

Eastern Europe – Goodbye To All That

Editorial

For every outrage in a police state there are a thousand petty insults. Five or six years ago a friend of mine decided to spend Christmas in Berlin. Part of the celebrations were to be spent on *Unter den Linden*, a famous street which is in the east of the city. The tourist coach was searched as it passed from West to East Berlin and much to the consternation of the East German guards it was discovered that one of the members of the coach was displaying an Amnesty International badge. The guards maintained that either the person with the badge had to be removed from the coach or the coach would not be permitted into the East. Events threatened to turn nasty, but in the end a bureaucratic compromise was reached. The Amnesty International member would be allowed into the East, but she would not be allowed to wear her badge.

For ordinary citizens of Western and Eastern Europe, episodes like this have disappeared into the dustbin of history and the ordinary citizens are truly grateful. Even some intellectuals look upon the events in Eastern Europe as almost wholly beneficial. The ending of the monopoly of political power of the Communist parties, the extending of freedom of speech and association, and the abolition of the atmosphere of fear will be wholly welcomed.

The attitude of the intellectuals towards the fact that the Eastern European countries are going to move away from the controlled economy is more ambiguous. Most striking with its brazen impudence is the Trotskyite and Bolshevik jetsam which insists that the revolutions in Eastern Europe are aimed against capitalism. Having assumed since time immemorial that *all* revolutions are against capitalism, it is plainly inconvenient and tiresome to contemplate the possibility that a revolution might be objectively in favour of capitalism. They are like Christians who believe that all phenomena must demonstrate the goodness of God and that a par-

ticularly cruel and painful death shows that God is very good indeed. (Alternatively some Christians believe that God works in a mysterious way. Communism too worked in a mysterious way, unfortunately the people who lived under it were not able to fathom the mystery and clearly were not disposed to continue the effort. Christians please note).

More pragmatic socialists prattle away about a middle way being found between the command economies of the East and the *laissez-faire* market economies of the West. Libertarians will not resist a smile when seeing this characterisation of the West, but they should point out something important to the socialists about the position of the workers in a controlled/semi-controlled economy.

Nationalisation is inefficient in many ways. Everyone knows about the queues, but the effect of nationalisation on politics is just as important. The more an economy is nationalised, the more are the costs of economic dislocation. A legal monopoly in the production of a particular good means that power is concentrated in that industry and that, because strikes can be more effective, there is an incentive for unions to go on strike. Equally, if a strike leads to the severe curtailment of an important good, people want economic life to return to normal and there is pressure from the consumers for limitations on industrial action and on workers' rights.

A drastic example of the damage caused by the granting of a legal monopoly for the production of a good was the Miners' Strike of 1984-5 in Britain. The nationalisation of coal was the precondition for the effects of that strike, and the effects were bad enough in an economy where nationalisation was not the predominant means of production.

In a command economy these kinds of strikes are so damaging that political intervention of the extreme kind is required. In Latin America the military junta is the preferred method, in Europe the Communist party was used to crack the whip. If communists had not implemented the command economy, its existence would have demanded their invention. The moves to a

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

market economy in Eastern Europe must not be half-hearted. The control of economic life tends to bring the control of political life in its wake and it would be sad to see lukewarm Communism, albeit under a different name, emerging in these countries.

The events of Winter '89 show that the views of Western intellectuals on capitalism carry less weight than might have been supposed. What has happened in Eastern Europe is irreversible. The Soviet government is fully employed maintaining the coherence of the Soviet Union. The state of flux in that country can be seen in such curious phenomena as Yeltsin declaring the independence of the Russian federation from the Soviet Empire (if in 1900 Britain had declared independence from the British Empire the effect would have been the same; maybe British politicians at the turn of the century read Edward Lear when such moods overtook them). As long as Gorbachov tries to run the USSR as if it were a Western European democracy and not an Empire, unrest will continue - and it will probably continue when Gorbachov goes. The movement towards a more liberal order in Eastern Europe may not be without tears, but definite movement there will be.

Free Life