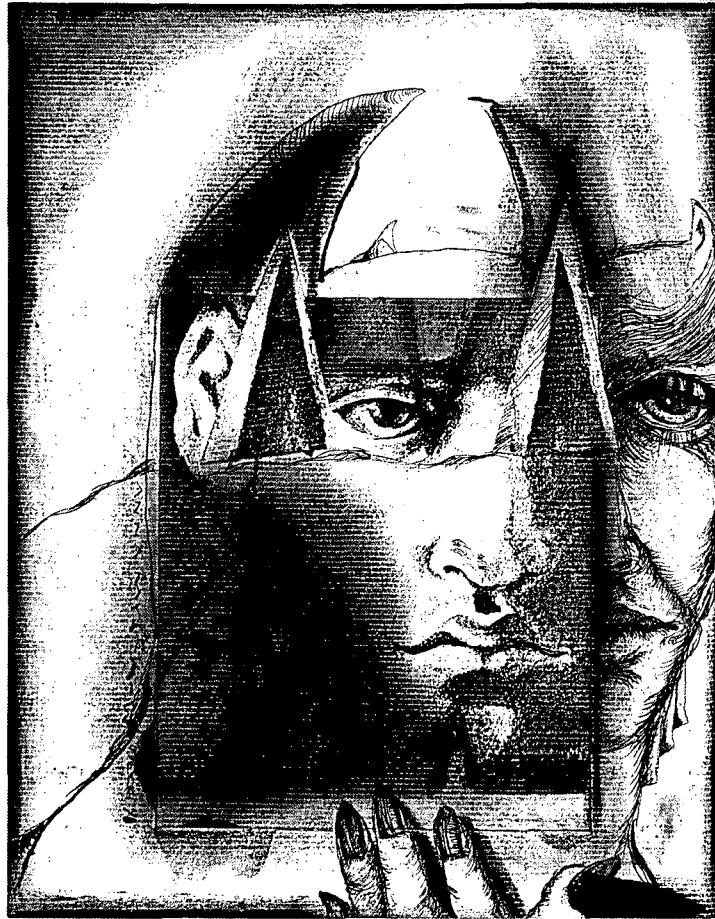


Gorbachev and the Market

by Yuri N. Maltsev



No doubt Gorbachev has been entirely misunderstood in the West, and continues to be. The primary myth is that *glasnost* and *perestroika* represented fundamental change from the Soviet past. They did not establish Western-style economic or political freedom, as the media led Americans to believe. Instead, each was designed to “improve and perfect” the workings of socialism. “I’ve been told more than once that it is time to stop swearing allegiance to socialism,” Gorbachev said recently. “Why should I? Socialism is my deep conviction, and I will promote it as long as I can talk and work.”

Gorbachev has always been an adherent of communist ideology. Despite seeing firsthand the malnutrition and even starvation caused by socialism, and despite the murder of his grandfather by Stalin’s men, he chose politics as his life’s work.

In the Communist Party, as in a mafia family, clawing your way to the top requires many demonstrations of loyalty, sometimes involving murder, and Gorbachev performed well. He thinks like a Communist: issue orders and demand

obedience. The only sense in which Gorbachev is different from his predecessors is that he is smoother.

Contrary to myth, Gorbachev has systematically demolished what little market activity existed in the Soviet Union. First he waged an anti-alcohol campaign, where everybody with alcohol on his breath was taken to the police station and 90 percent of liquor stores were closed. The result was a boom in moonshine production that ended up poisoning as many as 55,000 people. Second, he waged a campaign against “dishonest income” that empowered party bureaucrats to bulldoze thousands of private gardens, shutdown farmers’ markets, and crack down on unofficial transportation. Third, he campaigned for “labor discipline,” in which people absent or late from work were sacked and the streets were patrolled for people stepping out of line. Fourth, he campaigned for “quality” and hired 150,000 bureaucrats to oversee the state enterprises, which resulted in more opportunities for bureaucrats to extract bribes.

Only then did his trumpeted move to the market take place. But it went the way of other “reforms” and ended up not creating a market at all, but only more state enterprises. There was no talk about private property and real buying and selling. Today, the KGB has been put in charge of

Yuri N. Maltsev is a senior adjunct scholar of the Ludwig von Mises Institute.

enforcing the command economy.

Gorbachev received the Nobel Prize for events in Eastern Europe, which were real, but unintended from Gorbachev's standpoint. His strategy was to replace shaky Communists with younger ones like himself whom he assumed would be more popular and more capable of saving socialism. Unfortunately for him, the KGB did not tell him just how vulnerable the entire communist system was. Thus Eastern Europe became free despite Gorbachev, not because of him.

Eastern Europe is not, of course, entirely free from socialism (neither is the West), and the reforms may not produce anything but social democracies. But they are free from Soviet domination and that is cause for celebration. Rumors about Soviet influence in reformist movements in Poland or elsewhere should be taken with a grain of salt. Even if such influence were present, I doubt that it could amount to much in a practical sense. Eastern Europe has left the Soviet orbit.

Some conservatives in this country too often assume that the Soviet state, despite its domestic failures, has more ability to exert international influence than it really has. Economic law has imposed restrictions on the Soviets' attempt to substitute chaotic central planning for the rationality of the market. The attempt can only lead to impoverishment, and the Soviets offer the best example I know. Socialism not only destroys capacity for producing consumer goods; it also does the same for military goods and empire generally.

Few dispute that Soviet ideology originally included a desire for world empire. Most tyrannical governments desire empire. But having that as a goal, and having the means to carry it out, are two different things. Socialism, because it eliminates market prices, has the critical flaw of being incapable of putting sausage on the table; it certainly cannot be the basis of world domination. Moreover, the inherent limitations to global empire are not restricted to socialist regimes; they limit all regimes. The world order is far too complex for one nation to successfully control it, as George Kennan has pointed out. One government can bribe other governments and even bomb them, but it cannot forever determine others' domestic activities and their relations with other countries.

Today, the Soviets have turned their attention away from foreign affairs, not because they want to, but because they have to for the sake of their own survival. This fact doesn't make the regime or communism any less condemnable. But it should mitigate the desire of the West to try to counter dying or even nonexistent international Soviet influence. It was not Reagan's military buildup, but the failures of socialism, that led to Gorbachev's humility in foreign affairs. The need for a bail out will often do that.


The proper American response to Soviet foreign policy should be to encourage the breakup of the Soviet Union itself, which neither Gorbachev nor Bush want. We certainly should not be sending money and food to the Communist Party and its KGB allies, as George Bush has done.

The leaders of most Soviet republics have proven themselves quite responsible and capable of carrying on peaceful relations. A breakup of the Soviet Union would also increase the chances for demilitarization. By refusing the republics'

demands for independence, Gorbachev is actually increasing the chances of civil war. He is also threatening world peace.

What does the future hold? Just about anything can happen. If Gorbachev consolidates the Stalinist system, that system can only survive with an external threat, real or imaginary, and that threat could be the United States. Already, for example, *Pravda* has accused Yeltsin of being a CIA agent. But another U.S. military buildup would only provide an excuse for the most reactionary elements of the party and the military to take over.

It is true that the Soviets still hold 11,000 nuclear warheads (some say 16,000, or maybe even 30,000), which, they say, means they could destroy us in ten minutes. If that's so, I don't know what the United States can do about it. Moreover, there are plenty of questions about the reliability of Soviet military strength. Soviet-made weapons certainly did not put on an impressive display in the Gulf war, and the technological rot probably runs deeper. During 1981, the Soviets test-fired 86 ICBMs. Only 13 hit the target; 27 blew up in the silos. Even the Soviets admitted that it was a disaster. In the event of a nuclear exchange, the residents of Moscow may have more to fear from their own weaponry than from that of the United States.

Most importantly, the United States should not use the opportunity of Soviet weakness as an excuse to attempt to run its own world empire. The attempt will bankrupt America and cause the growth of Soviet-style government here. 

GREAT TOPICS, GREAT ISSUES

Caught in the Cash Nexus — April 1991 — Irving Horowitz and Mary Curtis on "bottom-line" thinking and national productivity, Josh Ozersky on the seduction of cable's Nick at Nite, and Thomas Molnar on why European unification will never occur. Plus Samuel Francis on the European New Right, George Carey on the present health of the Constitution, and Frank Bryan on the case for Vermont's secession.

Conservative Movement: R.I.P.? — May 1991 — Six views on conservatism by Wick Allison, Charley Reese, Clyde Wilson, Murray N. Rothbard, Howard Phillips, and Donald Devine. Plus Samuel Francis on the failure of American conservatism, Florence King on misanthropy, Chilton Williamson on the history of isolationism, and Peter Stanlis' vindication of Edmund Burke.

BACK ISSUE ORDER FORM

Each issue \$5.00 (postage & handling included)

| TITLE | DATE | Qty. | Cost |
|--|------------|---------------|-----------|
| Caught in the Cash Nexus | April 1991 | _____ | _____ |
| Conservative Movement: R.I.P.? | May 1991 | _____ | _____ |
| Total Enclosed \$ | | | _____ |
| Name _____ | | Address _____ | |
| City _____ | | State _____ | Zip _____ |
| Mail with check to: Chronicles • 934 N. Main Street • Rockford, IL 61103 | | | |

Willing Belief

In Gorbachev, in Russia, in Reform

by Arnold Beichman



Anna Mycek-Wodecki

William James was much concerned about “faith-tendencies,” which he defined as “extremely active psychological forces, constantly outstripping evidence.” The Gorbachev era fully confirms his apprehensions. The eminent psychologist even constructed a seven-rung “faith-ladder”:

1. There is nothing absurd in a certain view of the world being true, nothing self-contradictory;
2. It *might* have been true under certain conditions;
3. It *may* be true, even now;
4. It is *fit* to be true;
5. It *ought* to be true;
6. It *must* be true;
7. It *shall* be true; at any rate for me.

James’ faith-ladder has never been more in evidence than over the last six years since Mikhail Gorbachev came to power in the Soviet Union: True, there has been a bit more caution in the West about Gorbachev than there was about Stalin. But not very much.

The “faith-tendencies” that troubled James reached the

Arnold Beichman is a Hoover Institution research fellow. His book The Long Pretense: Soviet Treaty Diplomacy From Lenin to Gorbachev has just been published by Transaction Publishers.

zaniest heights on the *New York Times* editorial page. In a piece of prose that might even embarrass a *Pravda* par-nymph, the *Times* wrote on December 8, 1988, in praise of a Gorbachev speech at the United Nations:

Perhaps not since Woodrow Wilson presented his fourteen points in 1918 or since Franklin Roosevelt and Winston Churchill promulgated the Atlantic Charter in 1941 has a world figure demonstrated the vision Mikhail Gorbachev displayed yesterday at the United Nations . . . Breath-taking. Risky. Bold. Naive. Diversionary. Heroic. All fit.

And as if that wasn’t worshipful enough, the *Times* rhapsodized on May 21, 1989:

Imagine that an alien spaceship approached Earth and sent the message: “Take me to your leader.” Who would that be? Without doubt, Mikhail Sergeyevich Gorbachev.

Well, you sort of expect that sort of wilding on the *Times* editorial page. (Have you read Anna Quindlen, the newest *Times* columnist, on the second war of the Persian Gulf?) One expects Ted Turner to say: “Gorbachev has probably moved more quickly than any person in the history of the world. Moving faster than Jesus Christ did. America is