

REVIEW OF
*A THEORY OF SOCIALISM AND
CAPITALISM*
BY HANS-HERMANN HOPPE
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BENJAMIN JUHLIN

When Murray N. Rothbard died, he was credited in an obituary by one of his friends for always writing books. Books might not be the surest way to academic fame, but they are the best way to present ideas. Very soon after moving to America and meeting Rothbard, Hans-Hermann Hoppe wrote *A Theory of Socialism and Capitalism*. It has not gained him academic fame, but it is a very good presentation of ideas.

It first and foremost contains a thorough economical and sociological analysis of several kinds of socialistic systems. That is accompanied by an introduction which introduces some key concepts. This analysis are then followed by chapters on various different topics, but the first chapters must be viewed as the main contribution of this book, because of their originality but also because the high care that the analysis has been conducted with.

Hoppe is one of few authors who can make contributions and find new insights just by being so very careful and thorough when conducting his analysis. It is true that there is instances when he is not careful, and one must avoid misinterpreting him (although many people happily do that). But when he is on top of his ability he breakes new ground. These first chapters are one of the best examples of this.

In the first chapter Hoppe defines concepts. Here he explains that *property* is dependent on the concept of *scarcity*. What is scarcity? Something is scarce when my consumption affects my or others future supply. If this is not the case, it can't be property. But this is only the first requirement, and does not suffice to define property. Hoppe gives this definition of propertyu later:

Property is thus a normative concept: a concept designed to make a conflict-free interaction possible by stipulating mutually binding rules of conduct (norms) regarding scarce resources.

The following chapters are his comparative analysis of different kinds of socialistic systems. Their originality is huge. It is true that some points have been said earlier (although not all), but never have these been put in to a coherent comparative system. Reading Hoppe's book we clearly understand that there are major differences between Russian socialism, conservative socialism, social-democratic socialism and the socialism of social engineering. They have different consequences and they appeal to different people.

He begins with the Russian style of socialism, commonly known as communism, or just «socialism» in the terminology of Ludwig von Mises. That social system is the system where one single actor, the state, owns all the means of production. Hoppe points out that in this system it may appear that everything is socially owned and that the problem of differences in ownership has been solved, but this is only *nominally*. «It does not solve the real underlying problem: differences in the power to control». (s. 37) Ownership is linked to control, and just by saying that everything is commonly owned doesn't make it easier to handle the fact that someone has to be in control. So in reality there is not a difference in the question of whether someone owns it individually or if it is owned by everyone, but as Hoppe points out «only *how* whose will prevails in cases of disagreement is to be determined».

He moves on to stating that the economic effects of socialism will be a relative (compared to the situation without socialism) increase in poverty. It is however what he writes about the general effects on society that stands out. In a socialistic system of the Russian style, what place people get in the system of production is a political question. That changes everything. Instead of seeking ways to produce more and raise the productivity men seek political positions.

He ends the chapter by looking at different countries that have practiced this system. He does it not to learn from them, but to let them illustrate the conclusions that he has reached using a deductive method.

The fourth chapter is about the socialism of socialdemocracy. Here Hoppe notes that the characteristic of this type of socialism is that there is an redistribution from the natural owners to those who don't have anything. In the market economy there is no distinction between production and distribution, so those who are good producers are immediately rewarded and can continue to benefit society. By redistributing to those who don't have and separating production from distribution poverty emerges, as those who should have the resources doesn't get them.

The following chapter is about the socialism of conservatism. Here he is breaking new grounds in all aspects. Hoppe explains how socialistic conservatism makes us poorer. It does so by freezing the economy. In a society built on natural orders people have the right to not having their property stolen, but they don't have the right to their value of their property. In a conservative socialistic society this is changed. Here the owners also own the value, and thus ownership becomes a sort of privilege. In a natural society all the owners are forced to adapt to change in demands if they want to maintain or increase the value of their property, which of course makes society poorer than it otherwise would have been.

Hoppe notes that in a sense socialdemocratic socialism and conservative socialism are alike, in the fact that both of them aims to redistribute property from the natural owners. Socialdemocratic socialism aim to give the property to those who don't have property, and conservative socialism aim to give to those who once had, to make sure that the value of what they own doesn't change. But this difference means that it appeals to different people.

When Hoppe talks about the empirical examples of this type of conservative socialism he mentions fascist Italy and Nazi Germany. It may certainly be the case that they both adapted regulatory conservative measures, but unlike the fascists the nationalsocialists didn't receive any support from business leaders. In his chapter about fascist Italy in *Classical Liberalism and the Austrian School* the american historian Ralph Raico refers to a study that showed that the nationalsocialists had no support from the business leaders.

Overall *A Theory of Socialism and Capitalism* is a great book. What stands out is especially the comparative analysis, and the fact that

Hoppe doesn't solely focus on the economical consequences of the different systems, but also how they affect society and what kind of people they appeal to.