

FROM "Prague Spring" to "Romanian winter", the spirit of freedom remained alive behind the Iron Curtain despite the brutality of the secret police. And in the space of a few months last year, that spirit emerged in the glow of a thousand candles in the squares of Budapest and Bucharest and the communists capitulated without a fight. Only the tyrant Ceausescu sent in his killers, to no avail.

Life in the former satellite countries of Eastern Europe can now only improve. But are they compromising their prospects, by fleeing into the hands of western financiers? The IMF, in extending loans to Poland and Hungary, is insisting on turning these countries into carbon copies of the western model. The market system has proved its superiority over what Mikhail Gorbachev calls the "Administrative-command" method of regulating production - an approach which he blames on Stalin.

Gorbachev still maintains that the USSR will remain a socialist society in the image of V.I. Lenin. We are sceptical: *perestroika* is made up of concepts such as democracy and the market mechanism which, if they were to find institutional expression, would destroy socialism. Much now depends on how these countries develop their tax policies. These are inextricably linked with the transitional programme of freeing prices by removing subsidies.

Privatisation is also a key ingredient in the new strategy. Western advisers flying in to Warsaw are advocating across-the-board sale of the means of production. That is a fundamental error of historic proportions. A

Irony after Marx



• Gorbachev

more sophisticated appreciation of property rights and the way the free market works would enhance the prospects of a peaceful transition from socialism. Gorbachev, addressing his party's central committee in March last year, realised that the cutting edge of this debate was the tax system:

We must enter the next five-year period, having a smoothly operating mechanism of financial relations between enterprises and the state budget. In this connection there is a need to speed up the working out of scientifically substantiated rates of income tax and rental payments to go to the budget. It is of paramount importance to establish a procedure for replenishing the local Soviets' budgets.

A scientific examination of these issues would lead Gorbachev to scrap all ideas of an income tax. Instead, he would fund the Soviet Union with a tax - at the rate of 100% - on the rental value of land and natural resources. This "tax", of course, would actually be a user fee. Natural resources already belong to the state. All the benefits of individual enterprise would be secured by the use of leases granted on payment of rents, the levels of which must be determined by supply and demand - the market.

It is ironic that the first Single Tax society - the vision of Henry George, the American Social Reformer and powerful advocate of individual freedom and the free market - could emerge from the entrails of Marxism

Don't look West

LECH Walesa returned to Warsaw in December after touring the US and UK to argue for western assistance for Poland

The Solidarity leader did not carry a begging bowl; what he wanted, he told Prime Minister Margaret Thatcher, was more British firms to enter into joint ventures with Polish firms. A derisory 10 or 15 companies were exploiting the economic possibilities, compared with 380 West German firms.

Time is fast running out for *perestroika*, but the worst is yet to come. The restructuring of the command economy will generate hardships before the shops begin to fill with the food and consumer goods that everybody

INSITE reviews the future for the East European countries that are abandoning the command economy - and are appealing to the West for help

east of the crumbling Berlin Wall wants. And Mr Walesa places some of the res-

ponsibility for the future on the West.

"If by March we don't get Poland, Czechoslovakia and Hungary on the road to reform, then the West will have problems with integration on the scale of, I don't know, millions," he warned one western correspondent.

"Help us get reformed one after the other, and you will be able to live in peace. We want to keep all Poles, Germans, Czechs, Romanians in the places

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