

## Socialism is Dead - Statism is Sick

Editorial

**I**n the 1960s and 1970s the British witnessed the high tide of twentieth century statism. The internal contradictions of socialist theory became plain. The crises of socialism became plainer. State bureaucracy strangled most aspects of society and everything it touched turned to inefficiency. The state provision of services had turned into the provision of privilege and apparent security to state workers - but they needed to care little for consumers of the services. Rubbish piled up in the streets. The ill were turned away from the hospitals and the dead from the graveyards. The state system was without the competitive pressures of the open market. It was coming up against the consequences of its privileged protection - inefficiency, waste, vast bureaucracies, and an almost purely self-interested management style. State socialism had been tried and found wanting.

The realisation that statism was the problem rather than the solution had grown in intellectual circles from the early 1970s. *The Institute of Economic Affairs* had been laying the groundwork since the 1950s. The conversion to monetarism, in both its narrow usage relating to the money supply and its broader and more popular version as the free market by the likes of Peter Jay and Paul Johnson were crucial signs that the tide had turned. The brightest and the best were moving away from socialism. To be sure Thatcher, Joseph, and their followers were the first to realise that a long-term change had occurred in the intellectual climate. The fact that they were the first to take advantage of it was largely accidental. It was partly luck that Thatcher won the leadership of the Conservatives and the powers of patronage that went with it. It was also luck that the electoral system is one that enables governments to be formed with little more than 40% of those who bother to vote.

Despite the shifts in ideology amongst the population and Thatcher's adoption of the new ideas, she has still gone very cautiously

towards the free market. This shows that no matter how much she personally favours the market the wise politician can only go as fast as the consensus of opinion allows. However, Prime Ministers, especially the successful ones, can be influential in their own right and do affect the intellectual climate. The brute fact of Thatcher's eight years in office acts as a very practical refutation of the idea that people are generally opposed to the principle of freer markets. But she has made no moves to increase personal freedom, which is at least as important as financial freedom. There have even been a few attempts at further restrictions on private behaviour, such as the video nasties legislation and tougher laws on drug-taking.

### Welfare Statism Resilient

The irony is that having endured so much vilification from the statist left for supporting the market, the Tories have so little to show compared to the possibilities for the future. Bound more or less by the consensus, the welfare state has, unfortunately, been all too safe with Thatcher. More people are on higher levels of state benefits than ever before in British history. Supplementary benefit now equals the average real industrial wage of about 35 years ago - no wonder 3 or 4 million people prefer it to working and paying tax!

Just as much is indiscriminately poured into the NHS as in 1979. The twin pillars, welfare and health care, of the cradle-to-grave state are still virtually untouched. Despite the long-needed retreat of the state from some aspects of economic regulation and subsidy (foreign exchange, heavy industry, the self-employed) *state spending as a proportion of total income is still as large as ever*. While the state retains its monopolistic and restricting role in health, education, and welfare, enormous resources will be wasted and innovations frustrated. More and better health care, education, and pensions would be forthcoming if the state were to end its responsibilities in these fields. Individuals in the market place couldn't fail to do a better job through competing businesses and charities.

*The Libertarian Alliance is an independent, non-party group, with a shared desire to work for a free society.*

## **The Future**

Parties that neglect changes in the consensus will be doomed, just like ideologues whose ideas have been refuted. While the Labour Party is based on a rejected ideology it will always struggle. SDP/Liberal Alliance politics are rooted in historical tradition. They are centred merely on the principle of a moderate opposition in ideas but a strong opposition to the style and quality of the incumbent party. Since the voters have accepted that the Tories operate within the consensus, the Alliance approach is the only realistic way to overthrow the government.

If Thatcher had not won the leadership of the Tories and then the subsequent general elections, it might have taken 15 or 20 years to free the economy as she has done. The fact that democratic politicians are more or less the poodles of public opinion means that sooner or later others would have followed her down the same path. The fact that she has gone such a small distance down the path is evidence of how slow the consensus is to move. The consensus has much further to go yet. Libertarian ideologues have dealt with socialism, but still have much to do.

## **Free Life**