

They wanted a new order

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? For ages before the panicky recession of 2008-2009, there has been a persistent anti-capitalist background noise all around us. It was loudest in France and Latin America, in the universities and the media all over the world. It was made up of the voices of socialists, professional politicians and union apparatchiks, cranks, “dealers in second-hand ideas” and resentful failures. Defence against them was not a very demanding task. While the dogs barked, the camels advanced. After all, in less than a century, the capitalist order made good the mad devastation of two world wars, beat and buried two mighty and nasty totalitarian systems, Nazism and Soviet socialism, and brought the standard of living of ordinary working people up to a level their grandparents have never even dreamed of.

Admittedly, while its competitive and meritocratic features broke down the privileges of birth, it did generate much inequality, too (though no one has managed to show why inequality was a wrong). It abused the environment (though it was a good deal easier to spare the earth when it was populated by one and a half billion people than now when it carries over six billion).

Last but not least, it made it easy and tempting for people to enjoy the material good and forget the spiritual (though the choice was not imposed, but left to them to make). Above all, unlike any other system ever tried, capitalism worked. The shambles of 2008-2009 has shaken this defence.

Small defects snowballed into big avalanches. The self-fulfilling prophecies of expert commentators and high officials who should have known better, has deflated confidence and made banks fall like ninepins. The screaming headlines spread the panicky mood, with obvious effects on both consumer and investment spending.

The news of governments running up deficits of 8, 10 and more per cent of GDP, bailing out shaking banks and printing money as fast as the presses would run, all in a desperate effort to save the economy from an even worse fate, was held up as proof that a free market system is inherently unstable, cannot run itself and needs the strong hands of government to hold it on a tolerably even course. That deregulation did not seem to work in 2008 was promptly taken as proof that it never could and never will. (It was overlooked that the system as it stood was a hybrid with disparate elements of regulation broken up by bits and pieces of deregulation. No one can tell whether it was too much or too little of either that caused it to splutter and seize up in 2008). The background singsong of the usual choristers of anti-capitalism has, understandably enough, become stronger and more confident. Regrettably, many illustrious representatives of the establishment have also joined the choir. Two of the most eminent, the Governor of the Bank of England and the chairman of the Financial Services Authority, have been wondering aloud about the “social usefulness” of a highly sophisticated financial system, sounding almost nostalgic for the good old post office savings bank that should be good enough for all socially useful purposes.

(The unanswered question of how we tell what is and is not socially useful did not trouble them). Both German and French opinion leans decidedly the same way and blames the “Anglo-Saxon liberal ideology” for the present, hesitant and uncertain approach toward more regulation. The twentieth anniversary of the fall of the Berlin Wall has now added a new theme to the anti-capitalist music, though it was already allegro vivace enough.

It is now the ex-Soviet satellites that were let go by Russia in 1990 that are supposed to be disappointed and to chant “ We did not want this, we wanted a new system, a New Order.” It is perfectly true that large sections, perhaps the majority of the ex-satellite peoples are disappointed. The contrary would be surprising. They had been convinced that only the Iron Curtain and the perversity of “ real-existing socialism” kept them from the prosperity they knew to be commonplace in Western Europe. When the Iron Curtain was raised, real wages and standards of life did not jump by 150 per cent overnight to catch up with the West.

Some things started to improve, other things did not, or got worse. As the distribution of income became somewhat less equal, the unskilled and above all the pensioners suffered genuine hardship. Under socialism, housing was scarce and new construction of appalling quality, but rents were nominal.

Electricity gas and public transport were almost free, as were education and an equally miserable health service. Jobs were dismal but secure and nobody had to work hard if he did not feel like it. Most of these charms of “ real-existing socialism” have become a distant memory, embellished by mans usual bias in favour of the good old days when he was younger. In the first decade of the post-Soviet era, a number of the liberated countries started doing well to very well; Hungary, Poland and the Czech Republic were leading the pack, notching up growth rates of over 5 per cent and some smaller states, notably Slovenia, Slovakia and the Baltic states riding faster still. In the new century, the record became patchy. Poland and the Czech

Republic, where post-socialist reforms were fairly radical, have continued to do relatively well, while the Baltic states and Hungary were riding for a fall.

The case of Hungary is characteristic. In 2002 the ex-Communist party regained power, and in 2006 managed to retain it, by “stealing” both elections with a sparkling spending spree, loose money, “generous” public sector wage and pension increases and many of the bells and whistles of what has since been called a “premature welfare state”. By 2007, the country was teetering on the edge of a cessation of payments, was saved by a gigantic \$24 billion IMF and EU facility and is now on a bread-and-water diet, a 7 per cent fall in GDP and no relief in sight before they work their budget and balance-of-payments deficits from low double to low single digit levels. For average opinion, this is not how they expected to fare under capitalism.

The East German disappointment is perhaps sadder still. For 18 years after reunification, the West German lands have subsidized the East German ones to the tune of about 2 per cent of total GDP. Output per head in the East started off at 40 per cent of the Western level and has by now reached 70 per cent. This is by all sober accounts a spectacular achievement. Despite much higher unemployment than in the Western part of the Federal Republic, the East as a whole has been well treated by capitalism and if it is much poorer than the West, there are half-a-dozen sound structural and sociological reasons why it should be.

Despite this, there is widespread bitterness and self-pity in East Germany. It is amazing to hear them complain that according to the most educated

guesses of the research institutes, it will take another 40 to 80 years before the standard of living in the East finally catches up with that in the West. One must rub ones eyes and ask. But why on earth do you believe that, by rights, it must ever catch up? The answer is loudly given by the ventriloquist left-wing intellectuals of the worlds media who put words in the mouths of the East Germans, and indeed of all the post-Soviet peoples. They did not want this system; they did not willingly adopt capitalism; it invaded them, took them over; what they really wanted was a New Order, a regime not of greed and savage competition of man against man, but one of justice, freedom and kindness. But they never had a chance to put it into effect; capitalism pre-empted the space.

If only we could be told what such a New Order means and how it can be installed, we would doubtless opt for it. Pending that bright day, let us not spoil the capitalism we have. ;,?