Imagine how different the twentieth century might have been if Lenin and the Bolsheviks had never come to power in Russia in 1917 and had not set in motion all the cruel crimes that were committed in the name of making a new socialist man for a bright and beautiful communist future. Imagine if Mussolini and Hitler had never come to power and we had been spared the fascist and Nazi variations on the totalitarian theme.

No one can say how the twentieth century would have taken shape if these collectivist demons had not been set loose. But it can be said with a fairly high degree of certainty that the triumphs of communism, fascism, and Nazism would not have occurred except for one event: the First World War.

How different was the epoch before 1914 from everything that came after it! It is true that nationalist, neo-mercantilist, and socialist ideas and policies were gaining influence in the years before the beginning of World War I. But for the most part—even in militarist-minded Germany—there was a dominant sense that governments should respect a certain conception of what it meant to live in a civilized society.

That conception included the ideas of individual liberty, private property, rule of law, relatively free commerce and trade, and limits on the method of fighting wars. As one historian pointed out, an Englishman, before 1914, could go through practically his entire life and never be confronted by the state, other than in the form of the policeman walking his beat and the occasional irritation of serving on a jury.

That world, however imperfect from a principled classical-liberal perspective, was nonetheless a paradise of human liberty compared to what followed through the rest of the twentieth century. It came to an end with the opening shots of the First World War in 1914.


The personality characteristics that Fleming finds in Wilson include arrogant self-righteousness, a lust for power, petty vindictiveness, cruelty toward enemies and opponents, lack of political common sense, and a streak of near-irrational stubbornness that resulted in personal and political tragedy for himself.

Wilson was manipulated by British propaganda once World War I had begun. He was taken in by fabricated atrocity stories about German brutality in Belgium and France, and was swayed by British and American interests wanting to assure an Allied victory for various political and economic reasons.

After running for re-election in 1916 on the slogan “He kept us out of war,” Wilson asked Congress for a declaration of war on April 12, 1917. Once the United States had entered the war, he introduced a Committee on Public Information that censored the press and suppressed dissent and disagreement.

Conscription was introduced, adding compulsory military service to many other wartime restrictions on domestic life. More than a million young men were sent to France. Many thousands of them never returned home or only with permanent injury, after being sent into the meat-grinder of trench warfare.

At the war’s end Wilson went to Europe to remake the world in his own image of a just society of nations. After spending seven months in the company of the other Allied leaders, he discovered that all his earlier
rhetoric and pronouncements about a peace without vengeance, without territorial annexations, and rights of self-determination for small countries were a fool’s dream in the real world of nationalism and imperialism. The peace treaty imposed on the Germans was one of revenge, political and economic emasculation, and deep humiliation. Wilson had been willing to accept virtually anything the British and the French wanted, as long as he could get their acceptance for a League of Nations.

When he returned to the United States, Wilson discovered that many Republicans and a sizeable number of Democrats considered the peace terms to be either too harsh or too soft. Unwilling to compromise, he insisted on fighting an all-or-nothing campaign in favor of the peace treaty and the terms for a League of Nations. The treaty twice went down to defeat in the Senate and the campaign brought on a stroke from which Wilson never recovered.

Fleming suggests that if the United States had stayed out of the war, a compromise peace would have been forced upon the exhausted European combatants. And even if the terms had been more in favor of Germany than the Allies, it still might very well have been a far better outcome, from the perspective of hindsight, than a war that went on so long that its unintended by-product became those twentieth-century forms of collectivism and totalitarianism.

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Another Century of War?
by Gabriel Kolko
New Press • 2002 • 160 pages • $15.95 paperback

Reviewed by John V. Denson

Most libertarians, or believers in the free market, probably met Professor Gabriel Kolko through reading his 1963 revisionist interpretation of American economic history from 1900 to 1916, The Triumph of Conservatism. Since then, Kolko has been primarily a historian of war and American foreign policy, his 1994 magnum opus being Century of War: Politics, Conflicts, and Society since 1914. The publisher of that work suggested he continue the theme by commenting on the events of September 11, 2001.

Kolko states the purpose of his book: “In the following pages I outline some of the causes for the events of September 11 and why America’s foreign policies not only have failed to exploit communism’s demise but have become both more destabilizing and counterproductive. I also try to answer the crucial question posed in my title: Will there be another century of war?”

His theme is that the United States has become the single most important arms exporter, thereby contributing to much of the disorder in the world. Further, contrary to America’s claims of bringing stability by its interventions, especially since 1947 in the Middle East, it has caused death, destruction, and turmoil. For Kolko, America has become the sole rogue superpower, no longer restrained by the possibility of the Soviet Union’s counterpunch.

Kolko notes that much changed since September 11. With terrorism becoming the worldwide target of the U.S. government, the result may be perpetual war: “Bush had campaigned in 2000 as a critic of ‘big government,’ but after September 11 he became an ‘imperial’ president with new, draconian powers over civil liberties.”

In regard to U.S. policies in the Middle East, Kolko argues that the CIA set up a Vietnam-type trap for the Soviet Union in Afghanistan, and with financial assistance from Saudi Arabia, the U.S. government armed and supplied Osama bin Laden to fight the Soviets. When Saddam Hussein invaded Kuwait, bin Laden offered to repel Iraq, but this offer was refused. Instead, the American coalition, with financial support from Saudi Arabia, pushed Hussein back within his borders, while leaving American troops in Saudi Arabia. This alienated bin Laden, who vowed vengeance on America.
He mobilized his forces into al Qaeda in 1989 by training up to 70,000 potential fighters and terrorists, and creating cells in at least 50 countries, all initially financed with U.S. and Saudi money. Kolko states: “But both of America’s prime enemies in the Islamic world today—Osama bin Laden and Saddam Hussein in Iraq—were for much of the 1980s its close allies and friends, whom it sustained and encouraged with arms and much else.” (Some analysts, such as Peter Bergen, author of Holy War, Inc., dispute this.)

Kolko contends that our massive support for Israel, which began in 1968, was one of the turning points in American foreign policy and has led to enmity against America: “This aid reached $600 million in 1971 (seven times the amount under the entire Johnson administration) and over $2 billion in 1973. Thenceforth, Israel became the leading recipient of U.S. arms aid. Today it still receives about $3 billion in free American aid. Most of the Arab world, quite understandably, has since identified Israel and the United States as one.”

The author maintains that America faces a dire future if it continues its frequent interventions and warfare throughout the world. He writes, “Should it confront the forty or more nations that now have terrorist networks, then it will in one manner or another intervene everywhere. . . . America has power without wisdom, and cannot recognize the limits of arms despite its repeated experiences. The result has been folly, and hatred, which is a recipe for disasters. September 11 confirmed that. The war has come home.”

Kolko concludes that we cannot afford further interventions and wars since weapons of mass destruction are prevalent throughout the world and available to terrorists everywhere.

This little book, so full of wisdom and good common sense, should lead the way toward reaffirming America’s original foreign policy of noninterventionism.

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The Future of U.S. Capitalism
by Frederic L. Pryor
Cambridge University Press • 2002 • 367 pages • $35.00

Reviewed by Gary M. Galles

In The Future of U.S. Capitalism, Frederic Pryor attempts “to analyze the most probable future of the economic system on the basis of the best information currently available.” He arrives at pessimistic conclusions, described variously as a tendency toward “a merciless economy,” “capitalism with a very hard edge,” and “capitalism with an inhuman face.”

Unfortunately, while Pryor includes some useful insights in his discussion, the core strands in his analysis are confused, at best. Therefore, even if some of his premises are correct, there is no reason for confidence in the conclusions drawn. Perhaps most important, though, his conclusions are pessimistic only because of his strong statist leanings. To anyone familiar with the case for limited government, his gray cloud is actually the silver lining.

The useful sections of Pryor’s book deal with demographic problems and financial-sector fragility. The pending retirement of the baby boom may well reduce savings and investment, cutting economic growth as well as confronting the U.S. taxpayers with tens of trillions of dollars in unfunded commitments to Social Security and Medicare recipients. Combined with the electoral clout of the elderly, that is likely to lead to substantial increases in taxes. Reduced saving could also lower asset prices, causing difficulties or even bankruptcy for pension plans, which might lead to further government bailouts. Dovetailed with increases in financial-sector fragility due to greater debt, the result may be increased vulnerability to financial shocks and serious bankruptcy and/or illiquidity problems.

The rest of Pryor’s book, however, is built on false premises. The most serious involve income and wealth inequality, his reliance on market concentration as a useful measure
of competition, and the presumption that government intervention successfully improves and stabilizes the economy.

Pryor, who teaches economics at Swarthmore College, argues that income inequality has risen and that it will continue to do so (even though that is inconsistent with the most recent trends). This will supposedly cause social unrest and increasing “need” for government intervention.

He cites reams of data, but misunderstands them. He relies on reported income statistics, ignoring that consumption is the more relevant measure and that the lowest income quintile (20 percent) spends substantially more than twice its measured income each year. He also ignores that the worsening situation he sees for “the poor” is largely caused by the increasing fraction of retired people, many with near-zero measured income, which skews the average sharply downward at the low end of the income distribution. He claims that upward income mobility in the United States is limited, ignoring many studies to the contrary. He even concludes that having more high-income people somehow causes harm to low-income people, rather than seeing that in a world of voluntary market relationships, higher incomes mean greater benefits have been provided to others.

Given that increasing inequality drives much of his analysis, Pryor’s failures to understand the income measures and trends he relies on completely undermines his forecast’s credibility. But that is far from his only confusion.

Pryor’s understanding of competition amounts to little more than long-discredited measures of market structure, which displays no understanding of the process of competition. He needs to do some serious remedial reading of analysts such as Dominick Armentano and Harold Demsetz.

Pryor further argues that big business will increasingly control an accommodating government. This mistakes increasing political action to rein in the growing government extortion of business for an increase in business control over government. Aside from corporate welfare and protectionist policies, the business-government relationship is more of a war by government against businessmen (or more precisely, private property) than increasing control of government by business.

Perhaps Pryor’s greatest analytical error, however, grows from his vision of government. He expresses a naive Keynesian view of fiscal policy as a successful stabilization tool, and simplistically credits activist monetary policy with similar success. Therefore he mourns rather than celebrates the increased limits, thanks to globalization, on government power to “stabilize” the economy, as well as to engage in protectionism.

He wants a government even more massively involved in income redistribution (that is, theft) than it is today, favoring a society in which “public choice, rather than individual demand, becomes the arbiter of services.” He thinks poor educational achievement “can be solved in part by the infusion of federal and state funds,” and endorses such counterproductive policies as the minimum wage.

Thus Pryor’s gloomy conclusions stem from faulty understanding and analysis, combined with his desire for the government to do more of what in fact it should not do at all.

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Creative Destruction: How Globalization Is Changing the World’s Cultures

by Tyler Cowen
Princeton University Press • 2002 • 171 pages • $27.95

Reviewed by George C. Leef

A main gripe against globalization is “American cultural hegemony.” When “we” build McDonald’s restaurants or sell designer jeans in culturally different nations, we’re guilty of undermining, if not
destroying, the indigenous culture. “Culture-cide” is nearly as bad as genocide.

The anti-globalization protesters have never thought deeply about the relationship between culture and trade (for that is all globalization comes down to—ever widening trade), but Tyler Cowen certainly has. In his latest book, the George Mason University economics professor carefully analyzes the impact of globalization on culture and finds that, as Joseph Schumpeter said of the process of competition generally, it’s a case of creative destruction. When the people of Culture A encounter the arts, products, technologies, and so forth of Culture B, they may end up abandoning some aspects of their own culture for things they prefer from the other. But those choices should not be lamented, Cowen argues.

He begins with a crucial insight: “Individuals who engage in cross-cultural exchange expect those transactions to make them better off, to enrich their cultural lives, and to increase their menu of choice. Just as trade typically makes countries richer in material terms, it tends to make them culturally richer as well.” Contrary to the anti-globalist rant about domination, the spread of cultural influence is not a case of “ours” somehow taking over “theirs.” It is a matter of individual actions. If Chinese teenagers like listening to Western pop music rather than traditional Chinese music, that isn’t domination. It’s peaceful change.

Cross-cultural exchanges, Cowen points out, increase diversity within cultures, while at the same time decreasing diversity among cultures. Using the example above, when Chinese add American pop music to their cultural mix, they now enjoy a wider range of choices. However, in doing so, the difference between Chinese and American cultures decreases. That bothers some cultural “purists,” who think it akin to species extinction when “we” start to contaminate the “authentic” cultures in other parts of the world.

Cowen treats the cultural purism with disdain. First, there aren’t really any pure cultures. With many interesting illustrations, he demonstrates that what we may think of as authentic native cultures are the products of considerable cross-cultural exchange, usually having taken place long before people were paying attention to the phenomenon. Consider the steel-drum music associated with Trinidad. Where did the steel drums come from? The answer is that American military forces brought many with them during World War II. The “authentic” music of Trinidad was based on bamboo percussion, which the Trinidadians happily abandoned when American steel drums became plentiful.

Similarly, Cowen points out that Navaho weavers hardly have a culturally pure product. Their dazzling geometric designs were not indigenous to the Navaho culture, but were borrowed from the ponchos of Spanish shepherds living in northern Mexico, designs that the Spanish had adapted from the Moors. Once machine-spun yarn and chemical dyes became available, the Navaho eagerly experimented with and began using them.

Even if we arbitrarily denominate the current cultures of China, Trinidad, the Navaho, and others as “pure,” so what? Does it follow that anti-globalists are doing those populations a favor in trying to protect them against Western contamination? Cowen has no patience for that argument, writing that “poorer societies should not be required to serve as diversity slaves.” That’s what the elitist position comes down to. People in all those exotic places with their quaint, “authentic” cultures should be denied the opportunity to adopt aspects of Western culture so that some elitists can bask in the warmth of knowing that they have helped protect against the ravages of capitalism.

Besides its resounding call for a laissez-faire approach to culture, Creative Destruction has a delightful side dish for the reader: Some embarrassing truths about one of the most overrated men of the twentieth century, Gandhi. Gandhi railed against Indian purchases of British textiles, calling them “defiling” and “our greatest outward pollution.” He insisted that Indians, no matter how poor, burn their foreign garments. Evidently, Gandhi regarded Indian weaving as
“authentic” and foreign textiles as somehow a desecration of Indian culture. Cowen has sport in pointing out that “Western technologies provided critical pieces of the economic network behind Indian handweaving.” Gandhi comes off like a cranky authoritarian. Anti-globalists need “issues” to grumble about. The supposed destruction of native cultures is one of those issues. Thanks to Tyler Cowen for showing that it’s nothing but hot air.

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