major Chinese enterprises through the party apparatus and, more broadly, carefully restricts information Chinese citizens can access, via the so-called Great Firewall of China.

Just as importantly, China is now instituting a new digital means of controlling the population. Where once Mao relied on the Cadres and delivery of food via the canteens on collective farms to control the population, these are now being replaced by a digitally derived "social credit score."

As Jack Karsten and Darrel M. West noted for the Brookings Institution in 2018, "China has stated that all 1.35 billion of its citizens will be subject to its social credit system by 2020."

The system will score people based on their behaviors. Bad behaviors, such as traffic tickets, will reduce social credit scores. Behaviors favored by the government will be rewarded with points that raise scores. As Karsten and West note, the "social credit score is not just a ticket to access to certain services — a score signals a person's character, elevating the status of some while stigmatizing others."

This is a terrifying means of controlling the population. Describing the system, Chinese president and general secretary of the Communist Party Xi Jinping said of those who fall afoul of the system: "Once untrustworthy, always restricted."

Like most socialist policies, this will mostly hurt the average person, and will certainly harm the poor. "Access to the benefits of the social credit system require[s] a high score, but those who need these benefits the most may be structurally denied the opportunity to raise their score due to low education, an isolated social network, or untrustworthiness from having a low score to begin with," note Karsten and West. "Additionally, contesting one's score can be characterized as disloyalty, lowering one's score further."

The system is even more chilling in light of its implementation in a state once run by the iron fist of Mao Tse-tung. Prior to the "Great Leap Forward," Mao for a time liberalized the nation, even encouraging free speech and expression. This policy wasn't followed because Mao had suddenly become a Jeffersonian. Instead, he expected those who opposed him to incriminate themselves. When they did, he eliminated the temporary reforms, then he eliminated his competition. No doubt, Xi Jinping is well aware of this history, and the social credit system creates a very convenient blacklist of those the regime may find to be ideologically impure.

Coming to America

But starvation, repression, and surveillance couldn't happen in America, could it? In fact, we are already partway there. In a lengthy and heavily documented petition sent to the Federal Trade Commission (FTC) on June 24, 2019, the organization Represent Consumers alleged that a very thoroughgoing social credit system was already being used to score Americans and determine the level of services that they receive from major retailers, as well as being used to determine access to jobs and housing.



Written by [Dennis Behreandt](#) on September 2, 2019

Published in the September 2, 2019 issue of [the New American](#) magazine. Vol. 35, No. 17

“Major American corporations, including online and retail business, employers and landlords are using Secret Surveillance Scores to charge some people higher prices for the same product than others, to provide some people with better customer services than others, to deny some consumers the right to purchase services or buy or return products while allowing others to do so and even to deny people housing and jobs,” the organization wrote.

It would seem to be illegal to deny people housing and jobs based on secret surveillance scores, yet this is exactly what Represent Consumers alleges. “Landlords have moved beyond checking traditional credit lending scores when assessing whether to rent to a potential tenant, perhaps because such practices are regulated under federal laws,” the organization states. “A number of ‘tenant-screening’ companies now offer different versions of a ‘tenant score’ that use personal information beyond what is used in a traditional credit score. These tenant scores can land people on a tenant blacklist, preventing them from securing housing. Even those with good credit scores can be blacklisted.”

Similarly, Represent Consumers notes, data analytics companies “now offer potential employers scores” that dictate “how eligible an applicant is for a job at the particular employer” in question. In today’s age of burgeoning blacklisting and censoring of “unapproved opinions,” it doesn’t take much imagination to think of all the ways this could be, and probably will be, abused. And nowadays, whatever info private companies have, the government has access to.

Moreover, people are caught up in the surveillance dragnet by programs large and small. “The private perpetrators collecting and profiting from this information are not just the technology goliaths Google, Facebook, Instagram, Netflix and Amazon,” the organization notes. “Tens of thousands of smaller companies that provide an app, program, or website on the Internet or through connected devices are continuously surveilling Americans as well.”

All of this surveillance is hidden from the public. Also hidden from the public are various lists that the government keeps on citizens. In 2014, journalists Jeremy Scahill and Ryan Devereaux, writing for the online publication *The Intercept*, noted that the Obama administration had “quietly approved a substantial expansion of the terrorist watchlist system, authorizing a secret process that requires neither ‘concrete facts’ nor ‘irrefutable evidence’ to designate an American or foreigner as a terrorist.” Moreover, they noted, a 166-page Watchlisting Guidance document spelled out “the government’s secret rules for putting individuals on its main terrorist database, as well as the no fly list and the selectee list, which triggers enhanced screening at airports and border crossings. The new guidelines allow individuals to be designated as representatives of terror organizations without any evidence they are actually connected to such organizations, and it gives a single White House official the unilateral authority to place entire ‘categories’ of people the government is tracking onto the no fly and selectee lists.”

Combine the increasing propensity to put people on watchlists and the rapid rise of the secret American social credit scoring system with the simultaneously growing trend to denounce and restrict the speech of those who disagree with the prevailing socialist opinions, and the rising threat of socialism in America becomes clear. The trajectory of the nation, should the socialists prevail, is obvious: Venezuela here we come.

On the other hand, it certainly doesn’t have to be that way. The main reason socialists succeed is because they play on the essential goodness of the people. Like citizens of other nations, Americans,



Written by [Dennis Behreandt](#) on September 2, 2019

Published in the September 2, 2019 issue of [the New American](#) magazine. Vol. 35, No. 17

too, want their neighbors to be comfortable, happy, successful, and prosperous. Socialists play on those desires, but the policies they champion result in just the opposite outcomes.

To be comfortable, happy, successful, and prosperous requires a nation to be free. By contrast, socialism offers poverty, oppression, hunger, and misery. Don't fall for it. Choose freedom instead.

Photo credit: AP Images

This article originally appeared in The New American's September 2, 2019 special report on socialism.



Written by [Dennis Behreandt](#) on September 2, 2019

Published in the September 2, 2019 issue of [the New American](#) magazine. Vol. 35, No. 17

Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.