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Wilhelm Roepke: Robbing Peter to Pay Paul Study Guide

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WILHELM ROEPKE: ROBBING PETER TO PAY PAUL

STUDY GUIDE, 2010

Steven Alan Samson

John Chamberlain's Review of *Against the Tide*: <http://mises.org/daily/3895>

Outline

- A. GUIDELINES TO ECONOMIC POLICIES (203-05)
 - 1. There Are Certain Things That No One in His Right Mind Regards as Anything Other Than Bad
 - a. Inflation: Any Argument in Favor of a Long-Run, Simmering Inflation Merely Exposes the Bankruptcy of a Certain Brand of Economic Theory and Policy
 - 2. Welfare State: Few Critics Reject All Ideas and Arrangements Associated with This Concept
 - a. The Danger: Once We Accept the **Principle of Compulsion**, Where Is the Limit?
 - b. Things Get Out of Hand: *e.g.*, Progressive Taxation
 - (1) Predicament of the Sorcerer's Apprentice
 - c. Areas of Compulsion Grow: "More and more areas of compulsory aid keep being discovered; more and more population groups are drawn in; the assistance rendered grows more comprehensive and the projects adopted more elaborate (204)."
 - 3. Modern Welfare State Progresses by Its Own Momentum
 - a. It Provides a Means for Demagogues to Win Votes
 - b. It Is a Favorite Playground of Cheap Moralism
 - c. This Road Leads to the Abyss [If the deal is "my way or the highway", we should take the hint and vote with our feet]
 - (1) Lord Beveridge help create the welfare state, then expressed alarm
 - 4. The Welfare State Is a Powerful Machine without Brakes or a Reverse Gear
 - a. Outside Limits Must Be Imposed
 - b. Need for Rules, Principles, Criteria, and Distinctions
- B. PROCEEDING *A MINORE AD MAIUS* [from the Less to the More Important]
 - 1. The Welfare State Road Carries One-Way Traffic Only
 - a. No Further Step Should Be Taken without the Utmost Care and Extreme Reluctance
 - (1) If in doubt, leave out
 - (2) Before any decision is made, it is best to sleep on it
 - 2. The Heaviest Responsibility Is Borne by Intellectuals Rather Than Practical Politicians
 - a. The Broad Masses Themselves May Not Be So Keen on It
 - b. The Influential Group of People Who Are Out for Prestige and Power Make the Utmost of the Opportunities It Offers for Social Demagogy [cf. Spurius Maelius]
 - (1) Ideological banner of "Progressivism"
 - c. All the Danger Lies in the Abuse of the Welfare State Principle
 - d. Cheap Moralism Is Irresponsible and Nothing Short of Immoral for the Responsible Intellectual
 - (1) The responsible intellectual has the duty to make himself unpopular: "It is safer . . . to err on the side of exaggerating criticism rather than encouragement. . . . The welfare state does not need our kindly help, since it can get along very well without it. But the dignity of the free individual and the good health of society do need our help, because they are jeopardized by the mushrooming welfare state (207)."
 - e. Need for the Responsible Statesman, the Social Scientist, and the Leader of

- Public Opinion to Form an Alliance to Strengthen the Forces of Moderation
- (1) Courage is required
 3. A Question of Expediency
 - a. The Example of Socialized Medicine`
 - (1) The patient should be given an interest, such as cost-sharing in health insurance; exceptions would be made for emergency cases
 4. A Problem of a Fundamental Kind
 - a. We Must Make a Basic Distinction between Which of Two Things We Want
 - (1) A helping hand, or
 - (2) Socialism
 - b. We Must Stand Firm Against All Attempts to Obscure the Decision
 - (1) Danger of **perverting the idea** that no one should fall below a certain minimum into the contrary idea that no one should rise above a maximum as near as may be the same for all
 - c. A Difference in People's Social Approach: the Two Sides
 - (1) The one side: Those who conceive of aid as a **subsidiary means**: a rear guard in case the front line of self-help and voluntary mutual help collapses
 - (2) The other side: Those whose basic idea is the conception of society as a colossal machine
 5. Critical Point Beyond Which the Warmest Well-Wisher May Not Reasonably Want to Go
 6. Three Ways to Determine When This Critical Point Has Been Reached
 - a. When the Inescapable Financial Burden Becomes Evident to All
 - b. Where a Vicious Chain Reaction Sets in: Where Compulsory Aid Paralyzes People's Willingness to Take Care of Their Needs and Its Financial Burden Considerably Weakens People's Ability to Do So (Creating Greater Dependency)
 - c. Where the Welfare State Becomes One of the Principal Causes of Chronic Inflation:

"Such a welfare state not only exports inflation to other countries that, like Germany [in the late 1950s], were more successful in containing chronic inflation, but it also sponges on them to the extent that month after month it builds up a debit position in the European Payments Union. The welfare state lives beyond its means, but that can be done only if others foot the bill (211)." [cf. Athens under Pericles and Greece vis-à-vis the European Union today].
 7. The General Characteristic of the Welfare State: **Letting Someone Else Foot the Bill** [cf. Frederic Bastiat: **Plunder** originates in a desire to live at the expense of others by appropriating the product of their labor]
 8. The Welfare State Stands or Falls by Compulsion
 - a. It Is an Evil the Same as Each and Every Restriction of Freedom
 - b. The Only Question on Which Opinions May Still Differ Is Whether and to What Extent It Is a Necessary Evil

-- Wilhem Röpke, Against the Tide, trans. Elizabeth Henderson. Chicago: Henry Regnery, 1969, pp. 203-213. This essay was originally published in the *Allgemeine Zeitung* (Frankfurt), January 22, 1958.