

Obama and the Germ Theory of Disease

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One day I was visiting an Indonesian family who lived in a mountain village. One of the members of family had a bad eye infection. I was afraid he might lose the eye, as we were miles from medical help. I noticed that before eating, he would pass the plate of food under the crook of his knee, muttering something. I asked who he was talking to and why? He said, spirits, to help with the eye infection. I asked, good spirits, or bad? He said, bad spirits.

Another time I was in a remote village in the Solomon Islands. One of the locals, Sam, volunteered to take me for a walk. We went into the forest, following a creek up to its source. Eventually, we arrived at a spring of fresh water, welling out of a rock and forming a pool. Along the way, Sam had been telling me a story, a Romeo-and-Juliet type affair, about a pair of young lovers who could not marry because their families were feuding, and they ran away and ended up dying. I wasn't really paying attention until Sam pointed to a rock beside the pool and said 'And they turned into that rock, and the creek sprang out of it.'

Wow. A real live creation myth.

Watching modern mainstream discussion of the ill-effects arising from government's re-distributionist policies is like watching a group of people who do not understand the germ theory of disease, discussing disease. It is like watching people trying to cure a case of anaemia, by applying leeches, because they are operating on the basis of a theory that is wrong. They don't seem to understand that the poverty, unemployment, disadvantage, and economic disorder that they are trying to fix up has got anything to do with their own policies. They satisfy themselves that the people opposing them are in favour of poverty and disadvantage, rather than understanding that everyone wants a better and fairer society, and that they themselves have got the theory wrong.

If we were to accept the mainstream interventionist point of view, we would have to believe that government could create benefits, such as lowering interest rates or making housing more affordable, but without there being any significant cost or consequence. It is essentially an irrational belief system, a belief in creating real wealth out of thin air. By praying to this magic machine called government, we can get something for nothing, apparently.

Either that, or we must believe that forcibly taking money from A and giving it to B, at the same time forcibly taking money from B to give to C, and so on in an enormous incoherent welter of literally millions of handouts all at cross-purposes to each other, and canceling each other out, is capable of making society better off, without any significant or systemic ill-effects. Can anyone really believe something so obviously irrational?

In today's news, Barack Obama wants Congress to approve a multi-billion dollar 'stimulus' package. He is going to inject money 'into the economy'. But if he's going to inject money into the economy, where's he going to get the money out of?

Well the answer is, the wealth he's going to 'inject' doesn't exist: he's just going to declare that, by his authority, it does exist. (It will then be conjured either by newly printed bank-notes with the ink still wet, or what is the same thing, by new 'credits' in government computers.)

But of course, governments have been 'injecting' money from thin air 'into the economy' for the last 70 years, since Keynes made inflationism fashionable, on the pretext that it is necessary to 'stabilize' the economy. If the theory is right, how come it doesn't work, and how come it didn't predict the crisis? More irrational faith, immune to evidence and reason.

So you have to ask, how could someone really believe that a financial crisis arising in the money industries has got nothing to do with government's money policies – decade upon decade of permanently adding more money based on nothing into the system? What thought process would be necessary to believe that one person, or a group of persons (government) could just magically make benefits without costs?

This applies to all the other deluded interventionist policies that Obama is going to inflict on society, such as 'stopping' job losses (magic), 'stopping' foreclosures (more magic), and 'stopping' businesses moving offshore (all magic).

All these deluded beliefs have their parallels in Australian politics on both sides of the political divide.

What we are faced with here, folks, is a modern irrational belief, a modern creation myth, a modern superstition. Why don't people notice it, the way they would notice the two examples I cited earlier? Because they are operating on the basis of social theory that is wrong.

To bring the statist mindset into the modern rational period, this is the missing piece of intelligence they need:

The phenomena of the market conform to laws. They are called laws for a reason. They are not matters of opinion, no matter how strongly the opinion is held. It doesn't matter if you think the laws should not apply, any more than if you think the law of gravity should not apply.

These economic laws were a great discovery because before they were discovered, it was believed that kings, by virtue of their divine right, could do anything they decreed. Once we understood the correct theory, understood the

limitations on human action, we were able to enter the modern age of rationality with its everyday miracles of technology, transport, communications, medicine, and so on.

(It's a bit like with science. Science actually claims less explaining power than theology: but once we understand our own limitations correctly, we can actually achieve more than with a more ambitious theory. In fact it is science: the science of human action.)

Yet today we see the same irrational belief that governments, by virtue of nothing but majority support, can do anything too. Obama recently said "There is nothing we [meaning the democratic state] can't do, nothing we can't accomplish if we are unified."

This may be inspiring, but the problem is that it's simply false.

People acting on this deluded superstition just spread moral and economic disorder throughout society, cause problems that are worse than the original ones they are trying to fix, and then, failing to understand the connection between their actions and their consequences, blame everyone but themselves, and administer more poison to cure poisoning.