

Reform Economics: The Classification Gap

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Reform economics seems perpetually slipping: between political power and academic life, government and opposition, East and West. While theories from the latest reform cycle always claim to break through the usual “plan” and “market” strategies, questioning reveals the slippage. For the historian struggling to classify, socialist reform economics appears—despite its apparent radicalization—less a revolutionary breed than a mutation of the old doctrines.

*But in that crystal scales let there be weigh'd
Your lady's love against some other maid
That I will show you shining at this feast,
And she shall scant show well that now seems best.*

—William Shakespeare, *Romeo and Juliet*

According to a joke circulating in Eastern Europe, socialism is the longest path from capitalism to—capitalism. Few in the West know that this witticism reflects also a certain bitter nostalgia on the part of unreconstructed Stalinists for the good old days prior to the first reforms, when socialism was still “true” as opposed to a later stage when it became only “real.” Until recently, socialist reform economists would

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have rejected this sarcasm, proudly maintaining that they wanted nothing to do with capitalism; their way led not to capitalism nor even to one of its social-democratic versions but to a better socialism.¹

They also had to cover a great distance on a dangerously winding road to realize in what direction they were going and to gather enough strength by the end of the 1980s to present the iconoclastic program of marching back or ahead to capitalism (euphemistically referred to as moving toward a mixed economy).² Socialism, the reformer-*routinier* in Hungary, Poland, or Yugoslavia says nowadays, has been a tiresome detour, which under the pretext of destroying the feudal relics of East European societies, has done its best to reinforce them. Economic and political reforms ought therefore to display antifeudal features: they should create (not merely reconstruct) a workable market economy, through reprivatization and the dismantling of state controls, and a pluralist (democratic) political system, by transforming the authoritarian and/or oligarchic nature of the Party-state. The reforms are to give rise to (and not merely revitalize) a “civil society” and a *Rechtsstaat* while—and this is the Achilles’ heel of the program—probably leaving the ultimate power of the “enlightened monarch” intact.

Interestingly enough, the pragmatism and sometimes the cynicism that are called for on the practical side of reform making are not rarely mixed with that standard revolutionary trait, lack of self-irony, when it comes to theorizing about the reformation process. The vacuum has been filled by the antireformers; the critique of the scholarly performance of the reform economists, unfortunately, became a privilege of the neo-Stalinists.

In light of the controversial achievements of reform making in the East, reform economists do not dispute the fact that—to use the language of the early reformers—the meshing gears of “plan” and “market” tend to squeak. Nevertheless, reform economists look for the causes of maladjustment outside the mechanism, and not in the logical structure of their discourse. The “external enemy” appears on the political side of the plan, as an agent who pours sand between the gears. Thus, as far as the basic principles of reform theory* are

*In what follows, I use the expressions *reform theory*, *reform concept*, *reform program*, *reform blueprint*, and *reform project* interchangeably. In this context *theory* does not necessarily mean “scientific theory”; it simply denotes the opposite of reform practice.

concerned, there seem to be no major obstacles to making a winning combination of plan and market, if one succeeds in disciplining the reluctant planners, in getting them to acknowledge the logic of liberalizing (deregulating) so that the share of the market in the mix increases.

Many reform economists as well as their Western observers would say that this problem is to be solved by a pragmatic (political) theory of transformation rather than by an abstract (economic) theory of the market. In their opinion, from the point of view of pure economics, reforms have been a fairly clear issue from the very outset. What the reformers have always needed, so goes the argument, is a kind of "applied economics," that is to say, the invention of intelligent economic policies for the transition to a market economy, clever mechanisms of deregulation and artful political techniques (democratic as well as elitist) to implement them. The planners have to be convinced that—as paradoxical as it may sound—reducing emphasis on the plan is in their interest as well.

The militant reformer would continue: leaving behind the familiar stages of radicalization (or secularization, if you wish), we can ignore the word magic of introducing the "socialist law of value," "perfecting the economic mechanism," or "regulating the market," and develop the idea of the coexistence of the "minimal (or medium) state" and the "maximal market."³ To accept this new concept, one also needs less logical reflection than economic expertise, political radicalism, and ideological clear-sightedness.

With the passing of time, East European reformers have lost most of their illusions concerning changes coming from above, the enlightened self-constraint of the Party-state, and the self-generating power of reform. In this learning process, reform economists have touched on the principal taboos of Stalinist political economy. Secularization has in turn helped refine the applied economics of the reform in scientific terms: based on the original combination thesis of plan and market, the reform concepts have become more and more complex and systematic. Now we are witnessing the consolidation of a new social-liberal paradigm of economic science.⁴

Such is the optimistic vision of the evolution of reform thinking as portrayed by its representatives when they are not ground down by the day-to-day struggles of reform making. However, students of the

history of socialist economic thought tend to grow suspicious of any theories claimed to be near to perfection.*

Suspicion No. 1: After almost four decades of semiperfect theories, we may doubt whether “reform economics” (RE)—as we call this branch of socialist political economy in Hungary—is able to solve the scientific problem of harmonizing the principles of liberalism and collectivism in a genuine and coherent economic theory, if the reform concepts remain within the framework of the traditional discourse of combining plan and market.

Suspicion No. 2: Even if we accept *a priori* that the reform programs have been refined in terms of their scholarly messages because of the relaxation of political and ideological constraints, the knowledge we have of these nonscientific specifics of reform thinking may be neither relevant nor up-to-date.

I am afraid that these reservations lead us to discover a twofold gap in the conventional classification of reform theories. On the one hand, in exploring the ambiguous nature of RE as economic science, perplexity grows when we try to classify reform concepts in the history of economic thought. On the other hand, the internal typologies of reform economics have often been confined to the comparison of the political and ideological variables such as naiveté, moderation, and radicalism, and the differences in the conceptualization of the plan-market mix have been ignored.

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In what follows, a Hungarian economist working on the history of socialist economic thought tries to give an overview of the *Dogmengeschichte* of contemporary economic reforms in Eastern Europe. The subject, however, extends beyond the expected limits both in time and space; in our case, contemporary history begins in 1921

*Compare the relationship between classical and Marxian economics, utopian and “scientific” socialism, Marxism and Leninism, Marxism-Leninism and Stalinism, Maoism and Titoism, et cetera.

with the introduction of the New Economic Policy (NEP) in Moscow, and the frontiers of Eastern Europe stretch as far as Beijing.

BETWEEN TWO DISCOURSES

As long as RE restricts itself to the traditional plan and market (PM) discourse (and it is well-known that until recently the authors of reformist concepts such as "market socialism," "the self-managed market economy," and "the regulated market," have been cautious about touching on the main taboos of the discourse, namely those of reprivatization and political pluralization), the scholarly performance of its disciples will very likely continue to exhibit serious flaws.

In a recent essay I tried to confirm Suspicion No. 1 by raising a couple of "compassionate doubts" about the consolidation of a Grand Theory of socialist economic reform.⁵ Based primarily on the more than thirty-year history of the Hungarian school of reform economics, my critical remarks centered on the following topics:

Mixed Doctrines—The PM discourse opens an extremely large umbrella under which a multitude of often diametrically opposed schools and ideas can find a place for themselves, ranging from neo-Marxism, some sugar-coated Stalinism and optimal planning, through a kind of old Manchester liberalism and moderate deregulation theory, all the way to a neo-Keynesian-type social-democratic concept of *Soziale Marktwirtschaft*, or the idea of the corporate state. What the historian sees under this umbrella is a strange mixture rather than a fruitful combination of alternative doctrines.

Speculative Institutionalism—The confusion of mutually exclusive approaches is not the sole reason the delimitation of RE is almost impossible. A close look at the evolution of socialist reform thinking reveals, surprisingly, no magnum opus of the reformist school. The writings that are usually considered the basic works of RE are in most cases obsolete, or they transgress the limits of the PM discourse. The literature of reform economics looks fragmented, unbalanced, and eclectic from the standpoint of the different fields of economic theory as well as from that of countries and periods of time.

The eminent authors come as often from academic circles as from the sphere of politics or business administration, not to mention the mass media and belles lettres, so the messages of RE appear on very

different levels of scholarly abstraction and quality. But even in pointedly scientific works, reform ideas are pigeonholed in thematic subcategories, the description of the economic system to be reformed is frequently confused with normative statements about the future, and there are large gaps in empirical analysis on the microeconomic level as well as in the understanding of the behavior of the higher echelons of the Party-state.

Paradoxically, RE is not empirical enough to provide a synthetic description of the Soviet-type economies being reformed, yet it is too empirical to impede abstract analytical research on them. Reform economists tend to apply the institutionalist instruments offered primarily by Marxian economics, without testing their validity in comparison with the “new institutionalism” of the West (property rights and transaction cost economics, public choice theory, concepts of nonprofit organizations, political business cycles, principals and agents, theory of deregulation). The result is a kind of speculative institutionalism, based as often as not on soft, pseudoabstract categories such as “plan,” “market,” “enterprise autonomy,” “self-management,” and “material incentives.” These govern reformist thought about interpreting and predicting economic behavior through mechanisms, interests, organizations, and power relations without either appropriate empirical or analytical backing. In Eastern Europe even the fragmented liberal traditions of economic thought have not been fully reconstructed, and the civilizing effects of neoclassical economics are still extremely weak.

The “Bad” Market—The liberal critique of the state economy and collectivist planning, dominant in the debate on socialist economic calculation in the 1920s and 1930s, has been only partially refuted by the reformers. Oscar Lange’s doctrine of “the market simulated by the plan,” which was the origin of the PM discourse, has proved, at most, mathematically defensible.

The reformers originally conceived of the plan as a sterile institution: they held not the plan but the conservative politicians, the hard-liners, who were not considered to be involved with the plan-market combination, responsible for blocking marketization. The assumption, however, that even the most reform-minded, market-oriented planner disturbs—*ex officio*—the spontaneous order of the market process sounds heretical even nowadays when in

reform economics the desired scope of planning is relatively narrow. For a reform economist to say “plan or market” instead of “plan *and* market” is still a neo-Stalinist attack on, and not a liberal critique of, the PM discourse.

The market was also regarded by the early reformers as a neutral institution, something indifferent to property rights. It was a widespread assertion that the market can be recreated in the state sector as a whole and that if the market does not work there adequately, it is not the lack of private ownership but the intrinsic failure of the market that is to be blamed.

In the reformers’ view, the grand concepts of “plan” and “market” were able to embrace everything: on the one hand, from the rationalization of certain techniques of state dirigism to indicative planning, and on the other, from the abolition of forced procurement in agriculture to the use of the stock market. Nevertheless, on the level of economic theory they were portrayed, at best, symmetrically. In the beginning, the supremacy of planning was not disputed in reformist circles. However, even later, when the “bad” market succeeded, by and large, in emancipating itself in reform thinking, the basic philosophy remained intact; the principle of giving the market a (revocable) chance to help where the plan fails has so far not been definitively replaced by that of giving the plan a slight (revocable) chance where the market fails.

Instead, the reformers tend to entertain the possibility of establishing a kind of symmetry between the “good plan” and the “good market.” In the PM discourse there is still no room for the idea that plan and market cannot be balanced in a speculative equation, because the plan in Soviet-type economies is more “contagious” than the market: a drop of planning is able to spoil a barrel of market. Then, plan and market would be within a hair’s breadth of turning into plan without market.

Using the analogy of modern capitalism to support the combination thesis, reform economists have from time to time entertained the hope of creating a mixed economy “with an Eastern appeal,” i.e., with the *differentia specifica* of the plan having the larger share in the mixture. The question of how large it should be has usually been answered in allusive terms, suggesting that all kinds of the combination are viable from the standpoint of economic rationality. The authenticity of RE has been based on this assumption rather than on

the perhaps more realistic one that under certain conditions plan and market are as capable of impairing each other's positive effects as they are of improving them.

Since the invention of the convergence theorem, decades have passed, and the fact that it is much easier to liquidate or distort the market in the West than to establish it in the East has become a common experience of the reform economists. Now there are signs in the literature of a switch from the pattern of modern capitalism to that of early capitalism, when it managed to get rid of the feudalistic restrictions on the market. According to the new slogan, the market (not socialism) has to be built up, and perhaps the old dogma of the "bad" market that has to be corrected by the "good" plan is starting to be abandoned. However, it has not been generally admitted until recently that even a markedly smaller proportion of the state than ever envisaged by the reformers is capable of destabilizing the model of the mixed economy (consider the end of the Keynesian revolution).

New Paradigm—Although we may assume—with some foundation—that these imperfections stem from the essentially hostile political environment in which reform thinking must make its way, it would be wrong to disregard the logical contradictions inherent in RE's attempt to harmonize the economic principles of liberalism and collectivism under real socialism.

If the supporters of RE want it to become a general economic theory of real socialism, first they will have to deal with this inevitable question: how can Marxism, even if promoted with increasing reservations, be coupled with liberalism? This question will be raised on every level of economic theory, beginning with the philosophical-methodological preconditions (how can the holistic and deterministic approach of Marxism be associated with the essential individualism and subjectivism sustaining liberal thought?) and proceeding to concrete proposals for mixing economic institutions in a Soviet-type society (how can the Party-state be harmonized with medium- or large-scale private property and/or with autonomous forms of collective ownership?). That is to say, in addition to facing the problem of how to reconcile different interpretations of liberty, equality, tolerance, virtue, rationality, common good, and private initiative in the two systems of discourse, reform economics has to clarify analytically the underlying issue of whether the market can work at

all in a modern economy without large-scale private ownership and political pluralism.

Surrogate capitalist amidst fundamentally collectivist property rights and limited reprivatization, a simulated market with a quasi-deregulationist state, informal (latent) pluralism within a formally monolithic political system: are these unstable combinations appropriate for providing a solid base for a new paradigm of economic science?

We will search in vain for a new paradigm if we suspect that, to use Kuhnian language, the consensus within the scientific community of reform economists is rooted in political solidarity rather than in the similarity of the scholarly principles under the umbrella of RE, and that the values represented by the reformers are ambiguous, the concepts applied are shaky, and the methodological apparatus of economic research is eclectic.

Deregulation Theory, in the Middle of the Road—Let us see if reform economics can be described in a less ambitious way. Instead of forcing the definition onto the level of pure economics, why not consider this branch of economic thought a genuine normative theory of economic deregulation? No doubt, RE is authentic as a peculiar mixture of liberal and collectivist doctrines, but only as such, for most of its liberal components are imported. As a consequence, its authenticity by and large amounts to the fact that the liberal ingredients of the mix have to do with the “pacification” of a unique kind of war economy—that is, to the liberalization of Soviet-type state economies where the fabric of regulation is incomparably more comprehensive, intricate, and durable than in most contemporary Western war economies and where state controls have become an organic (self-reproducing) part of the system.

Unfortunately, however, within the framework of the PM discourse, RE does not come near to being a sophisticated normative theory of deregulation either. In the absence of a comprehensive critique of the point of departure (Stalinism or War Communism) and of a clear picture of where to arrive, it is only the process of dismantling controls that is discernible in this transformation program.⁶

In other words, RE is able to describe the transformation only up to a certain point: it allows us to step off the pavement and zigzag

more or less safely among the cars in the middle of the road, but it cannot show us what is on the other side of the street. As a strange theory of transformation-without-end, reform economics can be considered a pretheory, a pilot program that clears the way for a postreform economics.

Sophistication—As years go by, RE has refined its scientific premises and conclusions in the course of a lengthy trial-and-error procedure (although its followers have been more active in learning-by-doing than in learning-by-reading). By analyzing *in vivo* the government failures and market distortions in Soviet-type economies (disequilibrium, overcentralization, hierarchical bargaining, the shadow economy) the reformers can even make a contribution to the understanding of similar phenomena of overregulation in the West, which can often only be examined in smaller scale, almost *in vitro*. From the point of view of Western mainstream economics, one might characterize reformist economic science as borderline-case economics, a sort of economic knowledge that issues warnings against any recurrence of borderline cases.

However, the fact that reform economists have made great advances in comprehending and predicting the economic reality of Soviet-type societies, and in systematizing the ends and means to change it, does not necessarily lead to the solution of the basic theoretical dilemma of the PM discourse: why would the reformers prefer the “bad” market to the “good” old plan?

In answering this question, a reform theorist may choose one of two possibilities. If he remains within the framework of the PM discourse, the prohibition of large-scale private property and political pluralism, the idea of the bad market will eventually hinder the scholarly evolution of RE (the scientific explanations will be incomplete, the reform proposals inoperational, etc.); but if he violates these prohibition rules, he enters a new discourse. He leaves the concept of the socialist market economy, for, let us say, that of the social-democratic version of the social market economy. In other words, this move undermines the main political and ideological principle of RE, i.e., reformism within real socialism. If RE truly evolved, it would cease to exist. To put it pathetically, its initials would stand not for *reform economics* but for *revolution economics*.

It is, however, by no means proved beyond a doubt that by crossing the frontiers of real socialism one reaches the realm of a new

scientific paradigm of economics. In any event, if reform economists stop flirting with half-solutions like explaining the behavior of the state economy with a fragmented understanding of the Party-state, searching for the surrogate capitalist, or creating concealed pluralist structures, there might be an opportunity to follow a great many lines of thought started three or four decades ago to their logical ends.*

We may also hope that entering a new discourse will narrow our classification gap, for we will be able to rely on the vast knowledge gathered on welfare economics when we situate postreform economics in the history of economic thought. So far, RE has resisted classification because it has oscillated between Marxism (Stalinism) and liberalism. This situation has excluded the possibility of qualifying reform economics as a coherent species of social-liberal economic thinking. For the time being, RE cannot be portrayed as other than a mutant subspecies of the doctrine of *Soziale Marktwirtschaft* (social market economy).

TOWARD COMPARATIVE REFORM CONCEPTS

Overdue Reservations

Now let us examine Suspicion No. 2 and see what is meant by *classification gap* when we turn to the typology of the individual reform concepts.

To characterize the dominant types of reform economics, most analysts have so far taken the easy way of regarding nearly every species of reformist thought as a distinct type. Now we have “Langeism” and “Libermanism,” “Illyria” and “Pannonia” (the Yugoslav and Hungarian versions of reformist thought), “computopia,” “planometrics,” even “Galbraithian socialism.” We can play with abbreviations such as “NEP,” “NEM,” and “NÖS.” We tend to be well acquainted with the “naïve” and “routinier” types of reform theorists, the “moderates” and the “radicals,” the “perfectionists” and the advocates of “crucial” reforms, the “market-type” and the “technocratic” reformers, those representing “entrepreneurial,”

*It is, of course, quite another matter whether this intellectual border crossing between the two discourses can also be accompanied by political action, or whether the PM discourse—despite all of its scholarly imperfections—will remain the intellectual basis for the only pragmatic program for the liberalization of Soviet-type economies and societies.

“etatist,” or “self-managing” market socialism, while we remain unfamiliar with the internal logic and the interrelations of these different forms of classification.⁷

Important as it is to construct these types with the hope of further generalization, these attempts do not yet seem very promising. Composing the types of reform theory based on the practical reform moves, that is, disregarding the apparent asynchronism of reform and reform economics (see the fashionable model of the “three waves” of reform); comparing cases from periods far apart in time (note the use and abuse of the NEP model); applying an excessively broad concept of reformism into which even the markedly statist ideas of “computopia” and “Galbraithianism” can be fit; taking, as in a democratic census of racial minorities, almost everyone who declares himself to be a reformer at his word, etc. These dubious techniques of classification may discourage those who would gladly believe in some “rational” criteria for delimiting the field of reform economics.

I have reservations about the way reform programs are usually compared. First, the traditional models of socialist economics are too loosely defined (thus, the process of separation from them is indeterminate);⁸ the goals are also veiled in mist (therefore the degrees of approximation to the ideal cannot be compared either).⁹ Second, the dimensions of comparison are often arbitrarily chosen and highly judgmental; the intratheory variables indicating the scholarly performance of reform economics are usually neglected or confused with the technical details of economic and political liberalization; the variables are too comprehensive (they are formulated in terms of the PM discourse), inoperational, and mostly of binary nature; and the interrelations among the variables are frequently ignored.¹⁰ Third, attempts at measuring the variables are scarce, and the comparisons are often made along different dimensions; whole countries and time periods are characterized by a single type.¹¹ Fourth, the main types are defined in advance, deductively; the inductive test of assumptions is often lacking. Fifth, the comparisons are mostly static; if, however, they are dynamic, the principles of commensurability and the concept of evolution are not clarified.

Why shouldn’t we start classification with the understanding that reform economics is amorphous and has intrinsic ambiguities? Why

shouldn't we proceed gradually, following the standard methodological rules for historical taxonomy?¹²

1. Defining the basis for comparison.
2. Selecting the relevant dimensions and subdimensions of comparison (defining the variables and their potential values).
3. Measuring the movements within the individual dimensions and distinguishing the directions of the movements.
4. Constructing subtypes within the dimensions.
5. Combining the subtypes in order to construct main types.
6. Defining ways to compare the main types if the *ceteris paribus* principle cannot be applied.
7. Solving the problem of static versus dynamic comparison.

Understandably, expecting taxonomic rigor in retrospect would be cruel on the part of succeeding generations.

As long as the reform theory initiatives were scattered over countries and decades and there was hardly any communication between the reform economists, as long as the number of cases lending themselves to prolonged observation was not large enough to make fair generalizations on their basis and the adventure of separating from the Stalinist model was fresh, and as long as paradoxes of reform thinking, the confusion of theoretical patterns, and the controversial political roles of the reform economists were still obscure, it was only natural that the comparers would be inclined to improvise. They optimistically assumed in advance that it is possible to create a coherent reform concept, so they were simply not interested in the intratheory characteristics of RE.

Now at the end of the 1980s, however, we have learned a lot about the long and the short waves of reformation, for we have seen reform experiments even in the most exotic countries of real socialism, abortive reforms, half-reforms, distorted and reversed reforms, fierce discussions among alternative schools of reform economics, and supranational communication among reform economists. We have also experienced the most varied ideological commitments on the part of the reformers (the cynical as well as the romantic ones). In other words, we have witnessed the evolution of economic reform thinking as a new culture in Soviet-type societies. The observer can

hardly avoid becoming a self-made comparative “anthropologist” to investigate this folklore.

Naïve, Moderate, and Radical Liberals

Provided the assumption is true that to raise the scholarly level of reform theories, reform economics has to exit from the PM discourse, we face a new question: do reform economists really want (and are they at all able) to burn their bridges behind them?

A great many of them say that in the world of reformist ideas they already started their trips back from real socialism a long time ago by taking one of the “third ways.” In testing this assertion, the historian of economic thought has to admit how little is known about this expedition.¹³ Throughout our writings we operate with a series of journalistic truisms about the political and ideological constraints on reform economics, which we tend to consider proven.

Naïve, moderate, and radical reformers—the analysts used to select these subspecies of reform economists and arrange them one after the other along a line allegedly leading out from the PM discourse.¹⁴ In the implicit assumptions of this arrangement, there is an imaginary scale of liberalism on which one can measure how far a given reform economist has moved away from the concept of the Stalinist centrally planned economy (the conventional basis for comparison), and the reform economist is a sociologically neutral creature who is governed primarily by the values of his scientific convictions—convictions that have an ideological component but are essentially uncompromised by vested interests.

If, however, this is not the case, and the comparison of the distances from the Stalinist model is indeterminate, and the reform economist turns out to be a “political animal” as well, we soon find ourselves wrestling with classification problems.

Why? First because it is uncertain whether we can adequately define the yardstick for measuring the degrees of radicalism. What is to be considered the basis for comparison? Taking the ideal Stalinist economy as a point of departure, one ignores its historical predecessors, War Communism and NEP. In this way one can easily forget the fact that, if compared with the ideal type of War Communism, i.e., to a model of completely centralized and demonetized state economy, even the Stalinist political economy can show features of

“naive” reformism (in property rights, financial regulation, second economy, consumer markets)—true, much more naive than NEP.

If we place Stalinism at the origin of the system of coordinates of reform thinking, there remains no room for the post-Stalinist relapses back to the War Communism model (as in Albania, Cambodia, Cuba, and China). What is more, relying on their allegedly decentralist (democratic) blueprints, some observers may be tempted to classify these instances of backsliding as reform experiments. The same mistake can be made in appraising the computopia approach of the Soviet school of mathematical economics, where the strong claim for rationalizing the planning procedures often makes the analysts forget about the model of an overcentralized phalanstery that is also promoted by the disciples of this school.¹⁵

Paradoxically, a much graver problem arises if one does not disregard the Soviet 1920s, because—War Communism and Stalinism being more or less identified with each other—NEP is so often misinterpreted as a prototype of the “naive” reformism of the 1950s and 1960s. In this case NEP becomes a model to imitate despite the fact that its general philosophy was more “naive” than the average PM discourse of the last few decades in excluding the market from the state economy, but at the same time, more “radical” in tolerating it during the transition period in the form of an enormous private sector which dominated the Soviet economy in the 1920s.¹⁶

As a matter of fact, this historical question mark leads us to a bigger—methodological—one concerning the measurement of radicalism: whatever the departure point in the comparison, the changes in the political and ideological considerations of the reformers take place in various dimensions at different speeds and sometimes in opposite directions.

To put it plainly, who was the more “radical” reform economist in, for example, 1966: was it the theorist of the Cultural Revolution in China, being a dedicated supporter of the decentralized commune system with mass mobilization but a relentless critic of the market? Or was it the follower of the aborted Kosygin reform in the Soviet Union proposing the abolition of the *uravnitelka*, the promotion of consumerism, and the loosening up of mandatory planning, but retaining the centralist and etatist nature of the reform? Who was less “naive,” the Hungarian economist of the forthcoming New Economic Mechanism (NEM), trusting in the quasi-automatic deregula-

tion effects of marketization without a simultaneous political reform, or the Yugoslav representative of the 1965 reform, who believed in the fruitful combination of liberalization and self-management? Or were they, perhaps, equally “naïve” in not being able to foresee that the formally centralized structures of the state economy are just as well suited to distorting the liberal reform initiatives and promoting a counter-reformation as the formally decentralized ones if one-party rule is left intact?

Should we consider the Hungarian scholar János Kornai, who—while he was practically unaffected by the renaissance of Marxism—warned the NEM reformers against some laissez-faire illusions about marketization less “moderate” than the Czech economist Ota Sik? Although at that time Sik was more modest in his recommendations for economic liberalization than most of his Hungarian and Yugoslav colleagues and strongly committed to Marxian political economy, during the Prague Spring he came close to adopting the idea of multiparty democracy.¹⁷

Who won the contest for reformist radicalism in the early 1980s: the Polish emigré Włodzimierz Brus, the Yugoslav Branko Horvat, or the Hungarian Márton Tardos? The first, while still seeking ways to retain the principles of central allocation of capital in his reform concept, looked rather permissive in his assessment of reprivatization and militant in his support of political pluralization; the second seemed to insist on the concept of self-managing socialism, i.e., on decentralization without a multiparty democracy and reprivatization; and the third was promoting a decentralized holding system of capital allocation but did not favor self-management and had reconciled himself to one-party rule.¹⁸

A legion of misleading questions—without answers, of course. To prevent misunderstandings, I would not doubt the logical possibility of comparing reformist thought along the naïveté-moderation-radicalism line if the principle of *ceteris paribus* applied. There are, however, several reasons in general that it cannot:

Limited Liberalization—There is no guarantee that reform thinking moves in each dimension in the same direction (or that in all dimensions but one there is no movement at all) even if we remain on the abstract level of the PM discourse and study only the overall economic, political, and ideological dimensions. This is largely due to

the fact that the majority of reform concepts are, by definition, fragmented and compromised in advance. So it is almost natural that a forward movement in one dimension is coupled with a backward step in another. As often as not, reform ideas are born in the course of political struggle, in countries with gloomy economic prospects, and under the threat of the destabilizing effects of the necessary liberalization measures. In addition, the implementation of these measures requires making a deal with the current regime (or with the reform economist's own conscience as he may feel guilty about violating Communist ideals) in order to reconcile it.*

As a result, the historian may find built-in "reform brakes" (as we put it in Hungary) in every dimension of change. Although the call for political pluralization and ideological secularization in most reform concepts indicates the presence of proposals for economic liberalization as well, we cannot take for granted that the reverse is also true. Reform economists frequently have to buy an amount of deregulation with an amount of political orthodoxy and ideological conservatism, or—*horribile dictu*—with a portion of reregulation.

How else could we understand, for instance, the ambiguity of the Polish reform blueprints in the early 1980s, which were to combine the bitter truth of political monoliths (even militarization) with far-reaching market liberalization? The same applies to a series of reform concepts in Yugoslavia, where for a long time permanent tribute to the ideology of self-management had to be paid for an entrance ticket to the "dirty" world of marketization. Or let us go back again to the 1920s in the Soviet Union, a period in which the NEPist initiatives for deregulating war structures (primarily in agriculture and commerce) were taken simultaneously with measures to retain (in heavy industry) the system of strict central management, to build up the main institutions of the coming reign of Stalinist planning, and to gradually do away with the remnants of limited political and ideological pluralism of the first few years after the revolution.¹⁹

We can also take, as an example of exchanging deregulation for reregulation, Hungary in the late 1970s and early 1980s. It was symptomatic of how uncertain the ex-reformers of NEM had become when, in 1978 and 1979, they had trouble evaluating the official

*I come back to this point in the subsection about bargaining.

reform package, “the new path of growth.” This was an attempt to legitimate strict central management (“manual control”) of the economy, which informally restored a part of mandatory planning by shattering a few old idols (lifting the ban on small entrepreneurship, amalgamating the branch ministries in industry, joining the International Monetary Fund and the World Bank.²⁰

Relevant Subdimensions—Another reason the *ceteris paribus* principle is so often not operational is that far more dimensions require comparison than have in the past been studied. The historical analysis of reform economics is lagging to a considerable degree behind the discipline of comparative economic systems. Dimensions that by now are routinely examined in the course of comparative research into reform processes²¹ are usually overlooked in appraising the various types of reform thinking with which these economic processes are intertwined.

Yet we did have the opportunity to learn that, for example, it is by no means the same if in a reform concept economic liberalization stands for the computerization of planning, for counterplanning, for the reduction of the number of planning targets, or for the final liquidation of mandatory planning. Moreover, there is no small difference between two blueprints for reform when one of them envisages the formal abolition of mandatory planning, but—leaving the institutional system of economic management intact—provides for an informal restoration of central planning targets, and when the other includes an elaborate system of indicative planning backed up by a series of institutional guarantees against recentralization.²²

Moreover, it is worth distinguishing those reform projects which stop at deregulation of commodity markets from those which go further and want to liberalize the capital and labor markets as well; those which concentrate their liberalization efforts primarily on the rural economy from those which embrace the whole economic system; those which are based on the idea of the advantages of large economic organizations from those which favor smaller ones; those which allow the second economy to prosper from those which try to limit the “black” or “grey” economic activities of the population.

Please note that these subdimensions are not the whims of hair-splitting taxonomists. The fate of entire reform packages has been dependent on how the deregulation components of a given reform

concept were placed in subdimensions like these, not to mention the positive or negative interference between the components. It is well known that liberalization measures have to reach a critical mass for them to become a reform process. This amount includes greater or lesser doses of economic deregulation, without the cumulative effects of which reformation can come to a standstill and be reversed. Precisely which subdimensions (and within them, which movements) prove vitally important to keep the reform going is subject to debate. However, the twists and turns of the Hungarian and Yugoslav reforms (the most lasting ones in socialist economic history), the liquidation of NEP, and the recent slowdown of reform in China all serve to warn us of the dangers of focusing only on a few subdimensions and ignoring the multifarious nature of deregulation programs.

Sometimes it even matters that a small link is missing in the chain of liberalization because of the logical interconnections of the economic system. When reforms fail, they do not necessarily fail in the main dimensions of economic deregulation, ideological heresy, and political pluralization. The fiasco can be invisibly prepared in various subdimensions. How high is the proportion of free prices? How big are the income differentials between enterprises? What is the share of investments financed by the center? To what extent are imports liberalized? How much income goes through the channels of state redistribution? We know from experience that dozens of similar questions can (and must) be raised if we want to decide whether a reform concept is workable.²³

All in all, if we venture to assess alternative blueprints of economic deregulation, we find so many important subdimensions that it is very unlikely that the changes in these will indicate the same direction, providing an unambiguous comparison. What is more, within the subdimensions simple alternatives are scarce or meaningless: one cannot make do with a yes-or-no answer when, in examining a reform project, one tries to decide how far, for example, wage policies are going to be deregulated. For that, one needs a scale of ordinal measurement and/or the construction of intermediary types of liberalization (regulation of the average wage level, control of the gross amount of wages, wage bargaining).

So far, I have mentioned only the particulars of economic deregulation. What if we also start taking into account the nuances of political liberalization, from the intricacies of property rights through

the interrelations of the political parties, the government, and the trade unions, the composition of the state bureaucracy, or the fine techniques of bargaining, all the way to the degree of the external dependence of the country experimenting with reforms? What if ideological secularization comes under scrutiny as well, including the movement away from Marxism or Stalinism with regard to economic and political liberalization: the proportions of etatist, autonomist, and liberal values in the world outlook of the reformers; modernization versus national identity; and socialist, religious, and “profane” liberalism?

* * *

Economic liberalization with political counterreforms, regulation through deregulation, ideological conservatism mixed with political innovation, economic counter-reform through political decentralization—these unexpectedly contradictory movements shown by the above-mentioned examples used to disconcert the ambitious comparer. Moreover, things grow ever more complicated as we leave the national types of reform thinking in a given reform cycle and approach the problem of surveying the country-by-country and cross-period differences in terms of degree of naiveté, moderation, or radicalism. However, the real complications are caused by the reform economist himself who tends to combine naive, moderate, and radical traits in his own thinking.

Serving Many Masters

The previous subheading included the word *liberals*, a term that the historians of reform thinking regularly avoid qualifying. It is not my intention to parody socialist liberalism, the ambiguities of which originate, in the last analysis, in the intermediary position of the reform economist between political power and academic life, government and opposition, East and West. My aim is to demonstrate here how unstable the political liberalism of the reform economist is and to what extent this instability hinders the construction of a sophisticated typology of reform economics.

If we study the reformer’s social background, his interests, peer groups, and alliances (and the degrees of their institutionalization),

his bargaining techniques, compromises, and willingness to take risks, we see a diversity of features stemming from day-to-day cooperation and conflict with the political authorities.

Diffuse Roles—The reform economist has many masters to serve. He is a historian and a fortune-teller (he would say cynically both a jester and an alchemist at the royal court), a critic of orthodox politics, a man of letters, and a public relations manager helping the neologist wing of those in power. Sometimes he is a human relations expert when his socialist commitments oppress his commercial spirit. He is a representative of the academic community, a spokesman for social groups interested in economic and political liberalization, an ersatz oppositionist who channels nonofficial views to the government, and a lobbyist for his own interests in the maintenance of his personal status in reform.²⁴

Many or all of these functions can be performed on one and the same day. In Poland, Yugoslavia, and Hungary, where the activities of the reformers have become more or less institutionalized under ideologically rather indulgent conditions, it would not have been pure coincidence even some months ago if we had found the following entries in the diary of a prominent reform economist:

8:00—Proofreading of the manuscript of a new reform blueprint (coauthor is, perhaps, a leading member of the Communist party Central Committee).

10:00—Discussion of the government's recent reform package in one of the economic commissions of the Party or the government.

12:00—Lunch with delegates of the World Bank (informing them about the plans of the government).

14:00—Meeting with “liberal” Communists criticizing the Party leadership (preparing a manifesto for publication).

16:00—Panel discussion organized by sociologists at the Academy of Sciences (title: “Harmonization of the Measures of Economic and Social Reforms to be Proposed to the Government”).

18:00—Dinner with East German economists (defending the new reform endeavors of the government against their ideological misgivings).

20:00—Meeting with leading oppositionists (to finalize the text of a petition rejecting the government's new reform package and organize the publication of the critical remarks in *samizdat*).

Of course, this does not imply that a heterogeneity of political commitments makes the reformer a turncoat hypocrite. Without becoming substantially more schizophrenic than the average socialist citizen, ideally, he can be simultaneously a mild oppositionist in the eyes of the ruling apparatus and a mild *apparatchik* in the eyes of dissidents.²⁵ Without fundamentally compromising the intellectual content of the blueprint, he can adjust the severity of self-censorship according to whichever role he is playing (being almost “naïve” when selling the reform project of the government to the East, “moderate” when negotiating an agreement with his coauthor from the Central Committee, but ultra-“radical” when talking with Westerners or colleagues from the opposition).

Bargaining—This content can also change from one day to another. As reform is often subjected to an iterative bargaining process at the upper echelons of the Party-state, the reform economist—following the conventional rules of political rationality in Eastern Europe—takes off in a balloon of maximum requirements (a “radical” strategy) in order to be able to jettison what is not of vital importance from the reform basket later on. In this way he arrives at a moderate strategy. He is able to extend and contract the reform concepts depending on the degree of resistance expected from the partners in the bargaining game, and if necessary, to resort to a kind of guerrilla warfare. He may withdraw today from the battle to legalize unemployment in order to rally his forces for tomorrow’s offensive over introducing a stock market.

The bargaining power of the reform economist largely depends on the degree of institutionalization of his expertise (advisory activities), on the pattern of recruitment in the Party-state apparatus (the upward mobility of the scholars), and on the extent to which the ruling elite is willing (and able) to open channels of communication between itself and the intellectuals and autonomous social groups. Where the rulers, having once or twice already been disastrously misled by their own apparatus, want to rely on quasi-independent experts as well; where members of the Politbureau and the govern-

ment can become directors of research institutes and vice versa overnight; where a certain amount of tolerance, common sense, and pluralism is required to earn the benevolence of the West; and where (and this is a crucial element) the reforms recommended by the economic experts have proved advantageous (and the counter-reforms disadvantageous) for those in power—in such countries reform economists can carry a lot of weight.²⁶

Where there is a fierce ideological countercurrent, reformers can turn “naïve” in several respects. In the interests of reaching consensus in reform, the reform economist can in good faith formulate a great number of his ideas in Marxian language (calling for instance, the entrepreneur an ambitious innovator who is getting rid of the bureaucratic patronage of the state) and lower his sights (contenting himself with simulated prices, smaller income differentials, weaker antitrust regulations).

To exaggerate slightly, the reformer plays politics in a formally monolithic regime and represents various imaginary organizations: political parties, employer associations, sometimes even trade unions. As long as the diverging interests in the Soviet-type societies are not protected by real political institutions, the reform economist will be a substitute not only for dissidents but also for politicians of a peasant party, for conservative liberals, or for social democrats. He can be the mediator between the workers and employers as well. He can be very “naïve” in trusting in crucial political reforms coming from above, fairly “moderate” in negotiating with the trade unions about inflation, and at the same time very “radical” in demanding legal representation for the enterprise managers or greater participation by the public in major investment decisions.

So we have arrived at our difficult questions again.

Can we, for instance, simply give the Hungarian reform concept of the New Economic Mechanism the label “naïve” knowing that its introduction in 1968 was preceded by four years of preparations, in the course of which many of the less “naïve” ideas (small entrepreneurship, import liberalization, withdrawal of the Party from business life, etc.) were filtered out, while “radical” proposals such as the abolition of mandatory planning and central supply of materials or the generating of big-income differentials were retained at least for some months following the inauguration of the New Economic Mechanism?

Or let us take the recent reform drive in China. Is an economic reform concept really “radical” if, through the “family responsibility system,” it thoroughly marketizes agriculture and is very tolerant toward small- and medium-scale private ownership, but in the lengthy bargaining process over “urban reform” restricts itself to a dual (half-administrative) setup in managing industry, and reform making is under the strict control of a charismatic party leader?

Can the notions of “naivete” and “radicalism” be applied to describe what is going on now in the Soviet Union? There reform economists have already outlined the most comprehensive economic reform in the country’s seventy-year history, but in the wavering bargaining game of the last three years they have only reached agreement on experiments with self-financing, quality control, the rearrangement of ministerial powers, the supporting of small industries, the loosening up of the *kolkhoz* system—in other words, on fragmented issues. At the same time, they are witnessing bold attempts at ideological liberalization that may promote economic deregulation in the future, while the Party has not abandoned the traditional techniques of mobilization from above.

Reform paradoxes—As bargaining shows, the liberalism of the reform economist can become rather elitist at a certain stage of the negotiations. Later it may exhibit more democratic features. He might favor economic decentralization and privatization to gain support from the lower and the middle classes but avoid antagonizing the upper classes by not questioning their main political prerogatives. He can even mix the elements of authoritarianism and populism depending on whether he wants to implement reforms with the help of the “monarch” against the “people” or the other way round.

Nevertheless, the reform economist is unable to behave like a clever businessman who knows exactly what he expects from a deal. The reformer—serving many masters at the same time—is locked into the logical paradoxes of reformation, which often make the costs and benefits of bargaining indeterminate. If the reform economist opts for the minimum strategy (appearing to be naive) and accepts partial changes initiated by the rulers, he may lose popular backing as he throws his reform concept to the mercy of those in power. If, however, he chooses the maximum (“radical”) strategy representing a genuine reform movement from below, he risks severe opposition on the part of the ruling elite.

So the reform economist has to maneuver between naiveté and radicalism. However, any intermediary solution may lead to a restoration of the prereform situation either because it is not sufficiently backed from below (as in the case of price liberalization and growth of income differentials), or because it is markedly distorted from above (in Yugoslavia and Hungary the regional party organizations and state agencies took over the enterprises again after the liquidation of mandatory planning), or both. Or there is a consensus but the chosen compromise (e.g., simulated world market prices) is not logically viable.

One also cannot disregard the fact that the reform economist has to disentangle these paradoxes while he solves the parallel dilemma of whether to start a reform project in a slump or during an upswing—that is, at a time when those in power can be more easily persuaded to accept even radical changes but the destabilizing effects of these reform moves may be stronger, or when one can only expect very moderate reforms from above while the risks of throwing the economy off balance are smaller.*

Needless to say, slumps can also bring about political crises in which the traditional meanings of *naiveté* and *radicalism* when applied to reform thinking are further twisted.

How should we characterize, for instance, the consolidation (austerity) packages that Polish, Yugoslav, and Hungarian reform economists have proposed over the last few years in the introductory chapters of their reform programs? These packages—following concerted action from the center that was not submitted to democratic control—resulted in a sharp drop in living standards. Were these reformers naive to rely on state intervention, somehow believing that the state would be successful at crisis management and then voluntarily yield its place to market forces? Were they perhaps radical as they tried to convince the respective governments that these austerity measures would be effective only in the long run if they were gradually combined with far-reaching liberalization (ranging from the complete monetization of the economy and the legalization of the second economy to large imports of private working capital), and if the state made up for what would be taken out of the people's

* According to a joke in Hungary, there are two cases where the government does not venture to make reforms: when the economic prospects are bright and when they are gloomy.

pockets with “injections” of human-rights legislation (relaxed travel restrictions, multiple-candidate elections, toned-down censorship)? Or were they simply moderate and reasonable as they did not demand all-out deregulation during a deep economic crisis? Why apply the different degrees of radicalism to assess reform concepts if the instigators of these concepts frequently have no say as to how radical they want to be?

Reform Cycles—In countries like the Soviet Union and China (and perhaps East Germany and Czechoslovakia), where the political roles of the reform economists have been considerably less (or not at all) institutionalized, the reformers tend to modify their concepts with greater interruptions. They try to exploit the rare but recurrent opportunities provided by the rather irregular reform cycles; more exactly, by the weakening of the ideological control over the economics profession in the course of economic slowdowns and recessions.

During these transitional periods of “permitted freedom,” reform thinking starts to flourish. Does this recurrent prosperity of ideas necessarily lead to a kind of cyclical radicalization of the reform concepts?

Has, for example, Liberman’s proposal for self-financing, formulated in the early 1960s, become essentially more radical by being more extensively adopted by the advisers to Gorbachev than by Kosygin’s aides? Was Hungarian reform thinking more naive in the 1960s, when Tibor Liska was still an outcast because of his blueprint for “entrepreneurial socialism,” in comparison with the present-day official reform rhetoric, which includes his singular language even in the communiqués of the Politbureau? How should we compare the naïveté of the proposals Ota Sik made in 1967 and 1968 with that of the subdued suggestions of his followers during the Czechoslovak *perestroika*?

Self-Censorship—Every concept of liberalization formulated by a reform economist is wrapped in an ideological and a political membrane of censorship. If a reform program manages to pierce one of them, there is still no guarantee that it can infiltrate the other one. Which breakthrough should we regard as more radical: the ideological or the political one? Should we consider the concept of the regulated market, which, after long years of polemics, has finally won

the approval of the official ideologues in many East European countries but has always been played down by the politicians (sometimes the same people), more naive than that of privatization (household plots, second economy, intra-enterprise associations, etc.)? Privatization often sounds heretical even now, but it has nevertheless enjoyed tacit political support on the part of the *nomenklatura*. That is another question without a comforting answer.

A number of Hungarian reform economists said in 1983–1984: if we may not abolish the administrative privileges of state agencies in decision making on capital allocation by creating holding enterprises which would be responsible only to a democratically elected parliament, why should we not use a detour and introduce a self-management scheme into a large number of enterprises? Why not promote the deregulation of the capital market first by breaking the monopoly of the national bank? Is this a forced substitution of one reform proposal for another? Yes, undoubtedly. Does it lead to the continued shelving of the idea of autonomous capital ownership within the state economy? Yes, it does. Is this substitute proposal a less radical, more second-best solution than the original holding concept? Maybe yes, maybe no. In principle, self-management techniques can have less efficiency in allotting capital but more in dissolving the organizational pillars of the traditional administrative management than marketization within the state economy. (At least this is how two influential groups of reform economists in Hungary discussed this substitution issue.)²⁷

Finally, an example of the synergism of economic and political reforms. Can we be certain, as so many analysts have been recently, that any concept of market-oriented reform is more radical if it also includes proposals for the transformation of totalitarian rule to an oligarchic or a democratic system of governance? The history of East European reforms (as well as current developments in China) often display just the opposite logic. In the absence of the first push given by the enlightened and powerful “monarch,” the reform process cannot even gather the necessary momentum to get going. Moreover, once reformation begins, the “landlords” and the “governors” show a strong propensity to reverse its direction if they are not prevented from doing so from above. Or from below. It is probably not by chance that reform economists, fearing the short-term lack of interest (or hostility) of the population, do not flirt with the idea of holding

a referendum on reform matters (particularly, after the Polish experience). Would they have been radical if in the initial phase of the reforms they had tried to shatter the idols of Tito, Kádár, or Deng? Were they naive or moderate when they censored themselves before being censored by others?

No doubt, after exhausting those possibilities of marketization, which involve only modest political liberalization (mostly at lower levels), reform economists need changes in such matters as general property rights and the structure of political representation in order to keep the reform process going. Many of them are currently taking the risk of stepping over the boundaries of the PM discourse in Eastern Europe. But they also know that economic reforms can blossom on the ruins of crushed political revolutions.*

COLORING IN THE MAP

Arguments that are meant to describe a classification gap are supposed to offer at least one or two salient dimensions of comparison designed to narrow that gap. Obviously, salience is in the eye of the beholder. It is to be hoped that this article has highlighted a number of areas worth exploring and instruments worth applying if we are going to construe a timely typology of reform thinking under real socialism. I think that in both the scholarly features of reform economics, and the sociology of the reform economist, comparative research ought to be initiated or revitalized. I believe that the dimension of economic liberalization should be freed of the dominance of general surveys of political and ideological radicalization of reform thinking.²⁸

At this point we still know more about how not to compare reform programs than about how to compare them. Nevertheless, we do not have to worry about the large blank spots on the map of reformist

*To prevent misunderstanding, it must be stressed that doubts concerning comparisons of the various degrees of radicalism of reformist thought should not discourage us from analyzing the long waves of radicalization in large aggregates. Few would dispute the fact that over the last three decades, socialist reformers have mixed their original role of privy councillor of the Party with, to an increasing extent, that of the popular tribune. Similarly, if we wanted to know whether, for instance, the “average” Polish reform economist was more naive in 1956 than he is nowadays, it would be very difficult to answer no. But this *no* is composed of many affirmatives and still more *maybe*’s uttered in the course of short-term comparisons of reform concepts.

folklore: in most of the Eastern bloc countries the path between capitalism and capitalism is so tortuous that, unfortunately, we will have plenty of time to color those areas in.

This pessimism may surprise the reader who is now charmed by the current "revolution" in Eastern Europe. No doubt about it, the reform economists of yesterday are becoming the "transform" economists of today, experiencing the fact that the Soviet-type systems are not only reformable (as they have until recently expected) but possibly also transformable. The unbelievably rapid liberalization process and the disintegration of the Party-state encourage the reformers to leave the political boundaries of the PM discourse. This development considerably reduces the ambiguity in their sociological position, discussed above. However, the border crossing in political terms does not necessarily lead to similarly speedy changes in the scholarly message of the former reform economists. The fact that many of them have joined the Solidarity government in Poland, or that most of them have grouped themselves around the opposition parties in Hungary, has accelerated their move toward liberalism. Nevertheless, this liberalism is still burdened by strong social commitment, corporatism, and populism, which can only be partly attributed to the present crisis in Eastern Europe. The conspicuous theoretical uncertainty, the great number of ersatz solutions prevailing in the current debates on privatization, and the reemergence of the idea of self-management in countries undergoing political liberalization show how great this burden is. Look at the reformer if you want to understand the transformer.

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ENDNOTES

¹See, e.g., W. Brus, "Socialism—Feasible and Viable?" *New Left Review* (1985): 153; Branko Horvat, *The Political Economy of Socialism* (Armonk, N.Y.: M. E. Sharpe, 1982); O. Sik, *Der dritte Weg* (Hamburg: Hoffmann und Campe, 1972).

²Hungarian economists have probably been the most successful in making official reform policy reflect this approach. See I. Szelenyi, "Eastern Europe in an Epoch of Transition—Towards a Socialist Mixed Economy?" in V. Nee and D. Stark, eds., *Remaking the Economic Institutions of Socialism* (Palo Alto: Stanford University Press, 1989).

³See, for example, T. Bauer, "Reforming or Perfectioning the Economic Mechanism?" *European Economic Review* (1987): 31; J. Kornai, "Individual Freedom and Reform of the Socialist Economy," *European Economic Review* (1988): 32; T. Kowalik, "On Crucial Reform of Real Socialism," *WIIW Forschungsberichte* (October 1986).

⁴See, for example, Nove's concept of "feasible socialism" or Sik's "third way" program. See also the answers of A. Bajt, K. Dyba, B. Horvat, and G. Lisichkin to the questions of *Acta Oeconomica*, in "On Socialist Market Economy," *Acta Oeconomica* (forthcoming). These expectations are rather strong in Hungarian economic thinking. See J. M. Kovács, "Compassionate Doubts about 'Refonomics' in Hungary," in M. Tardos, et al., eds., *The Hungarian Economy: Theoretical and Empirical Analysis* (London: Routledge, forthcoming). (Cf. the works of I. T. Berend, J. Bognár, A. Bródy, I. Gábor, R. Hoch, L. Lengyel, and L. Szamuely quoted there.) See also the answers of B. Csikós-Nagy, F. Kozma, and T. Nagy in "On Socialist Market Economy," *Acta Oeconomica*. J. Kornai's oeuvre is a remarkable exception: it contains a series of warnings about the logical obstacles to the harmonization of the planning and market principles. See, e.g., "The Dilemmas of a Socialist Economy," *Cambridge Journal of Economics* (1980): 4; "Bureaucratic and Market Coordination," *Osteuropa Wirtschaft* (1984): 4.

⁵What follows is a catalogue of deliberately provocative statements. For references and a more nuanced interpretation, see Kovács, "Compassionate Doubts about 'Refonomics' in Hungary."

⁶As regards the comparison with Stalinist economics, I hasten to add three remarks: (1) the imperfections of RE do not help the case of its rival, Stalinist economic thought, for because of the latter's "subscientific" nature, the question of scholarly coherence cannot even be raised; (2) scientific incoherence does not necessarily impede practical reform moves; rather, it can even promote them; and inversely, (3) if reforms fail, the internal imperfections of the original reform concept are, in general, a minor cause of the fiasco. Compare the debate between E. Mandel and A. Nove in E. Mandel, "In Defence of Socialist Planning," *New Left Review* (1986): 159; A. Nove, "Markets and Socialism," *New Left Review* (1987): 161; E. Mandel, "The Myth of Market Socialism," *New Left Review* (1988): 169.

⁷Cf. Bauer, "Reforming or Perfectioning the Economic Mechanism?"; A. Bergson, "Market Socialism Revisited," *Journal of Political Economy* (October 1967); M. Bornstein, "Introduction; Economic Reform in Eastern Europe," in M. Bornstein, ed., *Comparative Economic Systems, Models and Cases* (Homewood, Ill.: Irwin, 1979); G. Grossman, *Economic Systems* (Englewood Cliffs, N.J.: Prentice-Hall, 1966); "Continuities and Change in Centrally Planned Economies," in A. Brown, E. Neuberger, M. Palmatier, eds., *Perspectives in Economics* (New York: McGraw-Hill, 1971); J. Kornai, "The Hungarian Reform Process: Visions, Hope and Reality," *Journal of Economic Literature* (December 1986); H. Leipold, *Wirtschafts und Gesellschaftssysteme in Vergleich* (Stuttgart: Fischer, 1980); E.

Neuberger and W. Duffy, *Comparative Economic Systems* (Boston: Allyn and Bacon, 1976); A. Nove, *The Economics of Feasible Socialism* (Boston and London: Allen & Unwin, 1983); R. Selucky, *Economic Reforms in Eastern Europe* (New York: Praeger, 1972); B. Ward, *The Socialist Economy: A Study of Organizational Alternatives* (New York: Random House, 1967); J. Wilczynski, *The Economics of Socialism* (London: Allen & Unwin, 1977); P. Wiles, *Economic Institutions Compared* (New York: Wiley, 1977); J. Zielinski, *On the Theory of Socialist Planning* (Oxford: Oxford University Press, 1968); A. Zimbalist and H. Sherman, *Comparing Economic Systems* (Orlando: Academic Press, 1984).

⁸Cf. the lack of historical specification of prereform economics in most of the typologies (Leipold, Neuberger and Duffy, Selucky, Wilczynski, etc.) and in Brus's concept of the "centralized system," Kornai's "bureaucratic coordination," and Bauer's "direct planned economy." See W. Brus, *The Market in a Socialist Economy* (London and Boston: Routledge and Kegan Paul, 1972); J. Kornai, "Bureaucratic and Market Coordination"; T. Bauer, *Planned Economy, Investments, Cycles* (Budapest: KJK, 1981) (in Hungarian). For a critique of the latter, see A. Soós, *Plan, Campaign, Money* (Budapest: KJK, 1986) (in Hungarian).

⁹Cf. Kovács, "Compassionate Doubts about 'Reconomics' in Hungary," about the invention of the concept of the "permanent reform" in recent reform thinking in Hungary.

¹⁰Cf. the dominance of inquiries into the centralization-decentralization dimension, and the confusion of decentralization with marketization in early comparative studies (e.g., Grossman, *Economic Systems*; Wilczynski, *The Economics of Socialism*). Sophistication and radicalization are used as interchangeable terms even by Kornai, in "The Hungarian Reform Process: Visions, Hope and Reality." For broad dimensions, see, e.g., Zielinski's concepts of "state-parametric" and "market-parametric" reforms or Selucky's distinction between market and technocratic reforms. The works of Mesa-Lago, Montias, and Wiles show the inevitable proliferation of subdimensions. Mesa-Lago's "continuum model" is a notable exception to the rule of binary comparisons. See C. Mesa-Lago and C. Beck, eds., *Comparative Socialist Systems* (Pittsburgh: University of Pittsburgh Center for International Studies, 1975).

¹¹For comparisons made along seemingly one and the same dimension, see, e.g., Wilczynski, in *The Economics of Socialism*, who includes "planometric centralization," "selective decentralization," and "supplemented marketization" in a chain of evolution of socialist economics. For country types, one can point to the ever lively interest in the Yugoslav and the Hungarian models. The concept of reform waves and the identification of the NEP with the Soviet 1920s demonstrate some negligence in the periodization of reform theories.

¹²Cf. K. Boulding, *Beyond Economics* (Ann Arbor: University of Michigan Press, 1968); A. Eckstein, ed., *Comparison of Economic Systems: Theoretical and Methodological Approaches* (Berkeley: University of California Press, 1971) (see the contributions of M. Bornstein, A. Erlich, L. Hurwicz, T. Koopmans, and J. Montias, H. Levine, and B. Ward); C. Mesa-Lago and C. Beck, *Comparative Socialist Systems* (see the contributions of W. Dunn, A. Korboniski, C. Mesa-Lago, J. Montias, and W. Welsh); J. Montias, "Types of Communist Economic Systems," in C. Johnson, ed., *Change in Communist Systems* (Stanford: Stanford

University Press, 1970); N. Spulber, "On Some Issues in the Theory of the Socialist Economy," *Kyklos* (1972): 25; A. Przeworski and H. Teune, *The Logic of Comparative Social Inquiry* (New York: Wiley-Interscience, 1970); F. Fleron, ed., *Communist Studies and the Social Sciences, Essays on Methodology and Empirical Theory* (Chicago: Rand McNally, 1969); O. Zinam, "The Economics of Command Economies," in J. Prybyla, ed., *Comparative Economic Systems* (New York: Appleton-Century-Crofts, 1969); R. Kanet, ed., *The Behavioral Revolution and Communist Studies* (New York: Free Press, 1971); H.-J. Wagner, *Zur Analyse von Wirtschaftssystemen* (Berlin: Springer, 1979).

¹³Lacking a comparative history of reformist ideas under real socialism, we can only refer to works (mostly journal articles) that deal with a single reform concept from a certain period in the life of a given country. Not infrequently these articles are collected in what I would call quasi-comparative volumes. See, e.g., M. Bornstein, ed., *Plan and Market, Economic Reform in Eastern Europe* (New Haven: Yale University Press, 1973); H. Leipold, ed., *Sozialistische Marktwirtschaften* (Munich: Beck, 1975).

However stimulating these studies may be, the valuable empirical material gathered by their authors prove too weak to bring the abstract-deductive approach, which dominates the few comparative projects being made, back down to earth. See, e.g., W. Brus, "The Political Economy of Polish Reforms," *Praxis International* (July 1985); D. Duff-Milenkovich, *Plan and Market in Yugoslav Economic Thought* (New Haven: Yale University Press, 1971); G. Golan, *The Czech Reform Movement* (Cambridge: Cambridge University Press, 1971); C. Jozefiak, "The Polish Reform, An Attempted Evaluation," *WIIW Forschungsberichte* (April 1986); J. Kornai, "The Hungarian Reform Process: Visions, Hope and Reality"; T. Kowalik, "On Crucial Reform of Real Socialism"; P. Sutela, *Socialism, Planning and Optimality* (Helsinki: Finnish Society of Sciences and Letters, 1984); L. Szamuely, "The First Wave of the Mechanism Debate in Hungary 1954-1957," *Acta Oeconomica* (1982): 1-2; "The Second Wave of the Economic Mechanism Debate and the 1968 Reform in Hungary," *Acta Oeconomica* (1984): 1-2; A. Zauberman, *Aspects of Planometrics* (New Haven: Yale University Press, 1967); A. Zauberman, *Mathematical Theory in Soviet Planning* (London: Oxford University Press, 1976).

¹⁴See, e.g., Bauer, "Reforming or Perfectioning the Economic Mechanism?"; Bornstein, *Comparative Economic Systems, Models and Cases*; Kowalik, "On Crucial Reform of Real Socialism"; Nove, *The Economics of Feasible Socialism*; Wiles, *Economic Institutions Compared*. The singling out of this dimension is as old as the first uprisings in the GDR, Hungary, and Poland during the 1950s, when the early steps of moderate de-Stalinization (the "first wave" of reform) led to political radicalization in these countries. From that time on, reform economists have among themselves distinguished between the "moderate," the "naïve," and the "radical" members of their community. This distinction, which has spread throughout the popular literature of Sovietology, is actually very useful for a reformer in the East who is trying not to get lost in the daily political maneuvers of reform making. Moreover, if we look at even the least political typologies of reform concepts, we will find in most of them the adjective *radical* as a synonym for the more comprehensive and consistent deregulation programs (market reforms), and *moderate* as a synonym for limited and sporadic adjustments (administrative perfectioning).

It was Kornai who in "The Hungarian Reform Process: Visions, Hope and Reality" first experimented with borrowing these categories from the language of political journalism for a scholarly work on the general typology of reformist thought in Hungary. Kornai with fairness warns his readers of "some arbitrariness" in his classification scheme. It will not, I believe, be his fault if in the future the concepts of "naiveté," "moderation," and "radicalism" dominate the classification of reform thinking, without the restrictions applied by Kornai.

¹⁵Cf. the not completely unambiguous evaluation of the "Rätedemokratisches Modell" in Leipold, *Soziale Marktwirtschaften*, and of the Cultural Revolution in China in Neuberger and Duffy, *Comparative Economic Systems*, and in Zimbalist and Sherman, *Comparing Economic Systems*. Similar uncertainties can be revealed in the interpretation of "planometrics" by Wilczynski, *The Economics of Socialism*, and "Cybernetics, Automation and the Transition to Communism"; by Beck and Mesa-Lago, *Comparative Socialist Systems*; by Neuberger and Duffy, *Comparative Economic Systems*; and by Zauberman, *Aspects of Planometrics and Mathematical Theory in Soviet Planning*. See Sutela, *Socialism, Planning and Optimality*. M. Keren's paper, "Concentration Amid Devolution in East Germany's Reforms," in Bornstein, "Introduction; Economic Reform in Eastern Europe," is a good example of how one can avoid overestimating decentralization and underestimating centralization in a hybrid reform move.

¹⁶Cf. V. Bandera, "The New Economic Policy (NEP) as an Economic System," *Journal of Political Economy* (1963): 3; M. Lewin, *Political Undercurrents in Soviet Economic Debates* (Princeton: Princeton University Press, 1974); L. Szamuely, *First Models of the Socialist Economic Systems* (Budapest: Akadémiai Kiadó, 1974). For a critique of the NEP analogy, see J. M. Kovács, *Ahistorical Parallels: the NEP and the NEM* (Budapest: Institute of Economics, 1982) (in Hungarian).

¹⁷Cf. J. Kornai, *Anti-Equilibrium* (Amsterdam: North-Holland Publishing Company, 1971); O. Sik, *Plan and Market under Socialism* (White Plains, N.Y.: International Arts and Sciences Press, 1967) and *Der dritte Weg*, 1972.

¹⁸See W. Brus, "Is Market Socialism Possible or Necessary?" *Critique* (1981): 14; "Political Pluralism and Markets in Communist Systems," in S. G. Solomon, ed., *Pluralism in the Soviet Union* (London: Macmillan, 1983); "Socialism—Feasible and Viable?"; B. Horvat, *The Political Economy of Socialism*; M. Tardos, "Development Program for Economic Control and Organization in Hungary," *Acta Oeconomica* (1982): 3–4; "The Conditions of Developing a Regulated Market," *Acta Oeconomica* (1986): 1–2.

¹⁹See J. M. Kovács, *Ahistorical Parallels: the NEP and the NEM*.

²⁰See J. M. Kovács, "In the Thick of Reform Bargaining. A Public Debate on the 'Reform of the Reform,'" *Valóság* (1984): 3 (in Hungarian); "Reform Bargaining in Hungary," *Comparative Economic Studies* (1986): 3.

²¹See, e.g., the contributions of A. Korbonski, C. Mesa-Lago, J. Montias, F. Pryor, J. Triska and P. Johnson, and W. Welsh to the volume edited by Beck and Mesa-Lago, *Comparative Socialist Systems*.

²²See, e.g., T. Bauer, "Reforming or Perfectioning the Economic Mechanism?"; Morris Bornstein, ed., *Economic Planning East and West* (Cambridge, Mass.: Ballinger, 1975); W. Brus, *Praxis International* (1985).

²³See L. Antal, *The Hungarian System of Economic Management and Finances in the Course of the Reform* (Budapest: Közgazdasági, 1985) (in Hungarian); W. Holešovský, "Planning and the Market in the Czechoslovak Reform," in Bornstein, *Plan and Market, Economic Reform in Eastern Europe*; C. Jozefiak, "The Polish Reform, An Attempted Evaluation."

²⁴Obviously, a closer look at the sociological character of the reform economists reveals a great many intragroup differences. We find among them former Communists and present-day dissidents, Party members and outcasts, Marxists and liberals, "enfants terribles" and well-established political speechwriters, scholars, and politicians, etc.—and naturally quite a few people who swing back and forth between these roles. Similarly, the ideologies accompanying the roles are also highly complex: interestingly enough, legitimization and critique, cooperation and conflict, technocratic values and humanist attitudes, elitism and democratic approach, pragmatism and romanticism, etc. are simultaneous components of the reformist world outlook.

²⁵See L. Lengyel, "On the History of the 'Turnaround and Reform,'" *Medvetánc* (1987): 2; M. Tardos, "Reform—Hic et Nunc?" *Mozgó Világ* (1983): 2; T. Sárközi, *In the Wake of a Reform of the Economic Organizations* (Budapest: KJK, 1986) (in Hungarian). A symptomatic case is that of the leading Hungarian reform economist (quoted also in this paper) who about a year ago wrote the new austerity program of the government during the day and then criticized it that evening.

²⁶Cf. J. M. Kovács, "Reform Bargaining in Hungary."

²⁷Cf. Sárközi, *In the Wake of a Reform of the Economic Organizations*. To distinguish between self-management-oriented and so-called managerial types of reform concepts has always been a troublesome task because both of them exhibit anti-etatist, anticentralist features. By now, however, separation seems almost impossible as the managerial reform proposals in China, Hungary, and Poland are regularly permeated with various ideas of workers' participation, industrial and parliamentary democracy, and civil initiatives.

²⁸It is to be hoped that this kind of comparative scheme will be one of the results of the research project "Plan and/or Market (A Comparative Study of Reform Economics in Soviet-Type Societies)," that Márton Tardos and I have launched in Vienna and Budapest.