REVIEW ESSAY OF NIALL FERGUSON’S CIVILIZATION: THE WEST AND THE REST

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JEL category: O4

Abstract

Review essay of Ferguson, Niall. 2011. Civilization: The West and the Rest. Penguin Books, 403 pages. Why has the west done better than the rest of the world in terms of economic development? Ferguson (2001) offers six reasons: competition, science, property rights, medicine, consumption and the work ethic. This review agrees with all except for this emphasis on Keynesian consumption, but finds much more with which to disagree.

Keywords: Economics, history, development, imperialism

REVIEW OF FERGUSON’S “CIVILIZATION: THE WEST AND THE REST”

This is a very important book. It is crucial that those of us in the west, and, indeed, in the entire world, understand why it is that the former, in the main, has much more closely approached the honorific “civilization” than has what Ferguson calls “the rest,” countries not fortunate enough to be included in this relatively fortunate group of nations. However, despite its positive contribution, this book has many flaws.

This author offers six explanations why the U.S., Canada, much of Western Europe, and a few other nations such as Japan, have done so well in this regard, and have outstripped many other countries. They are as follows: competition, science, the rule of law, modern medicine, consumerism and the work ethic. I am in full accord with Ferguson on four out of the six of these phenomena: competition, science, modern medicine, and the work ethic. They are good explanations as to why some countries prosper, and others do not. I fear I must part company with him on the other two: the rule of law and consumerism. The former is a necessary but not sufficient condition (Nazi Germany abided by it), and the latter is just warmed over Keynesianism, something that leads to and implies retrogression, not progress.

With this introduction, let us consider some of the specific problems I have with this book.

Ferguson does not start out on the right foot. He attributes Chinese economic success (p. xviii): “…to a highly effective government stimulus programme based on massive credit expansion…” If so, this would be the first time on record for any such accomplishment. Any economic achievement in this nation, and it cannot

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be denied that there is plenty, is in spite of, not due
to, government interventions of this sort. Here is
another error (p. xix): “… the past is really our only
reliable source of knowledge about the fleeting
present…” It is, perhaps, understandable, that an
eminent historian would say this. After all, we all
tend to promote our own professions. Well, let me
promote mine: there are economic laws “out there”
that are also good guides to the present and
future. For example, price controls lead to
shortages and surpluses of goods, excessive
monetary creation creates higher prices, free
trade maximizes welfare, etc. And what of the
findings of the disciplines of chemistry, physics,
mathematics, that are not limited to occurrences in
the past? Do they not also shed light on past
events and also on what is to come?

I resist our author’s use of the words “anarchy,”
“anarchic,” etc. (p. 4) to depict chaos, or
“wilderness.” Etymologically, the prefix “an”
indicates opposition to. So, what do anarchists
oppose? Why, archy, of course. And what pray tell
is this? It consists of unjustified rule of one person
over another. It is thus at least an empirical
question as to whether or not we will have more
chaos under archy or anarchy. Would we really
be better off with a one world government, or with
the present anarchy amongst the present some
200 nations? Perhaps this is not much of a horse
race after all.

Ferguson violates another pet peeve¹ of mine
when he characterizes poor countries as
“developing” (p. 7). Yes, some of them are indeed
improving their economic situations. But, just as
assuredly, many of them are actually retrogressing.
The motive for this, our present
author is hardly the first to commit such an error
for this reason, seems to be that if we call
something with a positive name, this will help
promote the goal we wish to see (economic
development, in this case). But this is magical
thinking. It is akin to giving Barack Hussain Obama
a Nobel Peace Prize, a few short weeks after he
took office. As social scientists, we should surely

rank terminological accuracy over fraudulent
nomenclature, however ethically and positively
motivated.

The author of this book (p. 7) takes the position
that western governments intervene in the
economy “to try to smooth the business cycle and
reduce income inequality.” If so, they have not
done much of a good job of it. If we compare
the economic oscillations for 100 years before and
after the creation of the Federal Reserve in 1913,
we come away with a very different conclusion.²
 Ditto for economic inequality, not that this should
be any business of the state.³

I. Competition

I fully support Ferguson’s choice of competition as
one of the most important bulwarks of western
economic progress. It is too bad he does not
understand what competition is all about. For one
thing, it is competition in the private marketplace
that deserves the accolades, not government.
What are we to make, then, of his statement (p.
22) that “China’s Grand Canal … enabled the
imperial government to smooth the price of grain
through the five state granaries, which bought
when grain was cheap and sold when it was
dear?” It constitutes yet another attack on the free
economy of enterprise system, and thus a support for statism.
Suppose the government erred, and, instead,
bought high and sold low, thus making losses and
destabilizing prices. The state would then lose
money. But it would not be forced to go out of
business, the precise result for private
speculators. This is why the latter tend to succeed
in dampening down variations in prices and
quantities available to the consumer. Should we
then rely on statist “competition” in this regard? Of
course not. Why, then, this worshipful attitude
toward economic fascism, or mixed economy
interventionism, on the part of Ferguson, and in
the name of “competition” of all things?

Our man does not much like “cut-throat
competition” (p. 36). This bespeaks economic

¹ He does so again (p. 14) with regard to “rent-seeking.”
Why use an innocent concept like “rent” to represent the
heinous act of stealing, via government intervention?
Why not call this act, instead, booty-seeking, or theft-
seeking or plunder?

² See fn. 25, below.

³ One way to reach this goal is to take the wealth of the
rich away from them, without giving any of it to the poor.
This would promote equality. But the fact that this
abhorrent, at least to most, casts doubt on the moral
justification of egalitarianism in the first place.
illiteracy on his part. He appears to be laboring under the myth of “perfect competition” where competition is equated with the number of competitors. Lots of them, and we are alright; too few, and we embrace monopoly, or duopoly, or oligopoly. But this is nonsense on stilts. There are many, many taxi companies in a big city, but they are monopolistically trying to legally prevent firms such as Uber and Lyft from competing. There are only two pugilists in the boxing ring, and yet it is difficult to envision anything more competitive. Does Ferguson really think that companies which lower prices, offer better service, more guarantees, etc., literally cut anyone’s throat? It is difficult to avoid the conclusion that this assessment is precisely correct in the present case.

This author extends “competition” to war, and sees “three unintended benefits. First it encouraged innovation in military technology (p. 37).” Fair enough, but, only if such breakthroughs ultimately help societies will this be of much use. Second, he avers, is that “the rival states grew progressively better at raising the revenue to pay for their (military) campaigns.” Oy, oy, oy. Bigger, richer, and more omnipresent governments better promote economic development and welfare? Why, then, the tailspin for the U.S.S.R? Cuba? North Korea? Ferguson also supports (p. 38) “public debt” and “granting monopoly trading rights.” About the former, the less said the better. About the latter, whatever happened to his support for competition?

Another error in this competition section of the book concerns his support for the Malthusian population trap (p. 45). But this is easily disposed of. According to that worthy, mankind is destined to be trapped into an income level of subsistence. Whenever foodstuffs rise above that level, population does, too, and must be decimated by war, pestilence, disease, starvation, whatever. However, were we to truly live in a widespread and continual milieu of subsistence, no one would pay for a slave, nor expend the energy necessary to capture one. What is the point of having a slave who cannot produce any more than that amount necessary to keep himself alive? But, we have always had slavery, all during history. Every historian should know this. Therefore, we never could have been at subsistence level for any extended period of time. QED to Malthus, and also to Ferguson’s support of him.

II. Science

Here, our author is on firmer ground. He does an excellent job of making the case that openness to science is crucially important for economic development. In example after example, Ferguson demonstrates that those societies which embraced science and the scientific method prospered, while those that did not, did not. This chapter is so good it is worth the entire price of admission.

There is only one small quarrel I would pick with him here; he is a bit too enamored of the “positive contributions of … military conflict” (p. 65). Yes, “the relationship between warfare and scientific progress was very close indeed.” But did the former help or hinder the latter? Ferguson sees the two as complements. I see them as substitutes, to employ some basic economic verbiage. Our author, unfortunately, continues in this vein (p. 75), approvingly citing this quote: “It is … better to engage in an offensive war when one is free to opt between the olive branch and the laurel wreath than to wait until those desperate times when a declaration of war can only momentarily postpone slavery and ruin.” It is one thing to favor defensive war; this cannot but help promote progress since if taken over by a hostile force, economic welfare, let alone improvement thereof, comes to an abrupt halt. But it is quite another matter, as per Ferguson, to champion invasive, offensive wars. True, Great Britain did so on a massive scale, and was also highly successful from a commercial point of view. But

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4 For more on this see Barnett, Block and Saliba, 2005; Block, Barnett II and Wood. 2002; DiLorenzo, 2011; Gordon, 1997; Hayek, 1964, 2010; Lewin and Phelan. 1999; Machovec,1995; Reisman, 2005; Rothbard, 1961; Salerno, 2011; Salin, 1996. In the insightful view of Hayek (1964, p. 96) “In perfect competition there is no competition…”

5 This will come as shocking news to theorists such as Bauer, 1972, 1984, 1987; Bauer and Yamey, 1957; Hanke, 1987; Gwartney, 1996.

6 A good source for the claim that not only is war “the health of the state” (Bourne, 1918; also, Hummel, 1980) but it also undermines, does not promote, scientific progress, see Klein (2013).
imagine a United Kingdom that minded its own business, did not engage in imperialistic adventures all over the globe. It is easy to see even greater prosperity in this contrary to fact conditional supposition. That is to say, Britain’s economic development came about in spite of its military adventurism, not because of it.  

Here is yet another flaw in an otherwise splendid chapter devoted to exploring the benefits of science (p. 89): “New armies, new uniforms, new anthems and new palaces were all very well. But without an effective system of taxation to finance them…. Arms, uniforms, anthems and palaces hardly explain why the West does better than the rest in terms of improving civilization. And the more taxation the better in this regard? These claims are highly problematic. Even more so, our author sees no reason to defend these out-on-a-limb assertions against possible criticisms.

One wonders, also, at this statement (p. 93): “To an extent that is truly remarkable for such a small country, Israel is at the cutting edge of scientific and technological innovation.” Based upon higher Jewish IQ (Cochran, Hardy and Harpending, 2006; Murray, 2007) the real wonder would be if this were not the case.  

Of course Ferguson is correct when he tells us (p. 94) “Israel has more scientists and engineers per capita than any other country and produces more scientific papers per capita. As a share of gross domestic product its civilian research and development expenditures is the highest in the world.” What else could we expect from a people that have embraced science and intellectual accomplishments more enthusiastically than perhaps any other (Murray, 2003)?

III. Property

Ferguson rightly opines that it was not soil fertility or natural resources or better weather or river and port availability to which western civilization owes its success, but, rather (p. 97) to “the sanctity of individual freedom and the security of private property rights…” Tell is like it is, brother! Right on. But, why does he have to ruin these brilliant insights by juxtaposing his appreciation of them cheek by jowl with praise for of all things, democracy and the rule of law? What is so wonderful about the former? That ignoramus Winston Churchill famously said “Democracy is the worst form of government, except for all the others.” But this is clearly wrong. As Hoppe (2001) demonstrates, monarchy in many ways is far superior. The king has far less incentive to “make hay while the sun shines,” e.g., to pillage the economy for his own immediate benefit during a relatively brief time in office. The sovereign, in sharp contrast, can hand over the kingdom to his heirs, and thus has a far greater incentive to at least preserve if not to expand it. Nazi Germany was a democracy. Hitler did not come to power through a coup d’etat. Rather, he ascended to his office via the democratic process. So much for democracy. Ferguson (p. 104) denigrates “the primrose path of absolutism.” If by this he means non democratic countries, how does he account for the success of economic powerhouses such as China, Hong Kong, Singapore?

We must give a similar back of our hands to the rule of law. The Nazi government abided, strictly, by this requirement. There was very little lawlessness in this regime. Instead, the law was followed to a “T.” No defendants ever spoke

7 In similar manner, the U.S. has more than 800 military bases in some 140 countries (Department of Defense, 2007; Vance, 2010.). Surely, ceteris paribus, its inhabitants would be far more well off if these expenditures were avoided. “Bring the troops home” will help economic development, not harm it.

8 This is more than passing curious in that Ferguson himself (p. 235) acknowledges this phenomenon, noting “the disproportionate role played by Jews in every area of intellectual life… Accounting for around 0.2 per cent of the world’s population and 2 per cent of the American population, Jews won 22 per cent of all Nobel Prizes, 20 per cent of all Fields Medals for mathematics and 67 per cent of the John Clark Bates (sic) Medals for economists under the age of forty.”

9 Lyndon Baines Johnson, the Clintons, became fabulously wealthy in this manner and to that effect. On the former, see Caro, 1991, 2002; Goodwin, 1991; Shafer, 2007. As to the latter, Halper, 2015; Hudson, 2015; Seitz-Ward, 2014.

10 In terms of timing, it would appear that the best is the most extreme. A life long tenure leads to economic growth (Hoppe, 2001), as would a very short duration in office. For example, if people could only become president for a day, or, even, an hour, this might be too short a time period to ruin the economy with regulations, theft, etc.

11 What about those thugs who molested innocent Jews, Gypsies, gays, blacks and other so-called “vermin?”
more truly when those in the dock at the Nuremberg trials said they were only following legitimately enacted laws and orders when they engaged in their heinous crimes. No. The rule of law may well be a necessary precondition of the good society, but it is very far from being sufficient. Also required is substantive law that protects innocent people and their property, something the rule of law, in and of itself, cannot do.

Nor can we accept the notion of the (p. 105) “resource curse of cheap gold and silver.” Since when do low cost factors of production lead to economic stagnation? Would a country be better or worse off if it faced with high priced resources, other things equal? To ask this is to answer it. Yes, Spain imported much gold and subsequently suffered economic disarray, but this sort of historical conjunction hardly establishes a cause and effect relationship. Ferguson should ask himself if an economy that imports oil would really be better off if its price doubled or tripled.

Our author swallows whole Locke’s misbegotten notion that there is “implicit consent of all citizens (p. 108) and “a consent of the majority of representatives” (p. 109) to taxation. Do scholars of this sort make these things up as they go along? It is a bit late for Locke, but Ferguson would do well to peruse some critics of social contract theory, who demonstrates the utter fallaciousness and absurdity of thinking that governments govern with the consent of the governed. Spooner (1870) mentions, and magisterially rejects, the notion that paying taxes, or voting, can establish any such thing.

Ferguson’s support for property rights is only skin deep, as he excoriates “property speculators” (p. 116). What, exactly, does such an economic actor actually do? It is simple: he buys and sells property. But the right to purchase and vend is surely a basic, necessary aspect of overall private property rights. Take the one away and the other all but disappears. States Malcolm (1958, pp. 31-32) of his teacher, Ludwig Wittgenstein: “On one walk he ’gave’ to me each tree that we passed, with the reservation that I was not to cut it down or do anything to it, or prevent the previous owners from doing anything to it: with those reservations it was henceforth mine.” The point is, if you cannot buy and sell, that is, if you cannot speculate, ownership is fatally abridged. It is more than passing curious that our author would thus undermine property rights in a chapter ostensibly devoted to protecting and defending them.

This Harvard professor is quite right in focusing on the inequality of property holdings in Central and South America. He says (p. 124): “In post-independence Venezuela, nearly all the land was owned by a creole elite of just 10,000 people – 1.1 per cent of the population.” Some commentators, happily not the subject of this book review, lay the blame for this state of affairs on laissez faire capitalism. Not so, not so. Rather, the genesis for this phenomenon is the takeover of these territories by the conquistadores, hardly an aspect of the free marketplace.

Ferguson puts his foot wrong on slavery and secession what he says (p. 136): “…the anomaly of slavery in a supposedly free society could be resolved only by war between the pro-slavery states of the South and the anti-slavery states of the North…. Yet although the Civil War ended slavery…” No, no, no. In 1861, there were no “anti-slavery” states in the North. This “curious institution” prevailed throughout the United States. This war was fought over tariffs, not slavery. Lincoln’s purpose was to save the union, and had little to do with slavery. Said President (Honest Abe) Abraham Lincoln (1862): “My paramount object in this struggle is to save the Union, and is not either to save or to destroy slavery. If I could save the Union without freeing any slave I would do it, and if I could save it by freeing all the slaves I would do it; and if I could save it by freeing some and leaving others alone I would also do that.”

The 16th president of America initially only freed the slaves in the South, not the North. Nor did any “Civil War” take place at that time. This was rather a war of secession. In a true civil war, both sides wish to rule the entire country. In Spain in 1936, and in Russia in 1917, there were actual civil wars, 12 DeJasay, 1989; Evers, 1977; Machan, 1983; Outlaw, 2008; Spooner, 1870.

13 For more on this, see DiLorenzo (2002A, 2002B, 2006)
since each party to the conflict desired sovereignty over the entire nation. But the South never sought to control the North. The southern states only intended to secede from the northern ones, in much the same manner as the thirteen colonies had separated from Britain in the Revolutionary war of 1776. So the correct appellation for the “unpleasantness” of 1861 is War of Secession, or War to Prevent Secession, or War between the states, or, most accurately, War of Northern Aggression.14

What are we to make of this erroneous claim of Ferguson’s (p. 138): “Far from being indispensable to its success, slavery and segregation were handicaps to American development, their legacy still painfully apparent in the social problems – teenage pregnancy, educational underachievement, drug abuse and disproportionate incarceration – that now bedevil so many African-American communities.” Our Harvard historian could benefit from a crash course in the research of Thomas Sowell and Walter Williams who refute these pious sentiments over and over again. Teenage pregnancy, particularly in the black community, is the result of President Lyndon Johnson’s Great Society programs, which made young pregnant girls a much better financial offer than the teenage fathers of their children (Murray, 1984). There was much less educational underachievement on the part of blacks in the first half of the 20th century, when segregation was much more prevalent, and slavery more recent, than in the second, and in the beginning of the 21st. As for the plight of African-Americans the legacy of slavery, Sowell, 2015B maintains: “Were children raised with only one parent as common at any time during the first 100 years after slavery as in the first 30 years after the great expansion of the welfare state in the 1960s? As of 1960, 22 percent of black children were raised with only one parent, usually the mother. Thirty years later, two-thirds of black children were being raised without a father present.”15 Yes, there is a disproportionate incarceration of blacks on drug offences due to the different types of these prohibited substances used in the two communities, but this was due in large part to the actions of the Congressional Black Caucus.16

IV. Medicine

This is an important chapter and Ferguson makes a significant contribution to our understanding of the importance of this phenomenon. This is especially true since most commentators on why the West outstrips the Rest do not emphasize this element. Our author makes a good case for the influence that medical progress makes toward overall economic and social development. But as per usual, in doing so, he commits all sorts of errors along the way.

For example, he (p. 149) takes the position that a “central note-issuing bank” helps promote economic progress. First of all, this is wrong. Instead, this misbegotten institution creates ruinous inflation and exacerbates and even causes the business cycle. Compare the U.S. economy in the hundred years before and after the creation of the Fed in 1913. The oscillations were far more serious in the latter period. Second, what in bloody blue blazes does central banking have to do with the ostensible burden of this chapter, medicine?

Here is another example. Ferguson (p. 149) equates “privatization” with “creating a bloated public payroll of parasites.” Say what? This is “privatization?” Advocates of this system17 would

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14 It is erroneous to tie secession per se to support for slavery. The first state to attempt at secession was Massachusetts in 1825; they wanted to depart from the Union as a protest against this inhumane system. The relations of Quebec to Canada, Scotland to the United Kingdom, the latter to the European Community, Catalonia to Spain have absolutely nothing to do with slavery; rather, they are all attempts at secession.


16 The Congressmen feared the depredations of drugs more than the loss of liberty these laws embodied. See on this Cassiel, 2015; Diulio, 1996; Mann, 2013; Serwer, 2011; Thermstrom and Ternstrom, 1997, pp. 264, 278-279; Venugopal, 2013A, 2013B

be amazed that a Harvard professor could so misconstrue this aspect of economic logic. Or, maybe, come to think of it, Mr. Libertarian, Rothbard, would not be doing any such thing, so frequent is this misconception from emanating from that neck of the academic woods. Privatization is the exact opposite of a public payroll of parasites, bloated or not. Full privatization implies no public payroll at all for burocratic parasites.

Our economic historian properly castigates Napoleon Bonaparte for his mercantilism (p. 161), but, then, turns around and takes up this position himself, praising Britain for being “able to run a current-account surplus.” I run a current account surplus with my employer. This institution pays me, in terms of my salary, far more than I purchase from it (a few meals at the cafeteria, publications from the bookstore upon occasion.) On the other hand, I run a current account deficit with McDonalds and Wal-Mart. I purchase far more from them, than they from me (zero, as it happens). Putting this the other way around, these retailers run a current account surplus with me. What any of this has to do with the price of tea in China, or, more to the point, with medicine, is beyond me. There is certainly no implication that since I run a surplus with my employer I exploit it, or, since the opposite pertains with these retailers, they immiserate me in any manner, shape or form.

Here is a problematic aspect of Ferguson’s treatment that at least has the virtue of pertaining to medicine. He (p. 174) welcomes “universal healthcare.” Why is this a difficulty? It is because he merely assumes its benefits. This author does not condescend to offer the arguments against socialized medicine, and attempt to refute them. Instead, he ignores the critics of such central planning modalities. Let me then mention a few objections. When medical care is priced at or near zero, demand becomes greater than supply. In other words, shortages ensue. There are long queues for service. People treat healthcare services as the free good it is, under this system, and use it as if it were a free good. But it is not; it is still a scarce commodity. So it is overused, given its alternative costs. Socialized medicine becomes a hypochondriac’s dream come true. Social misfits, who cannot get anyone to talk to them, can avail themselves of the company of a doctor or nurse. People use free ambulances instead of price charging taxi cabs. There is less self-medication than the presumably optimal amount would otherwise obtain.

Ferguson also steps into the treacherous waters of racism (p. 177). He maintains “that genetic differences between the races are relatively small, and the variations between races quite large.” Does he offer any opinion as to what “small” and “large” are? He does not. Does he offer any empirical support for this claim? He does not. As is his wont, he blithely ignores those who sharply disagree with him, contenting himself with mouthing these pieties in the absence of any evidence in their behalf. Not very scholarly. Our Harvard professor really ought to read up on Mill (1859), who stresses the importance of interacting with, confronting, ones’ intellectual competitors.

This chapter is also marred by Ferguson’s claim that war promotes economic well-being. He opines (p. 188): “Yet war can also be a driver of human progress. As we have seen, the impressive advances of the Scientific Revolution were helped not hindered by the incessant feeding of the European States. The same was true of the clash..."
of empires between 1914 and 1918. The slaughter-house of the Western Front was like a vast and terrifying laboratory for medical science, producing significant advances in surgery, not to mention psychiatry. The skin graft and antiseptic irrigation of wounds were invented. The earliest blood transfusions were attempted. For the first time, all British soldiers were vaccinated against typhoid, and wounded soldiers were given anti-tetanus shots.” The difficulty here is that he is engaging in a contrary to fact conditional. Yes, medical progress took place between 1914 and 1918. But, would it have occurred more quickly or more slowly in this half decade had there been no war at all? Ferguson simply does not consider this alternative possibility. What of the hundreds of thousands of very intelligent people who perished during this conflagration? Would any of them promoted medical technology to an even greater degree had they remained alive? We can never know the answers to these questions, but they cannot be ignored, either, as does our author, in assessing the connection between war and progress.

But let me end my coverage of this relatively not-so-bad chapter on a positive note. Ferguson exhibits great courage in acknowledging the positive role played by the imperialist powers in promoting the health of Africans. He states (p. 173, footnotes deleted): “In the words of the first Socialist Minister of Colonies, Marius Moutet, the aim of French policy was ‘to consider the application to the overseas countries of the great principles of the Declaration of the Rights of Man and of the Citizen.’ It is easy today to dismiss such aspirations as products of insufferable Gallic arrogance. But there is no question that here, as elsewhere, Western empire brought real, measurable progress. After the introduction of compulsory vaccination,24 in 1904, smallpox was significantly reduced in Senegal. In only four years between 1925 and 1928 did the number of cases exceed 400 a year. Malaria was also curbed by the systematic destruction of the mosquitoes’ swampy breeding grounds and by the isolation of victims, as well as by the distribution of free quinine. Yellow-fever epidemics, too, became less frequent in Senegal after the introduction of an effective vaccine.”

To say this is politically incorrect would be a vast understatement. What? Praise dead white males for saving the lives of black people in Africa? This is surely unacceptable in the faculty club at any self-respecting Ivy League university. And yet there it is, in black and white, so to speak, a defense of imperialism. One need not be a fan of that institution to appreciate that it did indeed do some good. Congratulations to Ferguson, for telling it like it is.

V. Consumption

This is by far the worst chapter of the entire book. At least the other parts of this publication, albeit marred by error, made positive contributions. Competition, private property, the rule of law, science, the work ethic, are all assets in human development. In contrast, Ferguson’s emphasis on consumption is merely warmed-over Keynesianism.25 In this view, the market continually fails and centrally planned monetary and fiscal policy is the only remedy. Left to its own devices, the free enterprise system threatens to veer off the proper roadway into the ditch of either unemployment or inflation. In the former case, expansionist policy whether monetary (right wing Keynesianism – quantitative easing) or fiscal (the left wing variety) is called for; the Fed must step on the gas pedal. In the latter case, the central planning board must employ the brakes, in either or both of these ways. Completely unexplained is what to do if both occur at the same time; e.g., stagflation. Then there is the “multiplier.” For every dollar spent by the government, the GDP will increase by a multiple of that amount. It is unclear on this account why it is that Zimbabwe and Argentina are not economic powerhouses.

Here is one last issue, more pertinent to this chapter. Consumption is good, saving is bad; it is “leakage” from the economy. We can spend

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24 For support of this policy under limited conditions see Block 2013A, 2013B

25 Again, as is his practice, without mentioning any critiques of this misbegotten economic philosophy. I offer the following short bibliography in an attempt to fill
ourselves out of any depression, with enough guidance from our masters in Washington D.C. Why, then, was the hyper-inflation of German in 1923 not a rip-roaring success? They were spending like crazy there and then.

What are some of the other mistakes in this chapter? This supposed economic historian favors protectionism and the infant industry argument (p. 202). attacks the economic holy grail argument of comparative advantage (p. 202) and misunderstands why we no longer have widespread child labor (p. 203). This is economics 101 material, and it is shocking that an eminent professor of economic history is abjectly ignorant of what virtually all economists have to say about these matters. I recommend he read any introductory economic text, but in particular Hazlitt (1946).

Our Harvardian also supports intellectual property rights (p. 204), criticizes the industrial revolution (pp. 203-207), repeats his errors concerning Malthus (207), and extols the virtues of egalitarianism (p. 208) and thinks labor organizations in general, and “union pressure” (p. 210) in particular can promote economic growth. There seems to be no end to his embrace of left-liberalism, socialism, economic fascism and Keynesianism. It includes progressive taxation, state pensions and government subsidies for education, the arts and the sciences (p. 210). And, all of this, of course, without lifting a finger to mention critics of these nostrums, and, less so, any attempt to intellectually counter them. The list continues to go on: Ferguson accepts (p. 215) the public goods concept, subsidies to railroads, slum clearance. Unhappily, our professor takes (pp. 229-230) the Friedman and Schwartz (1963) position on the depression of the 1930s, that it was due to insufficient money creation on the part of the Fed, again ignoring alternative explanations emanating from a study of Austrian economics. Ferguson (231) also shamefully advocates “government spending on public works” as a way of ending the Great Depression. As in the case of the more recent binge of quantitative easing, neither scheme worked.

VI. Conclusion

I am very ambivalent as to whether, how, and if so in what way, to recommend this book. On the one hand, I did learn from it. Ferguson is a good teacher, and a very learned man. On the other hand, as I have indicated, the volume is just littered with errors both of omission and commission, and I am not sure which is worse. Perhaps where I come down on this question is to “damn it with faint praise”: I recommend this book

26 Hint, free trade benefits all parties to it, at least in the ex ante sense; all new businesses are “infants” at their inception. Should we subsidize and protect each and every one of them?

27 Hint, if he wants to maximize his income, Bill Gates should not do his own cooking, cleaning, laundry, even if he can do these tasks better, more efficiently, less expensively, than anyone else on the planet.

28 Hint, it was productivity increases, not legislation, that is responsible for this salutary state of affairs.


31 See Rothbard (1971) for a refutation.

32 For an example to the contrary, see “rust belt” in general, and Detroit in particular.

33 For an alternative perspective, see Barnett and Block, 2007, 2009; Block, 1983, 2000, 2003A; Cowen, 1988; De Jasay, 1989; Holcombe, 1997; Hoppe, 1989; Hummel, 1990; Osterfeld, 1989; Pasour, 1981; Rothbard, 1985, 1997; Schmidtz, 1991; Sechrest, 2003, 2004A, 2004B, 2007; Tinsley, 1999. Rothbard’s (1997, 178) reductio absurdum of public goods is as follows: “A and B often benefit, it is held, if they can force C into doing something... [A]ny argument proclaiming the right and goodness of, say, three neighbors, who yearn to form a string quartet, forcing a fourth neighbor at bayonet point to learn and play the viola, is hardly deserving of sober comment.”

34 See Kolko (1965) for an entirely different historical account

35 Anderson, 1964

36 This is the claim that the Austrian business cycle of the 1930s was fomented by the monetary expansion of the 1920s. See on this Rothbard, 1963
mainly for the fact that it is indicative of an erroneous mind set of prestigious economic historians, for the mistakes he commits are certainly not limited to this one individual.

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Received for publication: 18.12.2015

Revision received: 06.01.2016

Accepted for publication: 15.01.2016

How to cite this article?

Style – APA Sixth Edition:

Style – Chicago Sixteenth Edition:

Style – GOST Name Sort:

Style – Harvard Anglia:

Style – ISO 690 Numerical Reference: