

Ludwig Von Mises

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Doctor Semholz explodes in his forthcoming book Divided Europe one of the main fallacies underlying present-day economic policies.

The spurious doctrine, advanced by the majority of contemporary pseudo-economists and endorsed by almost all contemporary statesmen and politicians, runs this way: The operation of the market economy (capitalism, laissez faire) results in progressing poverty of the masses, in unemployment of an ever increasing part of the potential labor force, in the regular recurrence of periods of economic depression. It disintegrates the international exchange of commodities and services and thereby hurts vital interests of all nations, that cannot produce within the boundaries of their own countries all the food and raw material they need. In order to prevent a complete collapse of Western civilization, the governments must interfere. They must, in domestic policies, substitute government

planning for the "anarchy of production" (a term employed by Karl Marx) and, in the international field, they must try to establish some sort of supernational government.

Dr. Sennholz examines the issue in analyzing a special case, viz., the endeavors to "unify" Europe. The main points of his argumentation are:

1) The economic disintegration of Europe is not an outcome of the unhampered operation of the capitalist system. It is, on the contrary, the result of the various governments' interference with the business of their own countries. If a government "regulates" business conditions of its own country, it must prevent foreign business from nullifying this regimentation by imports. It must take out its domestic market of the mutual connection with the markets of other countries. It must adopt a policy of national isolation and thereby contribute to the economic disintegration of Europe.

2) Mere talking and drafting of international conventions will never reestablish European economic unity. As long as there is domestic interventionism, the present unsatisfactory state will last.

The funds spent by the U. S. taxpayer for the economic unification of Europe were wasted.

Dr. Sennholz thus attacks and explodes a doctrine supported by all government economists, a doctrine that guides the official policy of the Administration. His book will certainly be unfavorably reviewed by the "progressive" newspapers and magazines. But its ideas will, sooner or later, bring about a change both in ideologies and policies. The book is certainly the most important case study in the field of economic policies, written in the last years. Some minor points of it may be open to objections. But the general line of its reasoning cannot be questioned.

L. H. Miss