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country industrialized and grew, policies were adapted and formed to “help” maintain our competitiveness and productive advantage. To-day we find ourselves scrambling once again for yet another new pol-icy, one that will miraculously solve all, or at least most, of our economic and industrial headaches.
There are three main paradigms that are the basis for the indus-trial policies throughout the world: institutionalism, Marxism, and free-enterprise. Of the three, two have been widely and intensively implemented and both of them have dismally failed. Institutionalism and Marxism either are, or have been, attempted to the fullest degree in the United States and abroad. Both have left nations struggling to find something better. The answer to this troublesome question is sim-ple. No industrial policy is the best industrial policy. The classicalib-erals and libertarians have been arguing this since the days of Adam Smith2, yet for the most part have been repeatedly dismissed. Critics have claimed their theories were unrealistic, and few nations have ever actually tried a policy close to laissez faire capitalism, at least in our ~entury.~ If they had, there would not still be the quest for a bet-ter policy. It is time to look back on the previous mistakes and failures of government intervention. Itis time to implement the best policy for the future success of our nation; it is time to abolish industrial policy.

INSTITUTIONALISM: MISGUIDED POLICY AND ECONOMIC FALLACY

Since the industrialization of the United States, institutional ideas and policies have grown more popular and have been applied to in-dustrial policy making. Unfortunately, these policies have been reduc-ing industrial success because they are all based on economic fallacy. Institutionalists believe that the markets will not grow without stimu-lation from government. Furthermore, they believe that industrial growth is dependent on government policy that makes working condi-tions better, increases employment, and renders industries more com-petitive. What institutionalists have not learned is that markets do better and industry is more competitive when left alone.

Comment, 4 CATO J. 507 (Fall 1984); Janos Horvath, Economic Reform in Hungary: Role of Plan and Market, 4 CATO J. 511 (Fall 1984). For critiques of industrial policy in Japan, see Katsuro Sakoh, Japanese Economic Success: Industrial Policy or Free Market? 4 CATO J. 521 (Fall 1984); Philip H. Trezise, Japanese Economic Success: A Comment, 4 CATO J. 545 (Fall 1984).
2. ADAM SMITH, AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NA-TIONS (1776).
3. For an analysis of the levels of economic freedom pertaining in each country, see James Gwartney, Robert Lawson, and Walter Block, Economic Freedom in the World 1975-1995, 1996 CATO INST.

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During the United States industrial revolution, the economy grew at astounding rates. All over the country factories and plants were erected and thousands of workers poured into the cities. With rapid industrialization, mass production and specialized labor methods abounded. There was little government regulation of industry so workers’ productivity rose dramatically. Times were definitely not easy, but there was limitless room for prosperity, growth, and innova-tion. The United States was on its way to becoming the world leader in industrial production and this seemingly unstoppable growth benefitted virtually everyone. As industry grew, so did the standard of living More and more goods were available at less cost and in greater quantities. Finally, during the early 1920s American industry reached an apex. Wealth was everywhere, factories and mills were in the throes of production and people were living the “good life.” When in 1929 disaster struck with the stock market crash, the country faced the hardest the economic conditions it had ever known.4 It was then, the crucial time of industrial and economic policy forma-tion, that institutionalism really took hold. Institutionalism was first foreshadowed by the rise of organized labor. Unions were created with the intention of ensuring better pay and working conditions. While leftists claim that labor unions at first helped many workers;

4. Thanks to left wing critics of capitalism, the Depression of the 1930s is widely seen as the Achilles Heel of the free enterprise system. In this view, endemic to the market is a boom and bust cycle; this decade was only the sharpest contraction in a long series of such phenomena, all of which are intrinsic to the system of laissez faire (socialism, in contrast, runsmoothly, with nary a glitch in its always onward and upward pattern). Lost amidst all of the bad publicity are two very different economic explanations. The first is from the “Chicago School,” which sees the cause in the Federal Reserve Board’s (a government institution!) decision to allow the money supply to decrease by roughly one third in a two year span at the beginning of the decade. See MILTON FRIEDMAN AND ANNA J. SCHWARTZ, AMonetary History of the United States, 1867- 1960, 1963 NATIONAL BUREAU OF ECONOMIC RESEARCH. The second explanation is from the “Austrian School.” See LUDWIG VON MISES, HUMAN ACTION (Regnery 1963); MURRAY N. ROTHBARD, AMERICA’S GREAT DEPRESSION (Sheed and Ward 1975); and FRIEDRICH A. HAYEK, PRICES AND PRODUCTION (Routledge 1931). Here the cause of the Depression in the 1930s was the Fed’s inflationary expansion in the 1920s. This misallocated resources into areas of the economy that were impossible to sustain.
5. Even more radical interventionists claim that this process is a permanent one. But it is easy to see the fallacy of all such contentions, whether short orlong run. Ultimately, what deter-mines wages (and working conditions, which are merely a sort of non monetary pay) is produc-tivity. You can’t get blood out of a stone. If the workers don’t produce it, the workers can’t purchase it. So, the way to see the impact of organized employee labor is to ask its impact on productivity. And once the issue is put in this manner, the answer is clear. Unions lower produc-tivity. What with strikes, jurisdictional disputes, slowdowns, negotiations, the effect oflabor or-ganizations is to divert the worker’s focus on the job. Nor is the evidence for this particularly difficult to see. If unions are necessary for employee prosperity, why were there wage increases before the advent ofunions (in the early 20th century)? How does one account for high salaries

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this was a policy that would come back to haunt and hinder industry in the future. As union power grew, especially in the early 1900s, indus-try began to suffer slow downs and limits never realized before. The growth of collective bargaining drove up wages to .unnatural levels creating higher costs of production.6 Today the power unions wield is painfully evident. Increased production costs have in turn given rise to higher costs of domestically produced goods which, especially with the growth and success of foreign produced goods, have hurt domestic in-dustry. Our products have become lss competitive with countries where unions and minimum wages (which is a primary focal point for unions) do not exist.’ As was seen in the decline of the British indus-trial empire, unions contribute to inefficient allocation of resources and higher production costs. Institutionalists, nonetheless, fanatically pursue and support union growth.
Other institutional industrial plans have included protectionist policies, especially for new or large domestic industry. One of the ear-liest examples of this was in the steel industry. What was started as a temporary protective measure turned into irreversible protectionist policies shielding the industry from competition. This idea caught on with other industries as well. Institutional theory maintains that small and struggling industries can rebound and grow if protected from competition. By implementing policies such as tariffs and subsidies in-stitutionalists are convinced they are strengthening our economy. On the contrary, all that these policies achieve is to make goods more expensive domestically- all for the continuation of inefficient firms. Tariffs cause great harm.’ When the United States places a tariff
on foreign automobiles for example, their price of goes up. People can no longer purchase the originally cheaper car. When they buy one, be it American or foreign made, they pay more than they could have.9

in non unionized industries (banking, insurance, computers) and countries (Hong Kong, Singa-pore, South Korea, Taiwan)? If unions are sufficient for high and rising wages, why is it that the north east part of the United States, where unions were the most powerful, is now widely know as a “rust belt?”
6. MANCUR OLSON, THE RISE AND DECLINE OF NATIONS: ECONOMIC GROWTH, STAGFLA-TION, AND SOCIAL RIGIDITIES, 18, 56-7 (1982).
7. Id. at 144-5.
8. For some discussions on the costs of protectionism, see Robert W. McGee, The Cost of Protectionism: Should the Law Favor Producers or Consumers? 23 GA. J. INT’L & Cow. L. 529 (1993); Robert W. McGee, The Trade Policy ofa Free Society, 19 CAP. U.L.REv. 301 (1990). For a discussion of the relationship between protectionism and rights violations, see Robert W. Mc-Gee and Walter Block, Must Protectionism Always Violate Rights? 24 INT’L J. SOC. ECON. 393 (1997).
9. HENRY HAZLITT, ECONOMICS INONE LESSON 79-83 (1979).

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Thus, consumers have less extra spending money to put toward invest-ment or to the purchase of other goods which would stimulate our own domestic industrial demand. Tariffs simply prevent natural prices from occurring and result in higher costs.
Government subsidies to struggling businesses and industries are another way institutionalists believe the government can stimulate in-dustrial growth.1° They contend that when large companies are strug-gling and/or facing bankruptcy, if the government provides asubsidy, the company will rebound and miraculously become productive again.ll In some cases this actually seems to happen as in the Chrysler bail-out.12 Unfortunately, this is a very risky and unnecessary policy to follow. Generally speaking, if an industry is on the verge of collapse or bankruptcy, it is for a reason; they are no longer able to ~0mpete.l~ Instead of allowing the company to break down and the resources, both capital and human, to be reallocated to areas of more efficient production, subsidies keep it alive. It costs incredible amounts of money to maintain, and the chance of the treatment actually working is very slim. By stepping in where it is not supposed to, the govern-ment is preventing competitive forces from driving industry to new areas where it can grow and be more competitive.
Industrial policy in the United States consists of tightening gov-ernment regulations and controls on business in the form of labor laws and other regulatory and standardizing legislation. With tighter regu-

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10. PETER HALL, GOVERNING THE ECONOMY: THE POLITICS OF STATE INTERVENTION IN BRITAIN AND FRANCE 53, 56, 64 (1986).
11. ROBERT REICH, THE NEXT AMERICAN FRONTIER: A PROVOCATIVE PROGRAM FOR ECONOMIC RENEWAL 233 (1983).
12. Because there are no double-blind controlled experiments in economics, we will never know whether this firm would have survived in the absence of a bailout. Some, in any case, assume the worst possible scenario for our side ofthis debate. That is, let us posit that Chrysler Corporation would have gone bankrupt without the governmental guarantees, and that it now makes a positive contribution to our society. Does it then follow that allowing bureaucrats to “pick winners” will enhance our economic well being? Not at all. The issue is not, can the state ever pursue a rational and beneficial policy. Obviously it can. No one disputes this. Instead, the issue is, which institution, public or private is more likely to act in a reasonable manner. And here, the answer is clear. The market has it over the industrial czar any day of the week. The reason is simple. The market is blessed with an automatic positive feedback mechanism. When the entrepreneur does a good job in anticipating the consumer’s desires, cutting costs, etc., he earns profits so he can expand his base of operation. When he fails, they lose money and are forced (in the absence of a bailout) into bankruptcy. In contrast, no such mechanism works in the public sector. IfRobert Reich ever “picked a winner” correctly, it would be illegal for him to profit by it. Nor will he lose, personally, when he errs. ’Ihe only way to get him out of the box is to vote against the entire administration, (which conceivably, could be doing a good job on other issues and thus will be re-elected) and that can take up to four years.
13. HAZLITT, supra note 9, at 98.

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lations and taxes on industry, there has been a rise of paper en-treprene~ra1ism.l~ lnstitutionalists argue that this is due not to their policy, but to the lack of industrial adaptation to flexible-specializa-
tion techniques and innovation. Institutionalists claim that because of the structure and rigidity of the industrial mind, we are not open to true wealth increasing production techniques, such as theirs. Instead of adapting and innovating, these critics argue we are avoiding change with paper moving, asset changing, and number adjusting. Industry, they argue, is depending not on growth, but manipulation, for profit.15 There are two real answers to this charge. First, paper en-trepreneurialism occurs because the government, once again, is-volved in regulating industry. Since industries face tight regulations, high taxes, and have to compete for government subsidies, they are forced to try to manipulate figures and assets on paper in order to realize a greater profit (whether that is gain via a tax break or through a subsidy).16 Regardless, more and more energy is spent by industries to find ways of getting around regulations and taxes rather than on improving their product or production techniques. This misallocation of human resources is a waste. Nonetheless, itis not the result of lazy, stubborn, or uninnovative industry. It stems from controls on industry in the first place.
Second, much of what the analysts dismiss as unproductive or worse (speculating, being the middleman, insider trading,17 “un-friendly” corporate takeovers,ls etc.) are, to the contrary, highly pro-ductive. What Reich stubbornly refuses torecognize is that whenever a trade or a purchase or a sale takes place, it benefits both parties. And this applies to agriculture, automobiles, and other markets they regard as legitimate as well as to mere “paper pushing.”” While con-

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14. REICH, supra note 11, at 140-2.
15. REICH, supra note 11, at 143,145,157.
16. Id. at 155, 202.
17. Insider trading is often quite beneficial to the general public. For discussions on this point, see Henry A. Manne, In Defense of Insider Trading, HARV. Bus. REV. 113 (Nov.n>ec. 1966); HENRY A. MANNE, INSIDER TRADING AND THE STOCK MARKET (1966); Robert W. Mc-Gee and Walter Block, Information, Privilege, Opportunity and Insider Trading, 10 N. ILL. U.L. REV. l(1989).
18. Unfriendly corporate takeovers can be beneficial to the economy in general and to shareholders in particular. For a discussion of this point, see Robert W. McGee, Mergers and Acquisitions: An Economic and Legal Analysis, 22 CREIGHTON L. REV. 665 (1988-89).
19. On this point, See Walter Block, An Economic View ofSpeculation, 1983 U. BRIT. Co-LUMBIA Bus. REV. 9 (1983); Henry A. Manne, In Defense of Insider Trading, HARV. Bus. REV. 113 (NovJDec. 1966); HENRY A. MANNE, INSIDER TRADING AND THE STOCK MARKET (1966); Robert W. McGee and Walter Block, Information, Privilege, Opportunity and Insider Trading, supra note 17, at 1; LUDWIG VON MISES, HUMAN ACTION (1966); MURRAY N. ROTHBARD, FOR

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trols have been more widely used throughout our modern history (es-pecially in the past fifty years) we have either faced steady economic decline or have not grown as fast as we otherwise might have done. After the post-World War I1 and 1980s boom period, it is now utterly clear that a new industrial policy is needed because we are rapidly losing our position as an international industrial competitor. Institu-tionalists are once again turning toward the governmento bail us out and get the economy growing. Their new policy is strikingly similar to the old - with a few variations. Let us consider a few.

Institutionalists now believe that people need more job security.
To be fair to them, they accurately point out that industries are reluc-tant to train and pay for advanced training of employees since they fear losing workers to competitors.20 One suggestion is that if a com-pany pays for an employee’s training, the laborer must stay at that company for a minimum number of years or pay back the cost of training if he leaves before this time.21 But institutional solutions for industrial growth are always based on governmental action. Support-ers argue that by forcing this kind of loyalty, trained employees will be more likely to stay at their job and be more interested in improving their skills and in making contributions to the industry.
While it is true that companies take part in making their employ-
ees more innovative and productive, they must not be forced to do so.
If it is truly in the interest of the industry to offer training programs and worker incentives, they will employ such programs.22 Forcing training on smaller industries especially, could be more costly than they are worth. If a company can benefit from such a program, it will do so in any case without coercion from the government.
What of the claim that more job security is always preferable to less? This is yet another bit of economic illiteracy. Suppose everyone, each and every one of us, somehow all had total job security. This would appear to be the ideal for the institutionalists. If some is good, more is better. . . . But a moment’s reflection will show that economic progress would grind to a total halt under any such scenario. For inno-vation means that old ways of doing things must be stopped in favor of

A NEW LIBERTY (1973); MURRAY N. ROTHBARD, THE ETHICS OF LIBERTY (1982); HENRY HAZ- ~ m, ECONOMICS IN ONE LESSON (1979).
20. REICH, supra note 11, at 204, 206, 207, 210.
21. Id. at 209.
22. WALTER BLOCK, The Bishops and Their Critics 62-4, 1986, THE FRASER INST.; GARY BECKER, Human Capital 1964 NAT’L BUR. OF ECON. RES.

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the new, improved methods.23 But this cannot be reconciled with com-plete job security, particularly in archaic processes.24 Total security in the horse and buggy industry, for example, would have made it impos-sible to launch an automobile industry. We must always remember that one person’s enhanced job security logically implies another’s (the employer’s) increased inflexibility.
Just because job security is not the be all and end all for the entire economy does not mean that some people do not value it highly. On the market, they are free to purchase this service, as they are free to contract for any goods and services they deem valuable. One way, per-haps, to attain this goal would be to purchase - from a private insur-ance company - an unemployment policy. An alternative would be to take the sort of cut in pay usually associated with civil service

Another policy has to do with education. Flexible and innovative labor skills are a major key to industrial growth, argue many of the institutionalists.26 Who could deny this? Again, however, supporters of institutional policies look toward the government for a cure. They believe that if more money is spent on improving public elementary schools, high schools, and universities, our citizens will be more pro-ductive. They also maintain that today’s public school system (and even private schools to a lesser extent) prepares our brightest students in a mass-production oriented way.27 Institutionalists argue for spe-cialization and small scale, intricate production. In order to achieve

23. Joseph Schumpeter called this process the process of creative destruction. In order for
new industries to be born, old industries must be allowed to die. Before resources can be shifted into growth industries, they must be shifted out of dying industries. See JOSEPH SCHUMPETER, CAPITALISM, SOCIALISM AND DEMOCRACY (1942).
24. Some authors whine that America is deindustriahing, and emphasize that innovation destroys jobs. See BARRY BLUESTONE AND BENNETT HARRISON, THE DEINDUSTRIALIZATION OF AMERICA (1982). Nicholas Kaldor was one of the first modem-day exponents ofthis myth, although this fallacious view, in one form or another, has been around since the days of mercan-tilism in the 18th century. See NICHOLAS KALDOR, THE CAUSES OF THE SLOW ECONOMIC GROWTH OF THE UNITED KINGDOM (1966), cited in ROBERT W. MCGEE, A TRADE POLICY FOR FREE SOCIETIES: THE CASE AGAINST PROTEC~ONISM 10 (1994). Other authors rightly point out that innovation, on balance, is healthy for an economy, and causes economic growth and job creation. See Bruce Bartlett, Is Industrial Innovation Destroying Jobs? 4 CATO J. 625 (Fall 1984); Leland B. Yeager, Is Industrial Innovation Destroying Jobs?: A Comment, 4 CATO J. 645 (Fall 1984); RICHARD B. MCKENZIE, THE AMERICAN JOB MACHINE (1988).
25. Although in recent years the pay for many civil service workers has actually become higher than that for comparable employees in the private, wealth-producing sector.
26. REICH, supra note 11, at 201.
27. REICH, supra note 11, at 214-15.

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this institutionalist claim, our schooling must improve and not funnel people into useless, mass-production oriented, rigid, mindless jobs. Government programs and increased government spending are the causes of these problems, not the solutions. In the modern era, most education is now under state control. Even the private sector is hemmed in by a welter of regulations. Education, like everything else, will only improve if it is allowed to be competitive. Pure free enter-prise would force schools to offer better and more progressive educa-tional opportunities in order to draw more students. This would force other schools to do the same. Educational competition would increase the skills of the citizens of this country and make them more flexible and better trained.

Another suggestion from the dirigiste economists is that indus-
tries should be forced to pay additional unemployment premiums if they downsize. Firms impose an external diseconomy, institutionalists argue, and should in this way be made to cease and desist from their antisocial activities. With a premium of this sort, if an employer cuts back and fires employees in mass numbers or does so frequently, he would be required to in essence provide unemployment insurance for the workers released.28 This policy assumes that with the threat of a premium for curtailing size, industries will be more likely to keep workers on, even in times of economic difficulty.
While at first glance this seems like a good idea for assuring job security, it spawns inefficiency and misallocation of human labor. Forcing industry to keep people on when it is not beneficial for them to do so will decrease competitiveness. A firm will not be allowed to operate at efficient levels if it has to employ people who are no longer needed. Further, the market already imposes this sort of sanction on business; therefore, any government rule in this regard is overkill. Suppose there were two firms, otherwise identical in terms of wages, working conditions, etc. Whenever business was poor, firm A fires workers summarily; firm B, more empathetic, decreases hours, im-poses “holidays,” shifts to part-time status, “carries” its staff on the books even when there is less than a full shift of work to do, and in every other way tries to shield its employees from the exigencies of the market. Which firm would you rather hired you? Obviously, B. But if many people want to work for B, and few for A, then B will be able to maintain a work force with lower wages than A. A, in contrast,

28. Id. at 24-69.

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will be “punished” by the free enterprise system, not by the govern-ment, for its unsupportive attitude.

MARXISM: AN INDUSTRIAL NIGHTMARE

Marxist industrial policy is virtually unheard of in the United States. It has never been attempted here for one good reason; it is a dead-end option. Marxist industrial policy, in the version criticized here is based on ultimate equality in everything. Marxist economists contend that capitalism is a progression to a worker rebellion which eventually leads to equally owned industries and government. I this situation, the government (supposedly the workers) dictates exactly what is to be produced by various industries as well as how it is to be produced and who gets it. To some, this seems like afair enough method of doing things. Reality, however, is very different. Industry performs poorly under a government controlled environment. This is best explained athe outset by the concept of tragedy of the

When industry is commonly owned, individuals do not have a personal stake in it. Since they will receive the same pay no matter how much work they do, they have no financial incentive to be pro-ductive, let alone innovative. The lack of personal investment or link to the industry is reflected in the attitudes and work ethic of the peo-ple. The industry remains stagnant, following the letter, not the spirit, of the five year plan. Resources in a Marxist economy are misallo-cated since economic calculation is impossible in the absence of pri-vate property rights and free prices. At most, people who see any benefit from this type of production are the governmental rulers since they can organize industry to meet their personal needs. Marxist in-dustry collapses because of its poor allocation of resources and its in-adequate ability to fulfill the needs and demands of the people.
This was clear for all the world to see in the recent collapse (1989)
and failure of the former Soviet Republic. Industry simply cannot move forward or even survive under socialist structure~.~~ Without the

29. Garrett Hardin, The Tragedy of the Commons, SCIENCE, December 1968; Terry L. An-derson and Peter J. Hill, Privatizing the Commons: An Improvement, 50 S. ECON. J. 438 (1983). For a more sophisticated analysis which transcends that of the tragedy of the commons, see Walter Block, Review Essay of Tom Bethell, The Noblest Triumph: Property and Prosperity Through the Ages, New York: St. Martin’s Press, 1998, Q.J. OF AUSTRIAN ECON., Vol 2, No. 3, Fall 1999, 65-84.
30. Why, then, did the Soviets survive for seven decades, and Eastern European socialism for four? Total, pure, and unadulterated Marxian socialism was never employed. Instead, there was an amalgam of central planning, government ownership, industrial policy - all on the

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freedom to innovate and the lack of property, prices, and the competi-tive motivation necessary for efficient resource allocation, industry stagnates and becomes unproductive. The collapse of Marxism in the Soviet Union has left that country in chaos and poverty. Recovering from the damage of Marxist economics can sometimes be very slow and painful, as in the case of the former USSR.31 Conversion to capi-talist, free market industrial policy (that is lack of policy) is the best direction these nations can take to become competitive and successful again. Implementing it may be difficult at first, but in the long run will be much more fruitful than Marxism.

NEO-CLASSICISM: No POLICY IS GOOD POLICY

The United States today faces very serious industrial and eco-nomic challenges. These issues can be addressed as they have ben for so many years, with the institutional reliance on the government lead-ing to further decline, or they can be confronted in an innovative and forward moving policy- the neoclassical abolition of industrial policy. If the government can keep its hands out of industry, we will once again32 become one of the most successful industrial powers in the world. How can the abolition of policy and unfettered free markets achieve this? Quite simply.
Markets are institutions that thrive and move people forward when left untouched. If we had no industrial policy, competition would allocate resources, both human and capital, to where they are most needed. New technology is being developed throughout the world that is simplifylng the production of goods and the communica-tion between people. Presently it is being applied and more slowly than it should be in our government controlled, institutionalized econ-omy. Unions, for example, prevent the installation of more efficient and modern technology because they are worried that it will cost peo-ple their jobs. Employment, however, will be created with the use of

wrong side of the ledger - coupled with knowledge of prices in the relatively free countries, and
of innovations in the west - on the right side. Had communism been the only system in force in
the entire world - no Sears and Roebuck catalogues for the commissars to peruse, no example of capitalism in all the world - the crack-up would have occurred long before. In contrast, the capitalist system, all by itself, can function quite adequately, without any Cubas or North Koreas to serve as “beacons.”

31. LUDWIG VON MISES, SOCIALISM (1969); Joseph Salerno, Mkes and Huyek Dehomogenized, 6 REV. AUSTRIAN ECON. 113 (1993).
32. ‘The economy of the United States isonly the fourth most free in the world, following those of Hong Kong, Singapore, and New Zealand. See, Jams Gwartney, Robert Lawson, and Walter Block, Economic Freedom of the Worid, 1975-1995, 1996 THE FRASER INST.

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new technology in fields of maintenance and programming. In addi-tion the cost of production is reduced and people have more money to spend since goods cost less.
Some people are concerned that in a free market, industries that are small, struggling, or new will be crushed by the stronger, more established ones. This is disproven everyday by the survival of firms of different size. If economies of scale were so prevalent, there would be no small firms. (Not that this would be necessarily objectionable; it just happens to be the case.)
Opportunities abound for both workers and industries in a free market economy with no industrial policy at all. In the United States we have a farm policy, we have an employment policy, we have an educational policy, we have a welfare policy, and we have a housing policy. These are all areas of disarray. In contrast, where is our bubble gum policy? There is none. Where is our paper clip policy? Again, it is nonexistent. Happily, the United States government has not yet seen fit to adopt a computer As a result, there are simply no problems in these sectors of the economy. When was the last time anyone saw a newspaper article waxing eloquent about intractable problems in these areas? One never has and one never will, as long as laissez faire continues to apply.
Were we to reverse things, there is no doubt that matters would
be different. Neo-Classical theory has been just that, a theory, for too long. We have seen the eventual decline of industrial progress under institutional industrial policy. The collapse of the Soviet Union is tes-tament to the failure of Marxist industrial policy. Our next move can be either forward or backward. If we continue on our quasi-institu-tionally based path, surely we will slip even further behind. The time has now come for us to move forward, to reclaim our position. By relinquishing any and all industrial policy and opening up our mar-kets, flexibility, mobility, and growth will be inevitable and unstoppable.

33. Although the use of antidumping laws to protect the domestic computer chip industry
has caused a portion of the computer hardware industry to move offshore. For more on this point, see Robert W. McGee and Yeomin Yoon, Trade Policy for the Computer Industry: Time for a Change, 8 TEMPLE INT’L & COMP. L. J. 219 (1994).