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Comparing the costs of communism [1]

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Anyone with even half a brain has been able to note that communism, as actually practised, hasn't worked all that well. North v. South Korea, East v West Germany, Mainland China v. Taiwan, living standards and their rise or fall certainly do not make the case that we'll be better off by pursuing some sort of state socialism that might lead to a future nirvana (if it ever arrives).

But there's always those who argue with such comparisons: Taiwan is much smaller, West Germany and South Korea were heavily supported by the US while their comparators were not and so on. We can't make such a clear and simple case. And anyway, life was better in some spiritual matters, being free of the curse of materialism might be worth it and so on. Given the prevalence of such tendentious arguments I was interested to see this comparison [3] made between Estonia and Finland as another way of making the same points.

In 1939 the countries were as similar as it is really possible to be: almost the same language and very similar economies. By 1994 life spans in Finland for men were 7 years longer, per capita GDP was more than three times higher, infant mortality just over a quarter of that in Estonia. More to enjoy in life then, a greater liklihood of having a life to enjoy and longer to do so.

But Finland was far from being a rip-roaringly capitalist economy over those years [4]: it wasn't particularly intellectually free either, and the economy was quite closely aligned with that of the Soviet Union as well. The important point was this:

> Despite close relations with the Soviet Union, Finland remained a market economy...

By leaving voluntary exchange unchecked, by having a price system that could inform on the allocation of resources, after only 50 ish years the place was creating three times as much wealth per head for the people to share than the place which did not retain those options.

I've said before here that capitalism and markets are two very different things: the former is a description of a method of ownership, the latter a description of a method of exchange. I've also said that if we were only able to retain one of the two I would unhesitatingly pick keeping the markets and capitalism can go hang. Finland during the post war years wasn't all that capitalist a place but it was indeed a market economy and the comparson here wth Estonia simply reinforces that belief of mine.

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