Episode 1,458: Socialism Sucks: Two Economists Drink Their Way Through the Unfree World

Guest: Ben Powell

WOODS: I'm so glad your book is finally out. Such a great idea. The title's great, covers great, material's great. The foreword is also great, if I may say that.

POWELL: You know, it was a little sketchy getting that guy involved, but it turned out all right.

WOODS: [laughing] Ended up turning out all right. So I'm really pleased for you. I know you're in the middle of doing promotional work for it today, with this being the release date, so I'm glad you made a little time for the old *Tom Woods Show* audience. All right, let's start with the basics. First of all, tell me about your coauthor, Bob Lawson. I know him because he used to live in Auburn where I lived for a time, but maybe the audience does not.

POWELL: Sure . So the book actually kind of got started because Bob wanted to get drunk in Cuba, and I wanted to make sure I could write it off my taxes. So I said, well, let's do this as a chapter for a new book idea, and then it kind of evolved from there. But Bob is an economics professor who is the director of the O'Neil Center for Global Markets and Freedom at Southern Methodist, and he's also the coauthor of the Economic Freedom of the World annual report that comes out each year, which basically ranks countries on a spectrum of kind of how capitalist to how socialist they are.

WOODS: Right, so naturally, he's a pretty helpful guy to have along on a project like this, to put it mildly.

POWELL: Yeah, it work well, except unlike you and I, Tom, he has a taste for inferior sports franchises from Cincinnati, Ohio, instead of the decidedly superior ones in the Boston area.

WOODS: [laughing] I don't want to antagonize my New York listeners, but yes, I am a Red Sox fan. I like a lot of things about New York, except that.

Now, I want to obviously get into specific countries in a minute, but I want to ask you: you could stay home and read all about these countries. What kinds of things do you learn about the real texture of the society by actually visiting there?

POWELL: Yeah, I mean, you and I both appreciate economic theory and pure theory, but it's a little different sometimes when you see things on the ground. I mean, theory is borne out in

interesting ways, and seeing it firsthand just makes it very real. You could give any number of examples from different countries, if you want to talk about them. But one thing that we do throughout the book, is the subtitle of the book is *Two Economists Drink Their Way Through the Unfree World*. And that *is* a reflection of how Bob and I travel, but the beer also kind of serves as a metaphor for how these different economies function.

So for instance, just briefly on this, you know, Sweden is not socialist. The beer in Sweden is wonderful. Very high alcohol content, Belgian beers from nearby. Except they tax the bejesus out of it, because it's a high-tax, big-welfare-state country. But go to Venezuela — and Tom, this is horrific. Venezuela ran out of beer. I don't know about you, but if I were a socialist dictator, like toilet paper and beer are the things I would not run out. But Venezuela, actually what they did in planning the economy, they have a monopoly beer producer, Polar, and they didn't allocate enough foreign exchange for them to import the barley that they needed to make beer. So they ran out.

Cuba? Cuba doesn't run out of beer, at least not anymore, but it's very bland and no variety. They have two types, Bucanero and Cristal. They're both 4.5 to 5% or so alcohol and taste like a Budweiser that's been left out in the sun too long. North Korea's stuff is God-awful, but yet in South Korea, you can get that Belgian beer that cost us a lot in Sweden for a price much lower in Korea, even though it's halfway around or it's really on the opposite side of the planet.

And this kind of goes on as we go through these different countries. The more capitalist they are, the greater variety and quality that you see. You see the Soviet Republic of Georgia completely transformed its wine industry from being — it was a major wine producer for the Soviet Union, because the central planners there were commies, not idiots. They understood that relatively warm Georgia would do better than, say, Siberia. But they mass-produced swill on fertile, low-lying lands. That's all been torn up, and now they have an innovative, really dynamic wine industry that is thriving there as they become very capitalist. So that's just kind of one of the things that you experience firsthand that we kind of described through the book as it evolves as really a metaphor for how these different places function.

WOODS: Yeah, that's really smart, because otherwise, it sounds like your title is just a gimmick or just cutesy and clever, but it is an illustration of broader themes about life in these countries.

POWELL: Yeah, and even to drive it home at the very end, the last thing we do — the last chapter is "Back in the USSA." We go to the largest socialist convention in the United States, and here you've got a bunch of commies at a conference, and the capitalist hotel understands its audience, so they put them Revolution Brewing Company IPA on tap, which all of this brewing company, they use commie logos and this one had a green tap handle with a raised fist with a big red star on it. And the lefties were drinking it up there. But the irony, of course, is that Revolution Brewing Company is an independently owned brewer in Illinois, and the company makes a greater variety and quality of beer than all of the socialist countries in the world combined, yet this company idolizes them.

WOODS: Yeah, yeah, naturally. Now, I want to skip ahead, actually. Maybe we'll get back to Venezuela, but I want to go on ahead to Cuba. You point out in the book that professors like you, even under the liberalized, somewhat liberalized conditions under Obama, it was still not possible for American citizens just book travel over to Cuba, apparently, at least the

beginning. But then as professors, you and Bob could go there for research purposes, so you took advantage of that.

Now, the unfortunate thing is that Trump has clamped back down, as you know, on travel to Cuba, because cruise ships had started to sail to Havana and make that as one of their ports they would visit. And so you know that Bob Murphy and I have our annual Contra Cruise. We wanted to do a cruise to Cuba, because we thought that would have special significance for libertarians. We had the whole thing planned out in our minds, and then Trump ruined that for us. So at least I could live through you through your experiences in Cuba. I mean, what's the deal there? Has there been any movement at all in any way toward a market economy? Or is it still like 1967 there?

POWELL: Yeah, Tom. It's funny, the Contra Cruise going there, because at least while you're staying on your cruise ship, you would have gotten around one of the ways that Cuba sucks. So you have a good listener base that's educated about this stuff, but it's worth reminding people: the definition of socialism is government ownership or control of the major means of production, or at least some form of collective ownership. So that means that most of the economy is government-owned in Cuba. That includes the hotels.

WOODS: Oh.

POWELL: Oh, yeah. All of the hotels in Cuba are government-owned. So our first — and we weren't trying to sandbag it. I mean, if you go to the Hotel Nacional, that's the big diplomat hotel. That'll be nice. But your normal Cuban hotels are God-awful. We went to a supposed three-star one on the coast, in the western suburbs of Havana. It looked like the old Soviet bloc house architecture, except standing upright it was 20-some-odd stories.

WOODS: Oh, geez.

POWELL: Twin towers that opened in 1979 that were a dismal gray-stained color now. Most of the windows on the upper floors were broken. In our room, the balcony glass was shattered. The ceiling tile was missing in the bathroom. There was mold everywhere. Hot water didn't work. Three out of the four elevators didn't operate. And this wasn't just bad luck. We stayed in another one in central Havana later right near the seat of government, and it was the same thing, with holes in your towels. The soap from the last guest was left there for you. The seat wasn't bolted to the toilet, so you could slide right off.

But, and this points to the little bit of private movement towards freedom, a number of years ago, they started allowing people to rent out their own homes. They could at first just do a room, but now they can rent you their whole apartment. They call them casa particulares. And we also booked those to try it side by side compared to the government hotels. And this is same service, same country, same people, and just illustrating the power of incentives created by even this limited version of private property rights, because the casas were all very well kept, because the owners had an incentive to reinvest their profits to attract more people to stay there. For, gosh, what is it, about $60 a night in central Havana, we had a two-bedroom casa with a kitchen and a living room that was right off the main walkway, the Malecon, on the ocean front. And that's what a little bit of privatization has done.

Now, you can book those on the spot while you're walking around there, but you can also — and this is interesting — do them through Airbnb in advance. Now, your credit card and Airbnb won't work in Cuba, but so many of them have relatives in Miami, the relatives will post things about the properties in Cuba, you do it through Airbnb to somebody in Miami, and then they pick up the phone and call their relative in Cuba and tell you that they're coming.

WOODS: Oh, okay. So that is something I guess we would have managed to avoid; we would have had very pleasant accommodations aboard the ship. But I mean, I suppose if a place becomes a port of call for a cruise ship, it naturally becomes a tourist Mecca with tourist traps and stuff like that. But once I get through that, if I just wander through Cuba, what am I going to see? Is it just going to be just another poor country? Is there going to be anything that tells me that it's specifically a communist country? Like what did you see when you were there?

POWELL: Yeah, you know, for an economist walking around Cuba, the trick is to parse out what is messed up because Cuba is poor and what is messed up because they are centrally planned. And of course, the primary reason that they are poor is because they're centrally planned.

WOODS: Yeah.

POWELL: In addition to that, the oddities that you see, so walking through central Havana in major shopping areas — now Bob and I would kind of go from — we'd walk for a while, then we get thirsty, sit down, have a beer somewhere, cool off, do it again, repeat, repeat, repeat. Well, all of a sudden, and it doesn't jump out at you at first, what's missing is signs. There's no signs anywhere, because no one gives a damn if you come into the business or not, because government ownership of means of production, it's government-owned stores. Nobody puts out a sign to let you know you can get a cold beer here, because no one cares whether you come in or not. So you get to a street corner and you look up and down, and gosh, I don't know what's going to be down the street or not. So that's one oddity.

WOODS: Oh, that is extremely odd. Okay.

POWELL: And you know, it's something, Tom, I've traveled to lots of poor countries. There's no poor country in the world that's not centrally planned that doesn't have signs. The local beer company gives everybody signs for free to advertise their product. It's very weird.

The other thing that you see is, once you're outside of Havana, lots of people traveling on horseback, either riding them or having horses pull carts with rubber wheels. And this, Americans think about the quintessential, Tom, the American 1950s cars in Cuba, and isn't this cute? Why are they using 1950s American cars? Now, of course, we have the — excuse me, not we, Tom. You and I don't do this. The US government has an embargo on Cuba. But it's an embargo, not a blockade. There's no one stopping Kias from going there. It's the Cuban government strictly rations how many new cars come in and gives out permits selectively for that. As a result, car prices are extraordinarily high. In a country where average incomes are — you know, it's hard to say in a planned economy. It's somewhere between $2,000 to $3,000 per capita. That 1950s car, you want to take any guess what it would go for?

WOODS: Tell me.

POWELL: Probably about $15,000, $16,000. And something like a '91 Peugeot that doesn't even exist in the United States, that'll go for like 30 grand, because it might have —

WOODS: Oh!

POWELL: — better suspension and potentially even AC. But interestingly, and this plays into some of the statistics you see out of Cuba, too, so if they don't have very many cars, you don't have very many car fatalities. Without car fatalities, that's going to make your life expectancy look bigger, because young people die and that really pulls down life expectancy. And you hear, *Oh, Cuba's socialized medicine so good. Look how long people live*. Well, one of the things you do is take away one of the ways that people die. That's not good medicine; that's just a repressed economy.

WOODS: How about dining? Obviously, you're eating in all these different places. What are your impressions, for example, in Cuba?

POWELL: Yeah, so this would have been a disaster for Contra Cruise once you got off the boat and you wanted to eat.

WOODS: [laughing] Okay.

POWELL: So again, state ownership of the means of production. Government-owned restaurants are god awful. We went to an Italian one at one point just because we got sick of the same food after a while, and they put a mozzarella from the oven and it looked like something you wouldn't even get at Taco Bell. But they do have private restaurants. These have really grown over the last ten years or so. And they try hard. They've got the right incentives. And you'll see capital investment and high-quality waitstaff in them. But over the course of a week, ten days, you start noticing they all have the same menu. It's the same dozen to maybe 18 items, and it's all prepared the same way, everywhere. And it's all bland. Cuban food in Cuba sucks. Cuban food in Miami is awesome. The difference is the private restaurants in Cuba still have to deal with the state's supply chain. So they have very limited ingredients. A ham and cheese sandwich just simply crappy ham and crappy cheese between two pieces of bread. A Cuban sandwich with ham and cheese in Miami is flavorful and delicious with spices. And this, by the way, is coming obviously from the rich, touring-person perspective. How actual Cubans eat and their diets are considerably worse.

WOODS: Now, let's move on. We'll get to Venezuela in a few minutes, I guess. I've covered Sweden quite a bit on the show, so I'll link on the show notes page to episodes on that. But I want to cover some places that I haven't really covered, and Russia is a great example, because that I guess is obviously formerly communist, but right now, it'd be interesting to hear how you would describe it. Because there were a number of Austrian economists who wrote articles about what proper desocialization ought to look like, and it certainly wouldn't be, I don't know, auctioning off state-run enterprises to apparatchiks. I don't exactly know how it happened in Russia, but my understanding is that you went from state monopoly to — I don't like to use the term private monopoly, but the transition was not ideal. And I'm wondering what the long-term consequences of that were. What can you say about that?

POWELL: Yeah, I think you're exactly right. Instead of the word private monopoly, maybe coercive monopoly.

WOODS: Yeah.

POWELL: Because what you did is you got rid of state ownership and got private ownership, but you didn't get competition and private markets controlling. You got rights of monopoly privilege from the government that suppress other type of competition. So in the in terms of Bob's index of economic freedom, Russia still ranks very low in that. And in fact, Ukraine, which we also visited on this, is one of the bottom five in the world still. So while they got rid of socialism in name, they did not move to private property and free markets in practice.

Now, our travels in Russia and Ukraine were relatively limited in terms of geographic scope. And what I'd say is, if you're just a tourist walking around Moscow, it's going to seem like a dramatic success story, and that's because Moscow is very wealthy. And same would be true when you're in Kiev. But these are the place where the oligarchs and those people — you know, it's like being in Washington DC in the United States and extrapolating that, oh, this is how the rest of the country is. No, it's the parasite that sucks the wealth from everywhere else. So their capital cities, if you were just dropped in Moscow, if you didn't see the Onion domes or the Kremlin walls, you'd think you were anywhere in Western Europe. But that's not representative of how these countries function. Outside of their capitals, they're still poor and exploited by the ruling elite.

WOODS: Ah, okay. So, well, what can you tell me about Russian beer?

POWELL: I don't know. When in Russia, I just drank vodka [laughing].

WOODS: [laughing]

POWELL: That leads to not remembering some of it, but my impression of Russian vodka was that it was still pretty good.

WOODS: Yeah, okay.

POWELL: One thing I will tell you that you see, even in Moscow, though, a hallmark of Soviet times was waiting in line. People waited in line for the basic necessities all the time. And of course, you and I know that's because when you don't use market prices, you still have to ration because people compete for things. Well, the fun irony in Red Square is Lenin's tomb is there, and they charge a zero price to see it, so the one place that you can still find lines in Moscow is everybody lining up to see the old bastard. But any other restaurants and stores are now market prices, and there's no lines.

WOODS: Ah, how about that? Okay, let's move on to Georgia, and then we're going to circle back to Venezuela. Because what you have to say about Georgia, I wasn't aware of it all. Like if I were thinking about places that had either been part of the Soviet Union or under Soviet domination that were doing really well today, the first place I would think of would be Estonia, because I've heard so much about it. But I haven't heard anything about Georgia, and I'm interested in what you guys found there.

POWELL: Yeah, you're absolutely right. So Estonia and Georgia are two great Soviet success stories. But most people know more about Estonia, because Estonia started their reforms almost right away, during that period of shock therapy once the Soviet Union collapsed.

Georgia had essentially no reforms for almost 15 years after the fall of the Soviet Union. You got rid of the commies, but the commies kept control. Georgia began its transformation only in the mid 2000s, so that's why a lot of people miss it. But it's actually made the most radical free market reforms of any former socialist country.

The way it came about, it's in the Rose Revolution. Mikheil Saakashvili becomes the president, and he was trained I think actually at Columbia, Tom, at Columbia Law School. And he was kind of like a Western consensus-type politician, which you know, you and I think that's pretty statist, but relative to the Soviet oligarchy —

WOODS: Yeah, that's better than what they had.

POWELL: Relative to the Soviet guys, that's pretty good. But here's the real kicker. He got a guy, Kakha Bendukidze, to be his finance minister and gave him authority over the economy. And Kakha is a Rothbardian. He was like as hardcore as they come, basically borderline anarcho and self-identified with Rothbardian-type economics. So this is cool. I mean, this is like giving you, Tom, the authority to be finance minister of a country.

So he started immediately real privatization, where the whole point was just to get it to private hands and get competition going. And instead of the insider deals that you got everywhere else, he did online auctions, highest bidder, regardless of who they are, so Russians could buy Georgian property. And it got more revenue coming into the government so that they could slash back in taxes and other areas. He cut taxes across the board. There was one small flat tax left. He fired government employees en masse. Probably the most fun one is he fired the entire country's traffic police in one day. And the joke is that crime went down, because they were the most corrupt people in the country.

You saw across-the-board deregulation, destatization, and almost immediately start turning around there. Economic growth picks up. Most indicators, save one, look like the economy is doing great very quickly. That one is unemployment, and that's because he just was firing government officials enough to jack unemployment up to about 30%. But of course, these were the unproductive parasites in the economy that he was turning to be unemployed, and over time, they went to the productive sector and unemployment got back down to a low level ,with output increasing. It's been a dramatic success story.

In terms of their economic freedom rankings, in 2003, '04, they were unranked, which unranked usually means really bad, because it means you can't even get data out of the country to be able to objectively rank them, to recently, they made the top ten in economic freedom in the world, at one point scoring higher than the United States. Bob, he's been to Georgia something like 15 times, and he had met Kakha right after the Rose Revolution, and he describes it as a dingy old building that barely had electricity in the winter, and Kakha said, I'm going to reform this place and it's going to become the most capitalist country in the world, more capitalist than the USA. And Bob kind of laughed, like this guy's crazy. But turns out, he actually in the long run pulled it off.

WOODS: That's an amazing story, and somehow it evaded me completely, but I'm glad I know about it now. Now, in your book — now, again, I'm kind of jumping around because I want to give people a flavor of what they can expect in here. You do cover China. You cover North Korea, and I suppose, by contrast, South Korea.

But let's say something about Venezuela, because it is still on people's minds. And because, as I, by the way, point out in the foreword there, these days, it's very fashionable for socialists to say that's not real socialism and you guys are being unfair. But when it was at least apparently doing well, they couldn't call it socialism fast enough. I mean, I quote David Serota, who now works for Bernie Sanders, and he said in 2013, something along the lines of: this goes to show that socialism works and the ideologues in the US don't know how to deal with that. But the socialists know how to deal with it when it doesn't work. You just call it not real socialism. But it was real socialism for them up until about ten minutes before it went sour.

And so when people say, well, we don't want Venezuela in the US. Like Bernie will say we don't want Venezuela; we want Sweden. But as Michael Malice points out, yeah, the people in Venezuela didn't want Venezuela either. They also wanted Sweden, and they wound up with Venezuela. So it's a bit of a problem. So talk about your experiences there and what you saw with your own eyes.

POWELL: Sure. An interesting thing that people need to remember is that Venezuela was once relatively rich. If you go back to 1970, they had a higher per capita income than Spain itself. Now, from 1970 until Chavez comes to power in '98, they were on a long, stagnant kind of decline, but not a collapse like what you're seeing now. So what we saw, particularly when we were at the bridge, that — it's been on the news recently, where the aid trucks were stopped and they weren't letting them in. When we were there, they were letting Venezuelans freely move back and forth across that bridge into Cucuta, Columbia. And we saw thousands upon thousands of them each day, crossing the bridge to buy basic toiletries, food staples that the Venezuelan economy couldn't provide.

But what was striking, Tom, is that this wasn't typical third-world poverty, if you looked at the clothes that people were wearing who were crossing the bridge, the luggage that they were using to put the stuff there, their staples in, this is the same type of luggage I'd expect to see in any major US airport. This was not the impoverished Venezuelans. This was the middle class, upper middle class Venezuelans who used to have decent incomes and still had some good consumer products like that luggage, who are now struggling to get the basic necessities. Meanwhile, their poorer counterparts in Venezuela are, in many cases, actually starving to varying degrees, because they don't have any wealth to draw on to get resources from the outside. That was one of the most striking things visually to see that was just different than normal, third-world poverty.

But I think the other important point for people to realize in Venezuela, too, is this isn't just socialism gone bad. This is democratic socialism gone bad. So when Chavez was elected in '98, this was a free election. Now, he had tried a military coup a few years earlier, unsuccessfully, and got thrown in jail. But then he won in a free election with international observers like former US President Jimmy Carter. He was reelected and got a new constitution put in place. This was the people voting for this and him doing it democratically.

Now, what necessarily happens is centrally planned systems can't provide the goodies, the economy stagnates, then people are going to become upset with it. And this is what's happened once the oil prices fell. So the economy was hollowed out under Chavez. What the observers from outside were saying, look socialist success, this was Venezuela sitting on the world's largest oil reserves and, with high oil prices, using that foreign exchange to buy stuff to hand out to people in the in the country. Because meanwhile, food production even during

these so-called good years was plummeting in Venezuela. Once the prices of oil fell and, for that matter, production, because the state-owned oil company was not very efficient, then they no longer had the foreign exchange to bring in the goodies, and that's the crisis that we see today.

And of course, when you have people on average in one year losing 24 pounds in Venezuela without any mass discovery of Jenny Craig, you can't imagine that they would reelect the leader. Yet, Maduro, Chavez's successor was overwhelmingly reelected just a year ago. And this is why socialism cannot continue to function as a democracy. They've centralized the power and have the ability to suppress the will of the people. And the people who are in the state-owned companies were told, if you do not vote for Chavez, you will lose your job. They handed out food rations next to the polling places, repressed the opposition parties. And more recently, they've declared an interim president in Venezuela from the opposition assembly, which they're constitutionally allowed to do, and Maduro used the military to resist this. Democratic socialism has become mere socialism. Socialism's supposed economic success has been revealed for the failure that it is everywhere.

WOODS: I remember spending some time in Chile and talking to people there, and they're very much divided about the legacy of Pinochet and even the policies that were implemented. They're very much divided about that. But if I were to ask them, why do you think Chile is doing relatively better than neighboring countries, they would attribute it to government policy. But meanwhile, at the time — now, forgive me if I'm getting this backwards, but I'm pretty sure at the time, there had been a lot of movement of people between Peru and Bolivia, people going from Peru to Bolivia.

Now, if you had asked people in Bolivia, why do you think people are moving to Bolivia, I think the answer would have been more like: because Bolivians are better than Peruvians. There wouldn't have been a sense that there was some policy difference. But in Chile, they did have this sense. And because they understood this, it meant that they didn't necessarily look down on other people as being inferior to them; it was that we just have a better system here. And so it helps for, frankly, the brotherhood of man for us to understand these things, that this isn't a matter of superior and inferior; it's that these people live in a in a better system than other people live in.

But anyway, the reason I bring this up is that I am concerned, I think with good reason, that people in Venezuela are not going to make a policy-based conclusion about what's happened to them. Instead, they're going to make a personnel conclusion. They're going to say, well, the wrong person was running the socialism. Is that the impression you get?

POWELL: Yeah, unfortunately, Tom, I agree with that, because the timing of the oil price downturn was right after Chavez died, so this gets lumped onto Maduro, and Guaido is the new person that's been named interim president by the assembly. And I mean, Maduro's got to go, but Guaido has also identified as a socialist. So, you know, meet the new boss, same as the old ,seems to be what's in the cards in Venezuela.

WOODS: So having spent — well, let's see. How long of a project was this, to get to all these countries? When did you start, and when did it finish?

POWELL: June of 2016, we started, and we finished up the socialism conference in the United States last summer. So, two years.

WOODS: Okay. Now, obviously, the conclusion is: socialism sucks. That's the name of your book and everything. Do you have any more subtle or surprising or other types of insights that maybe you didn't fully expect when you embarked on this?

POWELL: Yeah, some of that is in terms of the context for the United States today, because a lot of the motivation with this book is this increasing popularity of socialism in the United States. By going to the conference and actually talking to the people there, first of all, you notice immediately there's nobody our age, Tom. Everybody is 35 and under or in their 70s, ex-hippies from the 1960s.

But in talking with them, among the young ones, anyway, who are attending a conference organized by the International Socialist Organization — that means real socialism as in nationalizing the means of production — I'd guess that nearly half didn't identify with the core features of socialism. They were politically leftist, left of the Democratic Party, often just an issue person, be it abortion, environment, migration, police, gender, you pick it. And they saw that as a problem with the United States today, often didn't understand that the problem that they were seeing is a result of government intervention rather than capitalism or the free market, and would say socialism is the answer, but without meaning nationalizing the means of production or abolishing private property. If pushed, you got an answer of something like Sweden, which isn't socialist.

So that was encouraging, because actually, one other thing I learned in discussing this a bit with Matt Kibbe, who we did a drinking PostScript with him to the book too — because a question I had, Tom, is like, how do we go from Youth for Ron Paul to Youth for Bernie Sanders in such a short period of time, where young people were overwhelmingly attracted to Ron Paul to now favoring socialism? And Matt points out, I think a lot of it is seeing problems with the current United States and the crony interventionist machine that we have in Washington here, and they were attracted to the antiestablishment nature of Ron Paul, and they're attracted to the antiestablishment nature of Bernie's, at least his rhetoric, without really a firm understanding of the economics behind any of this and how to actually get the results they want. They want good things but don't understand how to get them. So I think rhetorically, Tom, you and I and other lovers of liberty have to do a better job reaching out and explaining how freedom and free markets aren't exactly what the US government is delivering to people and explaining what the alternative really is.

That said, there's also a huge chunk of these people who really are commies and would abolish your private property. For most of them, though, they want something called socialism from below, with the workers will just organize what they want to do, with missing the fact that you have to coordinate production across millions of people in order to have an advanced standard of living. And if you're not going to use prices and profit and loss to coordinate, there's a reason why every socialist country has used some form or central planning, because you need to coordinate. If you let every worker decide what the heck they want to do, there's no reconciliation mechanism, and you don't produce things. Your hippie commune's not going to produce an iPhone, comrade. And that seemed to be the other kind of type of person that I found there, and they're a little more hopeless, I think, than the other ones.

WOODS: Well, the book is *Socialism Sucks: Two Economists Drink Their Way Through the Unfree World*, by Ben Powell and Bob Lawson. I'm going to link to it at TomWoods.com/1458. I highly recommend it, and Ben, best of luck with the promotion.

POWELL: Hey, thanks, Tom, and thanks for doing the foreword and for having me on.