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Preface to the Polish Edition of *Democracy - The God That Failed*

In human history, for better or worse decisive turns in the course of events occur. The most recent of such turns was in 1989 with the implosion of communism all across central and eastern Europe. This had been predicted seventy years before by the Austrian economist Ludwig von Mises (1881-1973), a native of the Polish city of Lemberg (Lwow).

Clearly, the downfall of communism was a change for the better. However, what could have been a triumph in the history of human liberty turned out to be a meager victory that quickly waned.

Of all countries liberated from communism, Poland held particular promise. Poland was once a thoroughly aristocratic nation, and it has always been the aristocracy in particular, the natural elite, which has embraced and promoted the idea of liberty. Poland was an elective monarchy from 1572 to 1791 and in its parliament - the Sejm - a single member had the power to annul any proposed legislation. Throughout Europe, Poland was hailed for its religious tolerance. As Erik Ritter von Kuehnelt-Leddihn has noted, Poles thrice played a decisive role in saving Western civilization: in 1241 at Liegnitz, when, despite their defeat, Poles and German knights held off the Mongol invasion of Western Europe; in 1683, when Poles defeated the Turks at Vienna; and in 1920, when Poles defeated the Bolsheviks at Warsaw.

However, rather than resuscitating its glorious liberal-libertarian past and choosing a radical path toward desocialization and privatization as proposed in Chapter 6 of this book, Poland, like most other formerly communist countries, chose to adopt the western European model of the social-democratic welfare state. This was in part because the Polish leaders did not know better, but more importantly it was because they were bribed and advised to do so by the political leaders of Western Europe and their intellectual 'bodyguards,' who were fearful of a truly liberalized central and eastern Europe. Such a liberal Poland would have put Western Europe's own over-taxed and over-regulated countries at a competitive disadvantage and forced them to engage in radical domestic reforms. It would have required the rollback of the economically unsustainable Western welfare state. Instead, Poland imitated the West with a large government-controlled sector of the economy, government-produced paper money, high taxes, an abundance of economic regulations, and a multitude of tax-financed 'welfare' provisions. Moreover, lured by the promise of huge transfer

payments and high-paying jobs in Brussel's ever-growing bureaucracy, Poland decided to join the European Community, a government cartel set up for the purpose of an upward harmonization of the tax and regulation structure throughout Europe. Following some initial spurts of economic growth due to a certain degree of privatization and liberalization, the results have been predictable: widespread corruption, inflation, stagnation, and unemployment.

Worse, limited as it was, the process of de-socialization was essentially a political one. That is, instead of being returned to their just owners, large parts of the national resources were privately appropriated by politicians and politically connected circles, who were frequently the former communist rulers and oppressors. Many people with most dubious pasts suddenly emerged as owners of great fortunes and wealthy businessmen.

It is no wonder, then, that "capitalism" and a "free market economy" both quickly assumed a highly negative connotation, for those were the names under which the new economic system was fraudulently advertised. If "capitalism" and "free markets" meant stagnation, misery, unemployment, and crooks becoming rich, who wanted it? The egalitarian envy directed against the rich, which was cultivated during four decades of communism, intensified.

In this book, it will be demonstrated that fundamental alternatives to the present order exist; that democracy is just a mild form of communism; that a monarchical system is preferable to mass democracy but can be improved upon through the establishment of a "natural order;" and that political centralization as represented by the European Community is economic nonsense. It will be argued instead that de-centralization - the model provided by cantonal Switzerland, Liechtenstein, Monaco, and the "free cities" such as the Free Royal Polish City of Danzig (Gdansk) before 1795 and "free cities" all across Europe during the Middle Ages - promotes liberty and prosperity; that the class of politicians and government bureaucrats are parasites living off the work of productive individuals; that under genuine capitalism and free markets only productive and thus deserving people, not crooks, will become and remain rich; and that under such circumstances the sentiment of envy, as the biblical commandments clearly recognize, is evil and counterproductive and must be suppressed.

I do not exaggerate when I say that the Polish reader will find this book highly provocative, even shocking at times. It attacks one popular myth after another head on. Whether or not the reader will accept all of my conclusions, I am confident that he will be awakened from his dogmatic slumber and view the world with different eyes than before.