

## REALITIES OF SOCIALISM



**Quote Wall**  
A Quote By Milton Friedman

**Blog Post**  
Despite Best-Laid Plans,  
Socialism Does Not Create  
Abundance

**Podcast Highlight**  
Women, Economic Progress  
& Markets: "Are they  
Absent or have they been  
historically absent?"



#### EDITOR

Ryan Hill

#### LAYOUT AND DESIGN

Carolina Wong

#### PRODUCTION EDITOR

Kristin McCahon

#### PHOTO CREDITS

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To receive a subscription, or to write to us about articles you read in this publication, contact us at:

*Canadian Student Review*  
1770 Burrard Street, 4th Floor  
Vancouver, British Columbia V6J 3G7

#### TEL

604.688.0221 ext. 538

#### FAX

604.688.8539

#### EMAIL

[Ryan.Hill@fraserinstitute.org](mailto:Ryan.Hill@fraserinstitute.org)

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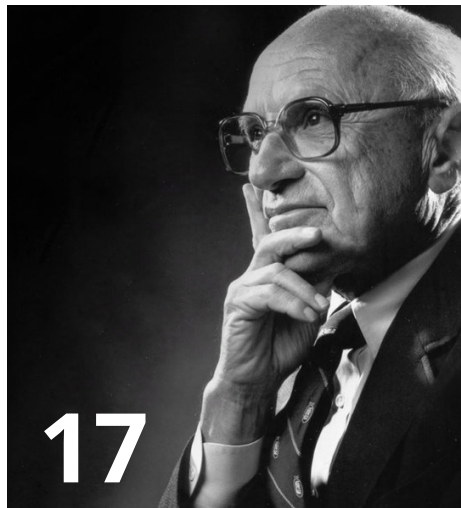
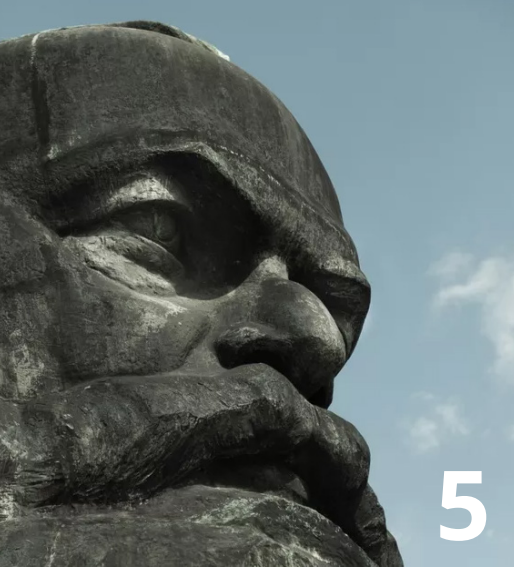
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*Our mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being.*





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# WELCOME



Dear Readers:

Thank you for reading this latest edition of the *Canadian Student Review*. Our success has only been made possible by our wonderful student contributors and nationwide audience. I hope this Spring season brings more joy and learning your way.

In this edition of our magazine, we present an array of captivating content. Tune in to our podcast as host Rosemarie Fike engages in a compelling dialogue with Dr. Anne Rathbone Bradley, exploring how markets and economic progress intersect with women's lives. Unveil discussions on feminism's definitions, the impact of semantics, and the efficacy of a bottom-up approach. Discover a revealing infographic showcasing Canada's exceptional environmental performance on the global stage, where it outshines its high-income counterparts.

Dive into our thought-provoking blog posts: Learn from the Polish Experiment with Socialism, drawing insights on economic challenges and modern relevance. Navigate the complex relationship between technology's neutrality and user influence, and gain perspective on socialism's pitfalls in realizing abundance despite its intentions. This issue encapsulates a wealth of insights, expanding your horizons on these pivotal subjects.

We're also including an insightful quote from Milton Friedman, and two more recordings from the *Explore Public Policy Issues* webinar series for your enjoyment.

If you or someone you know wishes to contribute content to the *Canadian Student Review*, please have them contact Ryan Hill directly at [Ryan.Hill@fraserinstitute.org](mailto:Ryan.Hill@fraserinstitute.org).

Best,

Ryan

# YOUNG CANADIANS SHOULD LEARN ABOUT THE POLISH EXPERIMENT WITH SOCIALISM

MATTHEW D. MITCHELL AND PETER J. BOETKKE

Only about half of Canadians are old enough to remember watching the fall of the Berlin Wall live on television. Fewer still are old enough to recall the Polish communists' brutal crackdown on protesters in the "long December night" in 1981.

This likely explains why, according to a [recent poll](#), 50 per cent of Canadians aged 18 to 24 believe that socialism is the ideal economic system for their country.

For more than two centuries, socialism has captured the hearts and minds of youth everywhere. It's obvious why; socialism's promise of equality and unparalleled prosperity is alluring. But for more than four decades in the 20th century, actual socialism captured more than hearts and minds. It captured one-third of the globe's inhabitants and subjected them to a grand social experiment. In our new [book](#) (coauthored with Konstantin Zhukov) we document the results of this experiment, focusing on the experience of Poland.

Karl Marx and Friedrich Engels claimed that socialism would deliver "such an abundance of

goods" that it would be "able to satisfy the needs of all its members." But it didn't work out that way. By the 1980s, Polish per-capita production was just 39 per cent of that of the United States.

The average Pole had to work nearly 13 times as long as the average West German to make enough money to buy a TV. And nine times as long as West Germans for cars, twice as long for beef and pork and nearly three times as long for chicken. Compared with westerners, only a fraction of Poles had telephones, cars or homes. Poles waited 15 to 30 years for housing. In the last 15 years of Polish socialism, life expectancy declined.

While most Poles went without necessities such as feminine hygiene products, the elite were able to shop in special well-stocked stores. They paid no taxes. They vacationed in their own resorts. They had their own pension plans and health care.

Because socialist economies were so inefficient, used more natural resources than capitalist economies even while they produced less output. For example, for every dollar of GDP it produced,



**THOSE OF US WHO DREAM OF  
A BETTER SOCIETY SHOULD  
NEVER FORGET THE TERRIBLE  
LESSONS OF THE SOCIALIST  
EXPERIMENT**

<sup>1</sup> As of June 5th, 2022.



the Polish economy used more than three times the amount of steel as did the United Kingdom's economy.

Socialist countries were also notoriously polluted. In Poland, the amount of sulfur oxide in the air per person was nearly three times the amount in West Germany and more than six times the amount in Austria. A 1991 article in the Washington Post described Warsaw's tap water as "yellowish-brown from the tap, laced with heavy metals, coalmine salts and organic carcinogens. It stains the sink, tastes soapy and smells like a wet sock that has been fished out of a heavily chlorinated swimming pool."

Marx thought capitalist workers would eventually revolt. But in socialist Poland, the workers turned on the "worker's party" and the socialist state. In 1981, thousands—mostly women and children—took to the streets of Kraków, Łódź and cities across Poland to protest the deplorable economic conditions. Their signs read "We want to eat," "How do you eat ration coupons?" and, in an obvious reference to the closing lines of

the Communist Manifesto, "The hungry of all countries—unite."

In December, the government sent 140,000 men into the streets to round up troublemakers. Some 10,000 were arrested and 200,000 were fined. When they came for Lech Walesa, one of the leaders of the protests, he told his captors: "This is the moment of your defeat. These are the last nails in the coffin of communism." He was right. The socialist experiment had run its course.

Tadeusz Mazowiecki, Poland's first non-Communist prime minister, promised "a return to a market-oriented economy." Poland, he said, "cannot afford ideological experiments any longer." Decades of shortages ended in weeks. Hyper-inflation was tamed. Growth rates more than doubled. And life expectancy began growing again.

Those of us who dream of a better society should never forget the terrible lessons of the socialist experiment. ♦



*Peter J. Boettke, Senior Fellow at the Fraser Institute, is a Professor of Economics and Philosophy at George Mason University, the director of the F.A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics, and BB&T Professor for the Study of Capitalism at the Mercatus Center. He received his Ph.D. from George Mason University. Prof. Boettke has developed a robust research program that expands an understanding of how individuals acting through the extended market order can promote freedom and prosperity for society, and how the institutional arrangements shape, reinforce, or inhibit the individual choices that lead to sustained economic development.*



*Matthew D. Mitchell is a Senior Fellow in the Centre for Economic Freedom. Prior to joining the Fraser Institute, Mitchell was a long-serving senior fellow at the Mercatus Center at George Mason University, where he remains an affiliated senior scholar. He is also a senior research affiliate at the Knee Center for the Study of Occupational Regulation at West Virginia University. Mitchell received his PhD and MA in economics from George Mason University and his BA in political science and BS in economics from Arizona State University. His writing and research focuses on economic freedom, public choice economics, and the economics of government favoritism.*

# WOMEN, ECONOMIC PROGRESS & MARKETS: “ARE THEY ABSENT OR HAVE THEY BEEN HISTORICALLY ABSENT?”



*Dr. Anne Rathbone Bradley joins host Rosemarie Fike to discuss the ways in which markets and economic progress can impact the lives of women, including: definitions of feminism, how the semantics game is played, and why having a bottom-up approach is optimal.*



# TECHNOLOGY IS LARGELY NEUTRAL, BUT USERS ARE NOT

JASON CLEMENS AND STEVEN GLOBERMAN

In a recent [op-ed](#), which appeared in the *Globe and Mail*, we explained that Canada's expected poor economic growth compared to other industrialized countries could lead to longer workweeks for Canadian workers if we're to keep pace with living standards in other countries.

The op-ed generated discussion online including from a writer who, interestingly, relied entirely on artificial intelligence (AI), specifically ChatGPT, one of the better-known AI facilities. The writer asked ChatGPT three questions and then appears to have simply copied and pasted its response as a letter to us and the *Globe and Mail*. There are several interesting and indeed insightful aspects about the response. Let's first start with several major mistakes made by ChatGPT.

First, ChatGPT indicated the [op-ed](#) presented a "false dichotomy" between "reducing the workweek and maintaining or increasing material living standards." This is simply incorrect, as any basic reading of the op-ed shows. We specifically explained how increased rates of economic growth, and more specifically increases in worker

productivity, allowed workers to both increase their living standards while simultaneously reducing the hours of work in a week.

The problem, as we explained, is that Canada is expected to have the lowest rate of per-worker economic growth (GDP) of any industrialized country. Thus, to keep pace with other countries recording higher rates of economic growth, Canadian workers face a lose-lose decision—either work more hours to keep pace with living standards in those countries or maintain their workweeks but experience a comparative reduction in living standards.

The response from ChatGPT also criticized the piece for "oversimplifying" the linkage between government policies and the projected decline in living standards. There are actually two errors in this statement. First, apparently ChatGPT did not review the study cited and linked to in the piece, since that study includes explanatory factors such as labour efficiency gains, capital investment and labour market changes. Moreover, ChatGPT seems unable to distinguish between an absolute

decline in living standards, which is not part of our argument, and a relative decline in living standards, which is the core of the argument we present.

ChatGPT also seems to ignore or perhaps simply be unaware of the word count limitations in an op-ed, as at least two of the criticisms essentially demand additional studies, data and other potential explanations. In other words, it's impossible to address all of ChatGPT's inquiries in a 700-word op-ed.

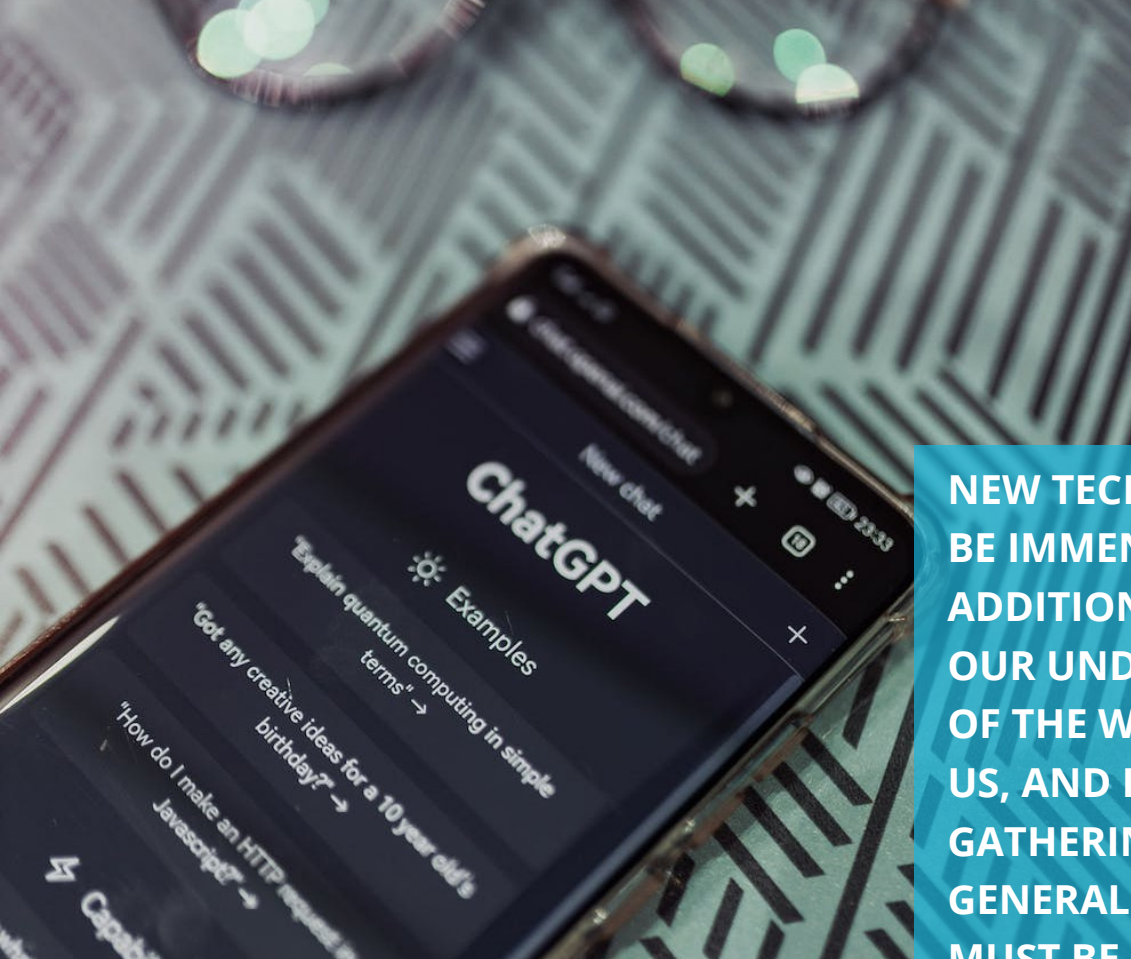
In addition to the multiple mistakes in ChatGPT's analysis, there's the more worrying approach of the writer who's obviously interested and engaged. The problem is that the person seems to have blindly and without independent thought accepted ChatGPT's output as accurate, thoughtful and helpful. Had the writer simply compared what ChatGPT produced versus the actual text of the op-ed, he likely would have realized some of the errors. This blind acceptance of ChatGPT as an authority, like many accepted Google outputs, poses a real problem for public dialogue and debate. While both mechanisms ChatGPT and Google can be helpful when gathering information, neither should be accepted uncritically and without review.

A second interesting insight from the response is the old technology adage of "garbage in, garbage out." Simply put, if a user asks ChatGPT or any search engine or other AI facility a mistaken question, there's a pretty high likelihood, if not a certainty, that the technology will produce a mistaken answer. For example, the writer asked ChatGPT "what are some perverse or biased reasons the Fraser Institute may advocate for increasing the hours employees work to address low productivity instead of using other methods."

As we explained above, and certainly within the op-ed, we did not "advocate" for increasing work hours. Indeed, the whole point of our piece was to explain the costs of low growth in productivity compared to other industrialized countries, and

that by improving government policies we might avoid these results.

New technologies can be immensely valuable additions to our work, our understanding of the world around us, and information-gathering more generally, but they must be used properly—that is, as a resource in making decisions rather than making decisions for us. By blindly accepting answers from AI facilities such as ChatGPT without any scrutiny or review, people—including those genuinely interested in public policy debate—risk making major mistakes and misunderstanding the issues, as evidenced by our recent experience. ◆



**NEW TECHNOLOGIES CAN BE IMMENSELY VALUABLE ADDITIONS TO OUR WORK, OUR UNDERSTANDING OF THE WORLD AROUND US, AND INFORMATION-GATHERING MORE GENERALLY, BUT THEY MUST BE USED PROPERLY**



*Jason Clemens is the Executive Vice President of the Fraser Institute and the President of the Fraser Institute Foundation. He has an Honors Bachelors Degree of Commerce and a Masters Degree in Business Administration from the University of Windsor as well as a Post Baccalaureate Degree in Economics from Simon Fraser University.*



*Mr. Steven Globerman is a Senior Fellow and Addington Chair in Measurement at the Fraser Institute, and Professor Emeritus at Western Washington University. Previously, he held tenured appointments at Simon Fraser University and York University and has been a visiting professor at the University of California, University of British Columbia, Stockholm School of Economics, Copenhagen School of Business, and the Helsinki School of Economics.*



# ENVIRONMENTAL RANKING OF OECD COUNTRIES, SCORE OUT OF 100

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# DESPITE BEST-LAID PLANS, SOCIALISM DOES NOT CREATE ABUNDANCE

MATTHEW D. MITCHELL

The dream of socialism was alive and well long before Karl Marx and Friedrich Engels gave it new life in their writings. But in distinguishing their ideas from what they believed to be the “utopian socialism” of earlier thinkers, Marx and Engels styled their own brand of socialism as “[scientific socialism](#).” Their version of socialism, they asserted, was informed by sound theory, not sentimental hopes.

During the 20th century, actual socialism was more than a dream. Traditional socialism—with the government owning and controlling production—was realized in some 40 countries comprising about one-third of humanity. And most of them drew their inspiration in one way or another from Marx and Engels (though typically refracted through Lenin’s reinterpretations and updates).

In my new book with [Pete Boettke](#), a friend and former professor of mine at George Mason University, and [Konstantin Zhukov](#), a graduate student at Mason, we dig into the historical record to see if the socialist experiment worked. We focus on the unhappy experiences of Poland.

Here, in the spirit of science, I present a key hypothesis of socialism—that it will create widespread material prosperity—and test it against the historical record. In future posts I will evaluate other hypotheses.

## **Hypothesis 1: Does socialism create mass abundance?**

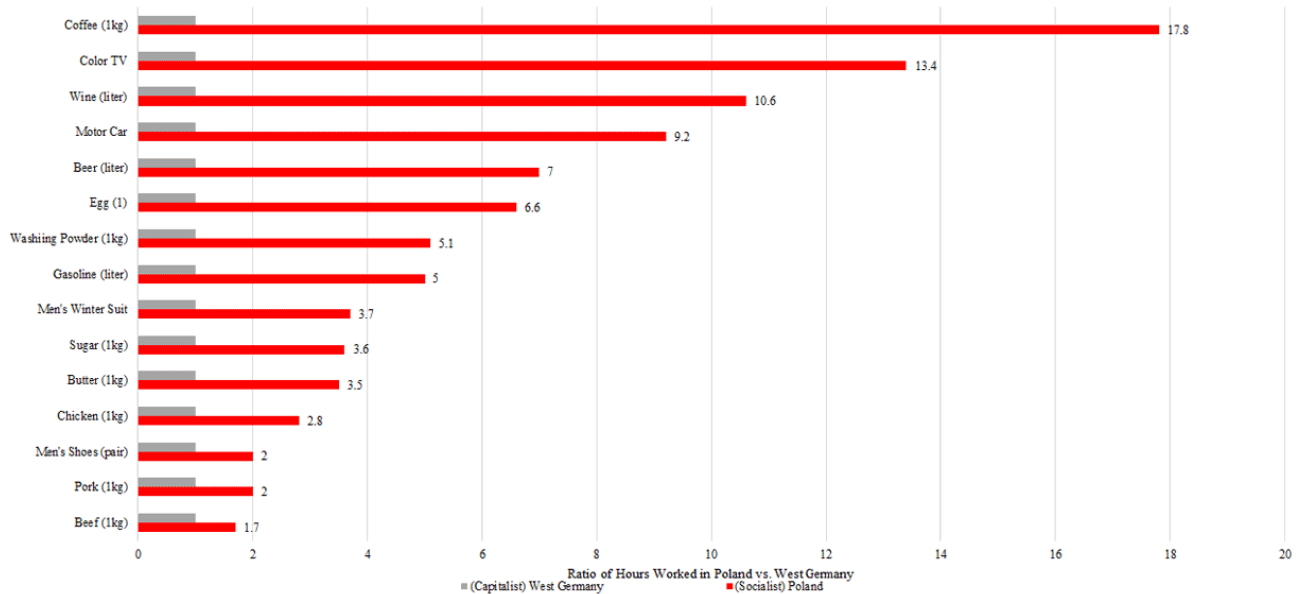
Though he worried about [commodification](#), Marx was no anti-materialist. On the contrary, he believed socialism was ideal because it would yield unparalleled material abundance. After all, his famous [promise](#) to supply “each according to his needs” presupposes that the socialist society would be able to meet these needs. In fact, Marx and Engels confidently [proclaimed](#) that socialism would offer “such an abundance of goods” that it would be “able to satisfy the needs of all its members.” The rational scientific planning of publicly-spirited communists, they believed, would outperform the “anarchy in production” that characterized the messy unplanned capitalist economy.

It didn’t work out that way. Socialist societies were systematically poor societies.

Consider the first chart below, adapted from the book. It shows production per capita in 1985 in six socialist countries as a share of U.S. production per capita (as measured by GDP or GNP). In the most productive of these societies, Czechoslovakia, production per capita was just 60 per cent of U.S. production per capita. In Poland, it was less than 40 per cent.

The second chart shows that the average Pole had to work nearly 18 times as long as the average (capitalist) worker in West Germany to make enough money to buy a comparable amount of coffee. Poles had to work 13 times as long as West Germans for TVs, nine times as long for cars, twice as long for beef and pork and nearly three times as long for chicken.

Figure 2. How Much Longer to Did Socialists Work to Buy Basic Necessities?



Source: Kornai, János. 1992. *The Socialist System: The Political Economy of Communism*. Princeton, N.J.: Princeton University Press, Table 13.5, p. 308-9. Average figures are from Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Soviet Union.

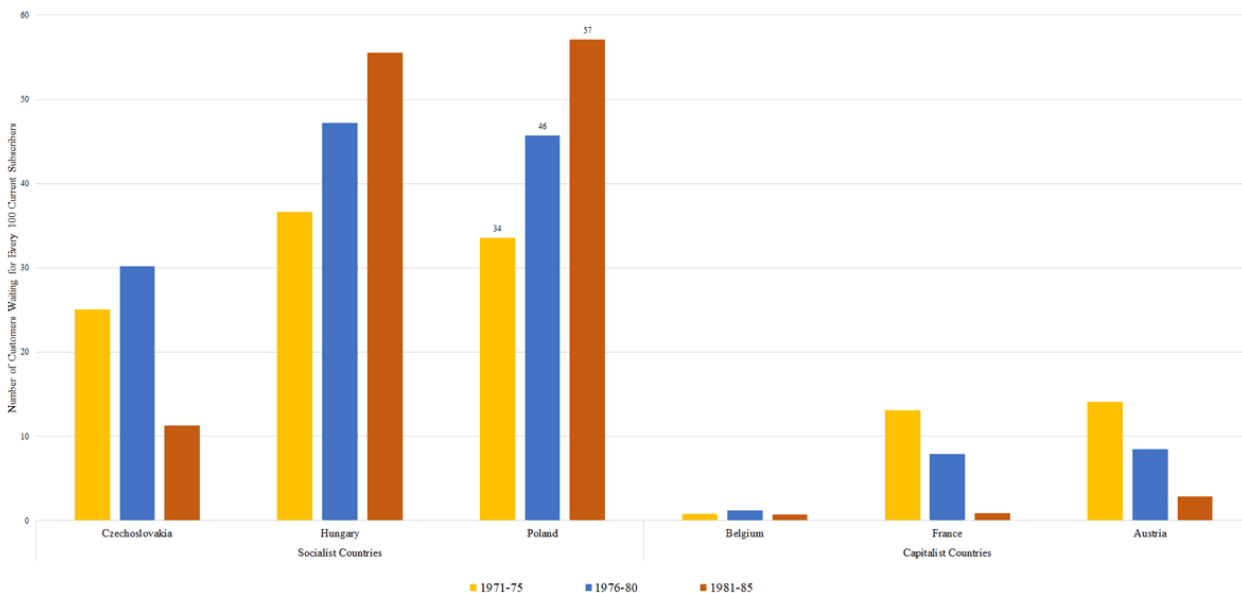
Instead of “an abundance of goods,” socialist economies were racked by rampant shortages. Soap, coffee, sugar, laundry detergent, cigarettes, rubber, transportation, meat, electrical appliances and even sanitary napkins were often impossible to find. As shown in the third chart below, the average Pole waited 15 to 30 years for housing. Bulgarians waited up to 20 years and Soviets up to 15.

The fourth chart shows that in the early 1970s, for every 100 Poles with telephone service there were 34 waiting to be hooked up. Things got worse over time. By the early 1980s, there were 57 Poles waiting for service for every 100 subscribers.

<sup>1</sup> As of June 5th, 2022.



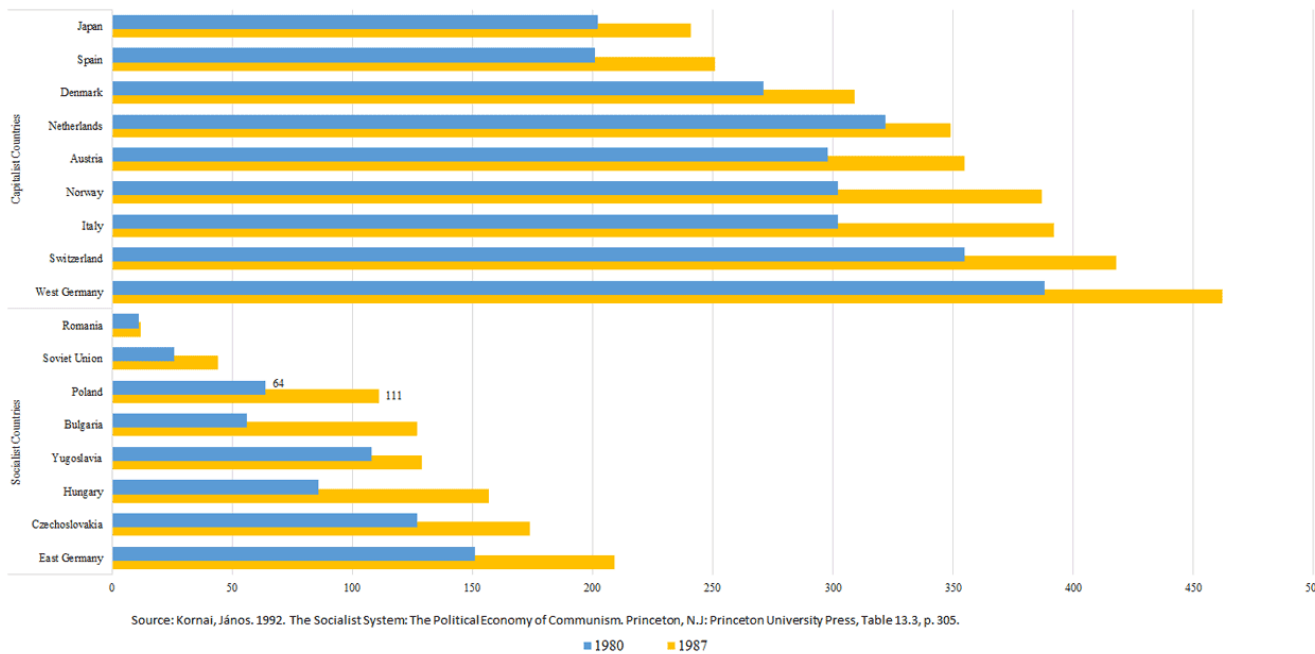
Figure 4. Number of Customers Waiting for Telephone Service



Source: Kornai, János. 1992. *The Socialist System: The Political Economy of Communism*. Princeton, N.J.: Princeton University Press, Table 11.3, p. 235.

The next chart below shows the number of cars per capita in socialist and capitalist economies. There were two to six times as many cars per person in capitalist countries compared to Poland.

Figure 5. Number of Cars Per 1,000 Persons (1980, 1987)



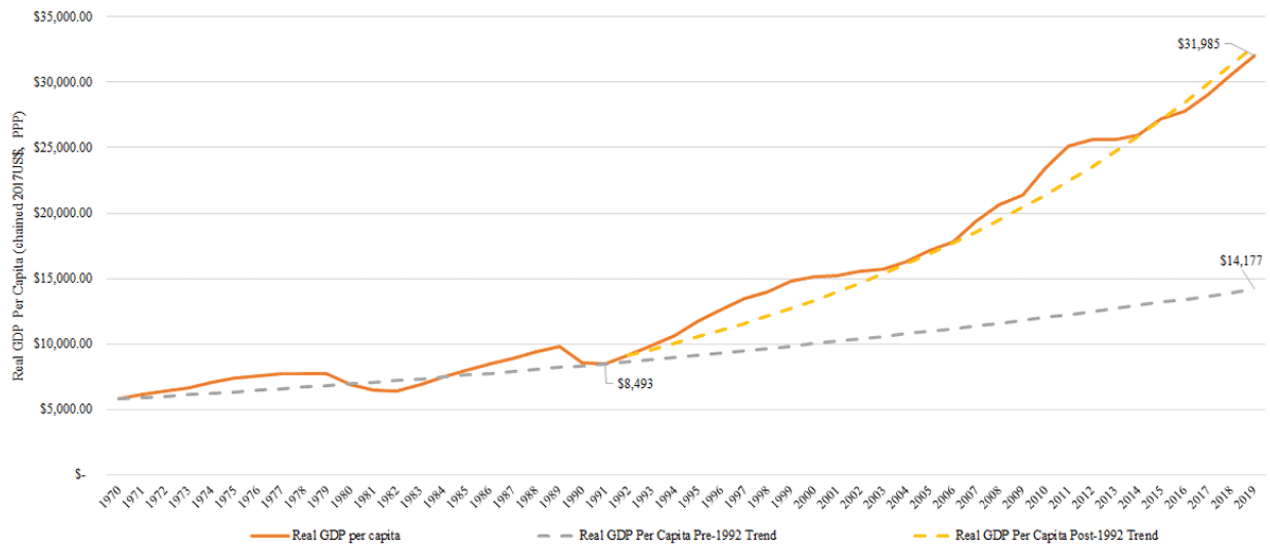
Source: Kornai, János. 1992. *The Socialist System: The Political Economy of Communism*. Princeton, N.J.: Princeton University Press, Table 13.3, p. 305.

And before you blame the Poles themselves or the country's climate or unique culture, consider the final chart below. Once they were freed from the yoke of socialism in the early 1990s, Poles proved they could be extraordinarily productive. Here is how we characterize it in the book:

From 1970 through 1991, real GDP per capita grew at about 1.8 percent per year. At this rate, it would take 38 years to double. However, from 1991 onward, real GDP per capita grew more than twice as fast, at an average annual rate of 4.7 percent per year. At this rate, GDP per capita doubles every 14.8 years. To help

illustrate the dramatic change in pre- and post-reform growth rates, the figure also traces the pre-1991 trend line beyond 1991. If growth had continued at the pre-1991 rate, then in 2019 real GDP per capita would have been just \$14,177. Instead, the actual GDP per capita that year was, as noted, nearly \$32,000—more than 2.3 times higher than it would have been had growth continued at its sluggish, pre-reform pace.

Figure 6. Poland Real GDP Per Capita (1970 - 2019)



Source: Feenstra, Robert C., Robert Inklaar and Marcel P. Timmer (2015), "The Next Generation of the Penn World Table" American Economic Review, 105(10), 3150-3182, Revised June 2021. Trend lines calculated by authors.

The full-length version of the book is available [here](#). In future posts, I will evaluate other key socialist hypotheses including claims that socialism will eliminate class distinctions, make us better people, and end the exploitation of labour and land. ♦



*Matthew D. Mitchell is a Senior Fellow in the Centre for Economic Freedom. Prior to joining the Fraser Institute, Mitchell was a long-serving senior fellow at the Mercatus Center at George Mason University, where he remains an affiliated senior scholar. He is also a senior research affiliate at the Knee Center for the Study of Occupational Regulation at West Virginia University.*

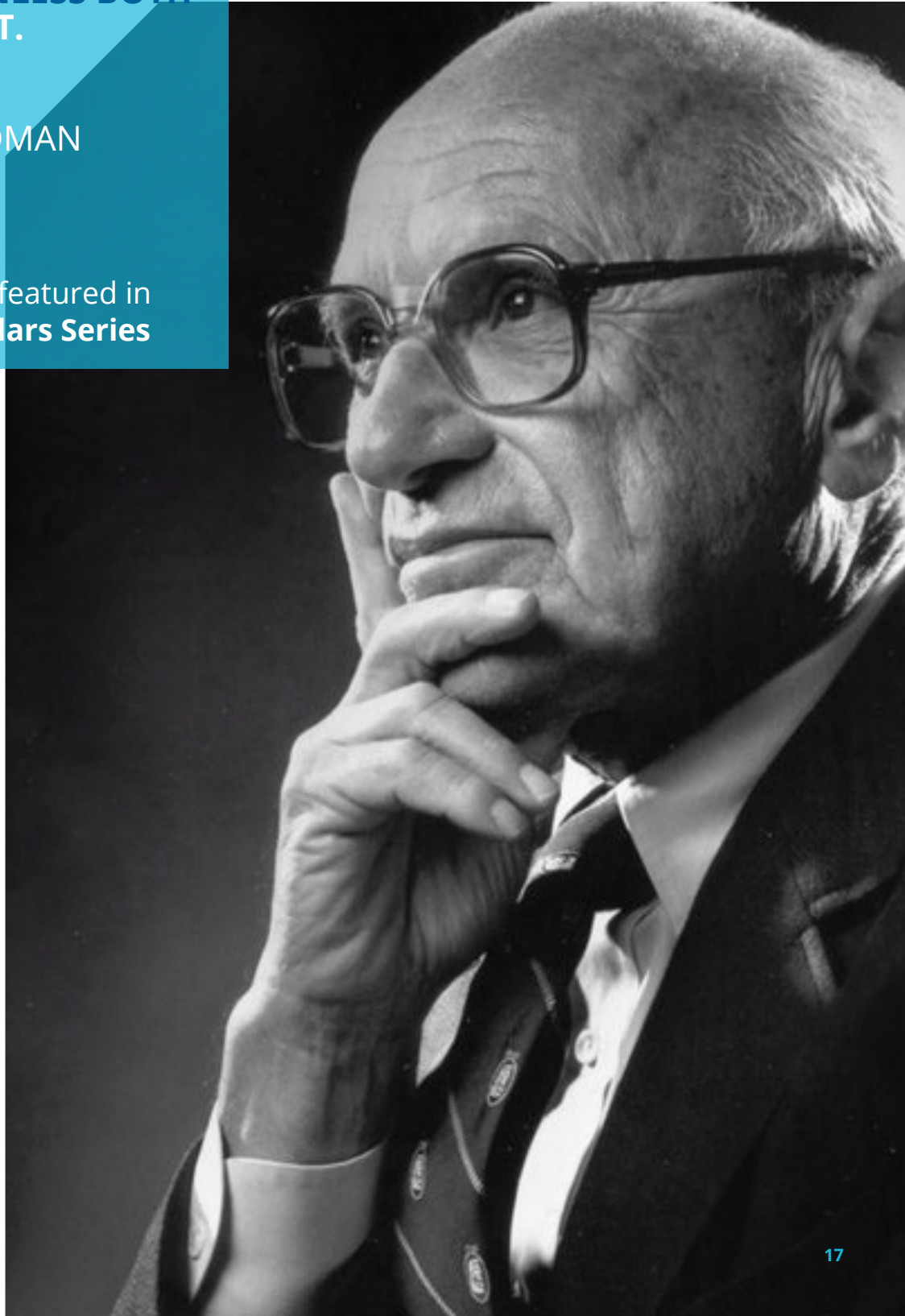
*Mitchell received his PhD and MA in economics from George Mason University and his BA in political science and BS in economics from Arizona State University. His writing and research focuses on economic freedom, public choice economics, and the economics of government favoritism.*

**THE MOST IMPORTANT  
SINGLE CENTRAL FACT  
ABOUT A FREE MARKET  
IS THAT NO EXCHANGE  
TAKES PLACE UNLESS BOTH  
PARTIES BENEFIT.**

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— MILTON FRIEDMAN

Milton Friedman is featured in  
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Our *Explore Public Policy Issues* webinars are now available on demand. Below is a short list of recordings of a few past presentations. To learn more, and to register for our live webinars next semester, visit [www.freestudentseminars.org](http://www.freestudentseminars.org).



### Free Market Environmentalism

*Hannah Downey*

Chances are you're an environmentalist - we all want fresh air, clean water, and healthy ecosystems. But instead of staging sit-ins or chaining ourselves to trees, we should be working toward a world where the environment is sustained by voluntary and cooperative stewardship. Hannah Downey from the Property and Environment Research Center (PERC) speaks on how an environmental movement based in markets, property rights, and incentives will empower, not impose, conservation. ♦

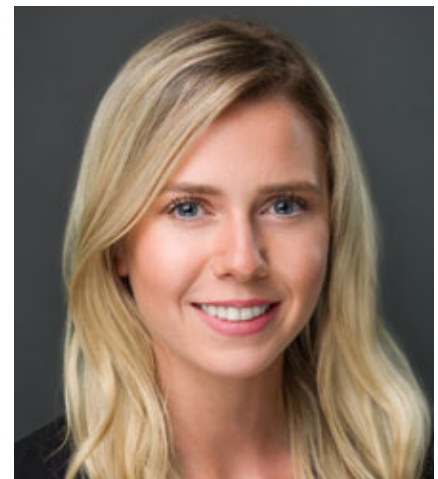
[Link to Hannah Downey Recording](#)

### Provinces Accepting Federal Money at Their Peril

*Tegan Hill*

Provinces and territories rely on federal funding for programs under provincial jurisdiction. This poses a risk as federal priorities can change thus potentially leaving large financial burdens on provinces and territories. Tegan Hill discusses these risks and what they mean for Canadians. ♦

[Link to Tegan Hill Recording](#)



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