
When Safety Nets Fail

BY JIM PERON

An elderly woman sat on the stone steps of the St. Alexander Nevsky Cathedral clutching a small handful of wildflowers picked from a field somewhere. She offered them up to any passerby, hoping to earn just a few cents for them. The air in Sofia was frigid, but at least the rain had finally stopped. I wondered if she had sat there in the rain the day before. I suspected she was there every day.

The huge gilded cathedral was a gift to the Bulgarian people from the last tsar of Russia. Orthodox believers regularly came in to pray before the icons and light candles. Some bought small bouquets of flowers to lay before the icons. These acts of worship were what inspired this old woman to spend her morning picking tiny flowers. That and hunger.

Bulgaria was part of the Soviet bloc. It was a socialist state that promised a social “safety net.” To provide that safety net it took away individual choice and freedom. The Bulgarian people were shackled from head to foot by the state. All work was for the state, and in return it promised to care for them during their declining years.

But socialism was a system doomed to failure from the start. The great Austrian economist Ludwig von Mises predicted the collapse of socialism nearly 90 years ago. He said that socialism was not a new economic system but the obliteration of economics all together. Socialists tried to abolish prices and profits—the two main feedback loops of an economic system. Without them the socialists were flying blind.

Inefficiency and mistakes accumulated. Five-year plans simply could not do what markets did so easily. No social planner could accumulate the diffused knowledge needed to make rational economic decisions. They guessed. And often when completely desperate they copied from the West. But Western systems were the result of prices and profits performing their functions. What worked well under one set of local circumstances couldn’t translate to another locale. It was as if a mother bought shoes for her child by measuring the feet of the neighborhood children and averaging it out.

The socialist system was doomed. It was being crushed under its own dead weight. And then in just a few short weeks socialist nation after socialist nation collapsed. The collapse was the result of political protests. The people who “benefited” under socialism could no longer live under it. They took to the streets. But what inspired them was the long-term economic decay that socialism created everywhere and anywhere it was tried.

Just a week after seeing this woman I stood in the main square of Prague. It was here, in 1989, that hundreds of thousands of Czechs stood up for freedom, helping to knock down Marx’s house of cards. I saw the memorials to those who gave their lives to end the socialist domination they experienced. One young student, in protest to the horrors of communism, had set

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himself alight in the main square. Not long afterward a second student did the same thing. I visited the museum of communism and walked through the exhibits. The horrors were real. The promises illusionary.

The left promised not totalitarianism and horror, but prosperity and equality. They promised safety nets for all. No one would be needy again. But it didn't work. As Mises showed, it couldn't work.

I walked past the old woman outside the cathedral. I had seen her sitting there when I went inside. I read in the guide that such things were common. And unlike in the West, where guidebooks often encourage visitors to ignore "beggars," this guidebook said these older women were often alone and had no income except for what they earned hawking wildflowers to worshippers.

I started to walk away but stopped. I didn't have much cash on me for this trip and had converted only a small sum into the Bulgarian currency. I knew what I needed for dinner and the taxi to the airport. I turned back and handed her a 20-lev note. It was a mere pittance in the West, about ten Euros, but it was far more than she would receive all day. At the hotel it bought a full dinner. At the local grocery stores it would obviously go much further. I just wanted to hand it to her and leave quickly. Her plight was too disturbing to want to linger.

I reached out with the note, and she looked up. She took it, but clutched my hand at the same time. She wouldn't let go. She pulled my hand toward her and started kissing it repeatedly. She was saying something, but I couldn't understand her. I kept telling her it wasn't necessary, but she couldn't understand me either. As I stepped back I looked down at her face chiseled by hardship and pain. I realized she had lived through the worst years of Bulgarian history. She suffered the horrors of World War II and the tyranny of Todor Zhivkov, the communist dictator who ruled her nation with an iron fist.

She pressed me to take the small bouquet from her. I declined, thinking it best she keep it to sell to someone

else that day. I hoped she would have more customers.

The rest of our group was wandering around the stalls set up across the square from the towering dome. Rita Jongen, a good friend from the Netherlands, was standing with me waiting for the others. I suggested that we walk over to some of the small stands on this side of the cathedral just to browse.

There was a row of maybe 15 to 20 small tables filled with knitted ware and other goods. The vendors were all women and mostly elderly. These were the lucky ones. They had the skills to make items to sell to the tourists.

I was now cash poor and not able to purchase anything. But as I do in the West all the time, I was just window shopping, although none of these women had a window—just an old table on the sidewalk. Each stood next to the table wearing several layers of clothing to protect themselves against the frosty air.

As Rita and I walked slowly past the tables, I stopped looking at the goods for sale. I watched the women instead. The entire row of women came to attention when they saw us walking by. They would pull out their favorite item and display it for us.

Their expression changed; so did their posture. They were trying desperately to sell us anything they could.

Food on the Table

In much of the West shop clerks often ignore the customer. It makes little difference to them if they have a sale or not. For these women the sale meant food on the table. It was all they had to offer. They were proud of their goods. We walked to the end of the tables, and Rita turned to walk back. But to walk back meant walking past those women again, and I could not do it. I saw their faces and their desperation. I couldn't buy from one of them at that point. And I knew I couldn't buy from all of them. That was what they needed most—a customer—and I couldn't be that customer.

I asked Rita to step into the street instead. I told her I couldn't go back the way I came. I couldn't endure the

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look of anticipation as we walked back toward a table or the despair when we passed by without purchasing anything.

These women reminded me too much of my own grandmother. She knit blankets as well, but not out of need. I still cherish the large blanket she knit for me many years ago. My great-grandmother came from Eastern Europe. I still remember her from my childhood, though we could never speak to each other. She never learned English. Because my great-grandmother immigrated, my grandmother had a decent life. She worked until she retired at 65. She saved a bit here and there. She and my grandfather bought a house together in the 1940s, which was hers till she died.

She was only a shop clerk. My grandfather was a steelworker at the local mills. But they ate well. The house was heated and air-conditioned. It had a nice yard that made Grandma proud. She loved giving gifts to her grandchildren and lived until she was 95 years old. She survived mainly not on a safety net, but because she worked in a society where effort was rewarded. She saved. For much of my grandmother's life there was no Social Security. She never took welfare and never would have even if it were needed. She never really had a safety net. She had freedom.

These women in Bulgaria did not have freedom. They had a safety net. The socialist "safety net" may have killed thousands, tortured thousands, imprisoned tens of thousands, but it existed. It promised "from each according to his ability, to each according to his need." But it couldn't deliver. It took away opportunity for them to provide for themselves when it took away their freedom. In return it promised a safety net that proved illusive. It was a "grand" idea, but one that couldn't work and that didn't work. And the failed promises of socialism were visible in the faces of each of these women.

I am told that we advocates of liberal capitalism are heartless. We don't want to provide a safety net to the vulnerable in society. But what our critics ignore is that their safety nets are mirages conjured up by their own magical minds. They don't really exist. They result from plundering private wealth, but the very act of plunder destroys wealth production. It sets in motion a series of incentives that undermine the ability to produce and that inadvertently increase human needs.

From each according to his ability, to each according to his need is a formula guaranteed to destroy ability and increase need. The socialist illusion can only survive for so long and then it comes crashing down under its own dead weight. The great problem is that when that happens many innocent people are caught in the avalanche. These women were probably such people.

Private Alternatives Destroyed

For their entire lives they were told the socialist safety net would take care of them. But the net disintegrated. One day it was there, and the next it was gone. Worse yet, during the creation of the net the private alternatives to it were intentionally destroyed. Individual initiative was undermined and discouraged. The great collective was going to exist long after the individual died. That collective would care for the needy, the old, and the vulnerable. But it didn't for long because it was a system that was self-defeating.

What horrifies me is that the West has not learned the lessons that are so cruelly taught in the former Soviet-bloc nations. People believe that a slower form of creeping socialism won't have the effects of full-fledged socialism. They believe that some socialism can work, provided you don't let it get out of hand. But they forget that the incentives created by the system are what doom it. They reward need and punish ability, and then wonder why need increases in spite of their plans, programs, and policies. Today in most Western countries anyone can be on welfare in one form or another.

Socialism isn't just for the poor anymore. The new, improved, Westernized socialism promises handouts to all. Corporate leaders line up for government subsidies. University students can't imagine life without the dole. Single mothers don't worry about fathers for their children since they have Nanny to care for them.

The left wants a world where all are beneficiaries relying on the goodness of Nanny to care for them. Of course to pay for this, taxes will have to go up. No worries, they tell us. They crow that one can have good economic growth with high taxes. So each day creeping socialism picks up a little speed. Each day the incentives create more needy and make growth harder to accomplish. And those at the economic margin—where work costs more than it's worth—are sucked into the depend-

ency vortex. Then the margin shifts a little more, and those individuals at the new margin find themselves destroyed by this economic black hole.

More and more dependency is created. Private alternatives are crowded out or banned. And the socialists promoting this plan ignore what happened in the Soviet bloc. They don't look into the despair-ridden faces of those who relied on a safety net that has crumbled. The left ignores that its system is doomed to fail again. It ignores the multitudes who are counting on the system to sustain them. The West is making the same mistake.

We know the disaster is coming. Across the Western nations the social welfare/pension system is unsustain-

able. The warnings have been sounded repeatedly from without and within the various governments. Yet almost without exception the politicians ignore the warnings in their pursuit of power and votes. They don't want to lose support by being honest and telling people they were taken for a ride. The welfare state the people depended on is demographically doomed. The number of recipients is destined to skyrocket as Baby Boomers retire, and birth rates have plummeted so far that each year there are fewer workers to sustain the retirees.

I fear that one day our streets may be littered with the old selling flowers in the hopes of earning a few cents to buy a loaf of bread.



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