way in only a few, not at all recent, works. The reader should therefore be prepared to find a number of shortcomings in it. Some problems have not been explored at all; many debates are still inconclusive. The archives are just beginning to open, and light is now being shed on many cases of statistical falsification. If a tenth book on the political economy of the socialist countries is written a good many years from now, it will certainly be a better grounded book than this. But in the meantime, someone has to make a start on the work of synthesizing.

P.2 Classical Socialism, Reform, and Postsocialist Transition

The first half of the book deals mainly with the system termed here "classical socialism." Its characteristics are expounded more precisely later in the book, and here I would rather confine myself to conveying that this is the political structure and economy that developed in the Soviet Union under Stalin and in China under Mao Zedong, the system that emerged in the smaller socialist countries of Eastern Europe and in several Asian, African, and Latin American countries.

Here one must return to the problem raised at the very beginning of the preface in connection with the quotation from Schama: the question of distance from the phenomenon. The first half of the book provides a theoretical summary of the main features of a more-or-less closed period of history. Except in a few countries, the classical system is a thing of the past. To that extent there is a little distance at least from which to gain a perspective sufficient to analyze it.

Nonetheless, the period of its existence is still too close for it to be marked as the subject matter of history. Though superseded, the classical socialist system still affects the world today in a thousand ways. These effects are referred to emphatically in the second part of the book. An understanding of the classical system is essential for finding one’s way around the complex phenomena of the process of reform and the postsocialist transition. The examination of the classical system presents the operation of socialist society in a theoretical "pure form," before it has become "tainted" by other systems. Once this system has been understood, the political and theoretical conclusions almost drop into one’s lap.

The second half of the book deals with the processes of reform, like the changes that started in Hungary under Kádár in 1968 or in the Soviet Union under Gorbachev in 1985. The reform was designed to renew the socialist system, which at times surges forward and at times stagnates.

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which will have a lasting influence on the society wishing to depart; it is there in all the institutions and in the thinking and reflexes of the people.

There will certainly be some readers who would like to come closer to the present state of affairs, and they may be tempted to start reading at chapter 16. I can understand their impatience, but even so I advise them not to grudge the effort to study the classical, prereform system, for that is the only route to a thorough understanding of the problems, crises, and vicissitudes met with by the socialist reforms, and then of the state of affairs and the problems as the post-socialist transition begins.

There are tumultuous changes still taking place in the socialist and post-socialist systems as this book goes to press, and the future course of events cannot be forecast in detail. I have tried to ensure that the book's main argument will stand its ground regardless of what specific political and economic events take place in these countries. Readers will not find it hard to tell robust statements of a general nature from illustrative observations tied to a particular time and place. Although the latter include many relatively new pieces of data and quotations from 1988–91, I have not tried to give "up-to-date" illustrations of all propositions in the book.

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I began preparatory research for this book in 1983. I spent these years of research alternately in the East and West, and this too inspired me to attain a better understanding of the anatomy of the socialist system by comparative means.

Since 1984, I have regularly taught a course on the political economy of socialism at Harvard University. The lecture notes for it appeared in 1986 in duplicated form, and they can be considered the first written precursor of this book. The task of presenting this subject to critically minded and well-prepared students was an extremely forceful inspiration to me.

The audience for the series of lectures, which was repeated over several years and reworked each time it commenced again, was an international community. Among the audience there were many Western students with no knowledge of socialism whatever, but sitting among them were a Chinese student who had been deported to the countryside for years under Mao, and visiting Polish researchers with inside experience of the witches' coven of the socialist economy. Also among them were more than one conservative young man, anticommunist to the point of prejudice, as well as naive members of the "New Left," quite unaware of the grave absurdities of the socialist systems. That multiplicity spurred me to try and make it plain to them all how I see the main attributes of the system. I am grateful for their attentiveness, their interesting questions, and their thought-provoking examination papers. They were the subjects of a teaching experiment whose result is this book.

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*Special mention must be made of the pioneer work of P. Wiles (1962).

A number of favorable changes take place: the political and ideological erosion begins; it becomes possible for private entrepreneurship to appear, although the constraints upon it are strict. Numerous earlier, but hitherto submerged, problems come to the surface, however, and new difficulties arise out of the ambivalent situation caused by the conflict between the reform and the resistance to it. The book's ultimate conclusion on the reforms is a negative one: the system is incapable of stepping away from its own shadow. No partial alteration of the system can produce a lasting breakthrough. For that a change of system is required.

The final political conclusion of the book is easy to sum up. Stalinist classical socialism is repressive and inefficient, but it constitutes a coherent system. When it starts reforming itself, that coherence slackens and its internal contradictions strengthen. In spite of generating a whole series of favorable changes, reform is doomed to fail: the socialist system is unable to renew itself internally so as to prove viable in the long run. So the time for really revolutionary changes does come in the end, eliminating the socialist system and leading society toward a capitalist market economy.

I feel the time has arrived for a comprehensive description and a positive analysis of socialism in both its classical and its reform phases. I do not dare at present, however, to undertake the writing of a similar positive analysis of a synthesizing nature on the subject of the postsocialist transition. In part 3, where reform within the socialist system is analyzed, references are made repeatedly to the legacy socialism hands down to the postsocialist period. But I go no further: the reader should not expect an analysis of the postsocialist transition. Those who aim exclusively at quickly learning something about the transition and its present state should not go near this book. But those who really want to understand the transition following socialism, with all its difficulties and impermanent, unsolved problems, will find it worthwhile studying it. Transition, as the word itself clearly suggests, sets out from somewhere in a certain direction. Well, the point of departure is the socialist system,

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Numerous colleagues read earlier and later versions of the manuscript. Let me mention particularly those who gave me very valuable assistance by making detailed comments: Tamás Bauer, John P. Burkett, Timothy J. Colton, Ellen Commissio, Ed A. Hewett, Mihály Laki, Ed Lim, Frederic L. Pryor, András Simonovits, Robert C. Stuart, and Martin Weitzman. Of course, the author is responsible for the errors that remain in the book in spite of the many useful critical comments I received from my colleagues and the early readers of the manuscript.

Finally, I express my gratitude for the swift publication of the book to the two publishers, Princeton University Press and Oxford University Press. I am especially indebted, for their enthusiasm, encouragement, and careful editing, to Jack Repcheck, Anita O’Brien, Karen Fortgang (bookworks), Jane Low, and Andrew Schuler.

Cambridge, Massachusetts, and Budapest
April 1991
The Subject and Method

One of this chapter’s objects is to explain the title of the book. It is worth making clear from the outset not only what the book deals with and what methods it uses to do so, but what the examination does not include.

1.1 Specific Lines of Historical Development and General Features

Let me begin describing the book’s subject matter by taking an example: present-day China. Many researchers are studying it, and every one of them feels how difficult it is to know and understand so vast, stratified, and complex a country. Here I shall mention just a few of its attributes.

1. The Communist party has been in power in China for more than four decades. This has left its mark on all spheres of society, politics, and the economy.

2. China is part of the “Third World.” It is among the “developing” countries, which are poor and backward by comparison with the industrially developed countries.

3. Geographically, China is part of Asia. Numerous typically Asian attributes are therefore displayed in its history, its cultural heritage, its religious and philosophical traditions, and its people’s way of life and relations with one another.

4. Whereas the previous three points concern similarities that China bears to three different groups of countries (other countries under the control of Communist parties, other developing countries, and other Asian countries), there are many things in which China is unique and cannot be compared with any other country. It differs in scale: its more than one billion inhabitants make it the most populous country in the world. It has a several-thousand-year-old culture, which was also the cradle of several other Asian cultures. The history of China, like the history of any country, is unique, individual, and markedly different from any other country’s. The same applies to the history of the last decades. Mao Zedong was not the same as Stalin or Tito, and Deng Xiaoping is not the same as János Kádár or Mikhail Gorbachev. At every stage, the policy of China has differed appreciably from the policy pursued by any other country, socialist or otherwise.
There are schools of anthropologists and historians who emphasize the uniqueness of each country, society, and culture, and consider it futile to look for general regularities or similarities with Japan, Korea, and India. This book does not take the approach of rejecting generalization and not seeing any meaningful patterns in every country. It recognizes general influences that apply in similar ways in countries that differ greatly in other respects. On the other hand, it does not eschew single-factor explanations of any kind.

The term "socialist country" is used only during the period when the Communist party was ruling. For this reason, the shaded area on this map represents the countries where the socialist system still prevailed at the end of 1987. The shaded area includes all countries where the system is considered characteristic of socialist systems. Even though their actual systems differ in many details, they are all members of a broader, clearly identifiable class of social-political-economic systems that could be called the socialist system. To draw a biological analogy, this is a "species" of social systems. Just as the individual members of a biological species differ from one another while retaining the essence of their species, so the various socialist countries differ while retaining the essence of socialism.

1.2 Socialist Countries

Table 1.1 lists all the countries where the Communist party was in power for a fairly long period (at least several years). The undivided power of the Communist party is the sole criterion for inclusion in the table. From now on, those included will be referred to in this book as socialist countries.

Here, and in numerous other places in the book, the arrow in square brackets denotes a cross-reference to another chapter, section, or table of the book.
<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Country</th>
<th>Year Power Was Attained</th>
<th>Population, 1985 (Million)</th>
<th>Area, 1986 (1,000 sq. km)</th>
<th>Level of Economic Development, GNP or GDP per Capita, 1985 (USA = 100)</th>
<th>Share of People Employed in Agriculture, ca. 1985 (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Soviet Union</td>
<td>1917</td>
<td>281.1</td>
<td>22,402</td>
<td>50.0</td>
<td>19</td>
</tr>
<tr>
<td>2.</td>
<td>Mongolia</td>
<td>1921</td>
<td>2.0</td>
<td>1,565</td>
<td>—</td>
<td>53</td>
</tr>
<tr>
<td>3.</td>
<td>Albania</td>
<td>1944</td>
<td>3.0</td>
<td>29</td>
<td>—</td>
<td>50</td>
</tr>
<tr>
<td>4.</td>
<td>Yugoslavia</td>
<td>1945</td>
<td>23.3</td>
<td>256</td>
<td>40.4</td>
<td>30</td>
</tr>
<tr>
<td>5.</td>
<td>Bulgaria</td>
<td>1947</td>
<td>9.0</td>
<td>111</td>
<td>40.8</td>
<td>23</td>
</tr>
<tr>
<td>6.</td>
<td>Czechoslovakia</td>
<td>1948</td>
<td>15.5</td>
<td>128</td>
<td>59.2</td>
<td>12</td>
</tr>
<tr>
<td>7.</td>
<td>Hungary</td>
<td>1948</td>
<td>10.6</td>
<td>93</td>
<td>46.0</td>
<td>20</td>
</tr>
<tr>
<td>8.</td>
<td>Poland</td>
<td>1948</td>
<td>37.5</td>
<td>313</td>
<td>39.2</td>
<td>30</td>
</tr>
<tr>
<td>9.</td>
<td>Romania</td>
<td>1948</td>
<td>22.9</td>
<td>238</td>
<td>34.1</td>
<td>28</td>
</tr>
<tr>
<td>10.</td>
<td>North Korea†</td>
<td>1948</td>
<td>20.9</td>
<td>121</td>
<td>—</td>
<td>48</td>
</tr>
<tr>
<td>11.</td>
<td>China</td>
<td>1949</td>
<td>1,054.0</td>
<td>9,561</td>
<td>19.5</td>
<td>74</td>
</tr>
<tr>
<td>12.</td>
<td>East Germany⁶</td>
<td>1949</td>
<td>16.6</td>
<td>108</td>
<td>—</td>
<td>10</td>
</tr>
<tr>
<td>13.</td>
<td>Vietnamb</td>
<td>1954</td>
<td>63.3</td>
<td>330</td>
<td>—</td>
<td>70</td>
</tr>
<tr>
<td>14.</td>
<td>Cuba</td>
<td>1959</td>
<td>10.2</td>
<td>115</td>
<td>—</td>
<td>25</td>
</tr>
<tr>
<td>15.</td>
<td>Congo</td>
<td>1963</td>
<td>2.0</td>
<td>342</td>
<td>8.7</td>
<td>90</td>
</tr>
</tbody>
</table>

16-26. All socialist countries

Socialist countries as a percentage of world figures
34.4% 30.7%


The year of attaining power in armed uprisings has been defined either by the year the uprising began (e.g., Soviet Union, 1917) or the year of its victory (e.g., Yugoslavia, 1945; North Vietnam, 1954). In the case of the Eastern European systems formed in a peaceful way it has been defined by the year of the fusion of Communist and Social Democratic parties.

† Here, as well as elsewhere in the book, countries are referred to by the names that reflect their geographical position, not by their official names. For instance, the country officially called the Democratic People’s Republic of Korea is referred to as North Korea; the German Democratic Republic, as East Germany; and so on.

‡ Figure for 1987.

§ Rural population.

⁶ Certain countries (e.g., Burma, Cape Verde, Guinea-Bissau, Guyana, Madagascar, Sao Tome, and Seychelles) are borderline cases and are not included in the table. It is difficult to say whether or not they could have been counted as socialist countries in 1987 according to the criteria applied in this book.
THE SUBJECT AND METHOD

2 The subject and method of the experiences of this group of consolidated socialist countries.

From line 15 onward, the table shows countries where the power of the Communist party has a shorter history; in some it ceased while this book was being written, and in others it is likely to cease shortly. The socialist system in these countries did not consolidate, and it is doubtful where it survives, whether it will consolidate at all under the rapidly changing external and internal conditions. For these reasons it would be arbitrary to draw general, theoretical conclusions from experiences of countries in the second group. The argument of the book includes the conjecture that the regularities observed in the consolidated socialist countries would develop sooner or later in the second group of countries as well, so long as consolidation occurs. This book does not attempt to check the truth of that conjecture.

1.3 Interpretation of the Term "Socialism"

The association of ideas evoked by the expression socialism points in two directions: on the one hand conveying certain ideas, and on the other conjuring up certain formations in existing societies. As for the former, the range of ideas it conveys is wide and varied, and the book does not undertake a thorough discussion of them.

As for the actual historical formations, it was made clear in the previous section that this book deals exclusively with countries under the control of a Communist party. Many socialists, including numerous social democrats, Trotskyists, and adherents of the New Left, do not consider the system in the countries listed in table 1.1 "true" socialism at all. What is more, there have been cases in the last few decades of a country leadership within the group of twenty-six accusing another of abandoning socialism. Remember Stalin's condemnation of Tito or the mutual

2 Most of the book's illustrative examples, data, and references to other works refer to a narrower subgroup within the group of consolidated countries. Following the order in table 1.1, these are the following nine countries: the Soviet Union, Yugoslavia, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, China, and East Germany.

condemnations by China and the Soviet Union. Albanian Communists considered the leaders of most of the other countries led by Communist parties to be traitors to socialism. This book dissociates itself from such debates. The official leadership of every country featured in table 1.1 declared while it was in power that the system was socialist. Why seek a label for these countries other than the one they apply to themselves? Moreover, as will emerge later in the book, these countries' systems have attributes that at least some school of socialism or other would itself describe as socialist. This book, on the other hand, does not address the question of whether theirs is "true" socialism. It sets out to discover what their system is like, and not whether it merits the description "socialist" according to the criteria of some school of thought or other.

A term frequently used by politicians and by the press outside the socialist world is "communist system" or simply "communism." For the sake of easier perception by those who have not yet read the book, the subtitle refers to the political economy of communism. In the main title and throughout the book, however, I prefer to use the term "socialist system." There are other synonyms for "socialist system" in the literature on the subject as well, for example, "Soviet-type system," "centrally administered economy," "centrally planned economy," "command economy," and "state socialism." Ultimately, the choice of the term is a matter of semantics, as long as the meaning is clearly defined, and therefore it deserves no further attention.

All of what has been said so far has advanced only half the argument: the reason why the term "socialist" has been used for the twenty-six countries in table 1.1. The other half of the question is why the expression "socialist" has been applied exclusively to these countries. Could one not term socialist a Scandinavian welfare state where for decades there was a social democratic government and where a large degree of egalitarian redistribution has taken place? Or could one not so describe some African or Asian countries, which may not have a Marxist-Leninist party in power but consider themselves socialist and have certain features of a socialist kind?

This book provides no answers to these questions. As with the previous issue, it has no desire to take a position on whether systems like those just mentioned qualify as "true" socialism. All that needs pointing out for fear of misunderstanding is that the expression "socialist system" in this book exclusively signifies the system in the countries run by a Communist party. Other systems are mentioned only for the sake of comparison and otherwise fall outside the book's subject matter.

1.4 Political Economy

The subtitle of the book contains the expression "political economy" and not "economics." No distinction had yet been made between the two in the age of Adam Smith and Ricardo, but the two terms have gained appreciably different political and theoretical associations of ideas in recent decades, despite a good deal of overlap between them. Since no general agreement has been reached on these assessments and distinctions, I must clarify what is meant in this book by the expression "political economy."

Among the subjects the book will discuss are economic issues in the narrower sense: how decisions are made on production and consumption, investment and saving in a socialist economy, what decides the distribution of income, how efficient economic activity is, and so on. But for instance, advocates of the "public choice" theory, or traditional Marxism, or today's radical left-wing economists in the West all attribute a different meaning to it. For example, "command economy" often used to distinguish the system from a market economy (see, for instance, P. B. Gregory, 1969). More sociologically oriented writers, such as V. Nee and D. Stark, eds. (1988), often refer to "state socialism."
a great many other problems will be examined as well. Here are a few examples:

- What connections are there between the political and the economic spheres? What influence do the system’s framework of political institutions and its ideology exert on the workings of the economy?
- What social features mold the value system and choice criteria of the decision makers?
- To use the terminology of Marxist political economy, the book will not confine itself to studying the relations of “things.” Its primary concern will be the social relations between people, and among the important themes analyzed will be the relations of superiors and subordinates, of those exercising and those obeying power. What molds these relations, and what influences do they have on economic activity?

Because of all these considerations, the reader can expect the book to exceed the bounds of "economics" in the stricter sense and to extend into the fields of political science, sociology, social psychology, political and moral philosophy, and history. This extension is what "political economy" is intended to convey.

Undoubtedly, there will be drawbacks to this extension of the subject examined, because it will encroach on the space available for detailed exposition of certain economic analyses. On the other hand, it will allow the internal relationships within the social-political-economic system to be examined more comprehensively.

1.5 Positive Analysis

The principal subject of the book is a positive analysis of the socialist system in reality, as it has emerged historically.

The official textbooks used for decades in the socialist countries themselves to teach the political economy of socialism have usually mixed reality with desires, the real attributes of the system that actually exists with the desirable attributes of a fancied socialist system that operates efficiently and fairly. This book, on the other hand, will go out of its way to avoid so grave a distortion. It aims to depict what experience presents, not what might happen if the system should operate as its apologists wish. The book tries over and over again to answer the question of what is normal, customary, and general in this system. It does not even pose

the normative question of what would be optimal from the point of view of public welfare and the interests of society.

The task is to describe and explain the regularities that apply in numerous places for quite long periods. Social scientists do not establish universal, immutable laws. Regularity is a much more modest concept. Any regularity is generated by a recurrent constellation of circumstances that produces behavioral patterns, decision routines by economic agents, political and economic mechanisms, and trends in economic processes that are susceptible to explanation. A regularity does not remain valid forever, and it is bound to the particular system by which it was created. But one does find lasting regularities within a specific historical period and a specific system. The book sets out from the following general assumption: socialism has been in existence long enough for behavioral regularities to have developed and become set.

The sole test of the validity of the positive descriptions and general conclusions in the book is to confront them with reality. The reader should be warned that this validation process is not and probably cannot be undertaken with perfect rigor at this time. So one can rightly consider many propositions as hypotheses awaiting strong validation. That does not mean, however, that the book fails to provide support for its statements. Most important of all, I am convinced that the statements cannot be confronted with an available scholarly examination capable of refuting them decisively. In many cases the conclusive "evidence" supporting a proposition is provided by those who live in a socialist country. Do they recognize the situation described in the book? Does what is written coincide with what they experience day after day as consumers or producers, managers or employees, buyers or sellers? I also see myself as a "witness" of this kind. Moreover, I have spoken over several decades with many other "witnesses" and read many case studies, accounts, minutes and written reports, interviews, and sociographical studies that can be taken as pieces of "evidence." I put my propositions forward in the belief that this concurrence between the book’s statements and everyday reality obtains.

8 When talking about generally valid regularities the book uses present tense, while whenever a phenomenon or event in a specific country in a specific time is mentioned past tense is used.

9 Wherever the correctness of a proposition is disputed in another professional work known to me, attention is drawn to this in the text or footnotes. In such cases, special emphasis is given to the fact that this is a disputed hypothesis.

10 Many researchers angrily dismiss such "evidence" as merely anecdotal and beneath the attention of men of science. In fact, this kind of evidence often leads much closer to an understanding of the truth than many more ambitious analyses on a higher plane that rest upon distorted official data.
I am prepared to rethink any statement against which essential "evidence" is laid.

Often there is no direct way of testing the truth of a more general, and thus more abstract, statement. What can be tested in such cases is the degree of accord between the general proposition and the special consequences and partial regularities, derivable from the general proposition, that are sufficiently proved in practice. The book attempts a consistency analysis of this kind in several places.

Some statements in the book are supported by statistical material, including eighty-six statistical tables, seven statistical figures, and a great deal of other data. In addition, the footnotes refer to more detailed, empirical studies that support the book's statements, among them some econometric analyses.

To all this, however, I must add that the professional literature on this subject still falls short of empirically clarifying all the problems raised in the book. Many of the figures in the official statistics contain an intentional distortion and are expressly misleading. The gathering of data is obstructed by secretiveness. The continuity of the time series is broken by constant reorganizations. In many cases no regular observation and measurement of certain phenomena have been undertaken even if they were observable and measurable in principle. Such observation and measurement tend to be omitted particularly if the phenomenon is an embarrassing one for the system from the propaganda point of view.

In countries where the sole role of the Communist party has ceased or been shaken, a great deal of previously secret information is coming to light, and earlier distorted reports are being reexamined and modified. This process seems likely to continue, although one cannot expect all the earlier statistical falsifications to come up for subsequent correction. The revision of some of the data, coupled with econometric analysis of the statistical reports available, may one day induce researchers into the socialist system to revise many of their earlier conclusions. Even so, the first draft of the theories cannot be postponed until all the required ob-

1Only a fraction of the statistical data used is based on my own research. Most of them come from publications by other scholars. The comprehensive nature of the book allowed me not to rely solely on primary, original sources in this respect. I am, consequently, contented with secondary sources provided they are well-founded, thorough, and suitable to illustrate the message of the book. In most cases the sources refer only to the works from which the data or tables were taken. These publications will provide the reader with detailed references to the primary sources, such as, for instance, national and international statistical source materials.

I take the opportunity to express my thanks to all the authors and to their publishers who have given me permission to use certain tables compiled and published by them. These adoptions are detailed at the appropriate places in this book.

1.6 Models

The subject of the examination itself determines certain methodological principles that must be used in the analysis. The task is to generalize the experience of the socialist countries. This book, like so many other scientific works, employs models for the purpose of generalization.\

For instance, let us say we want to present the kind of relationship that emerges between the institution controlling investment resources and the institution requiring investment resources, not the relations in particular between a state-owned industrial firm and the industry ministry in the Soviet Union in 1951 or Czechoslovakia in 1985, but the relation in general in the socialist countries. In this case one cannot escape using a far-reaching abstraction. One must disregard the specific features differing from country to country and period to period, or in a particular country and period from sector to sector or region to region, and arrive at what is common to and typical of all these particular situations. Such a model cannot reflect accurately and in detail the precise situation in any country, period, or sector. Those who know the details well can always object that things are not quite the way the researcher claims. Despite these likely counterarguments, this examination will follow the procedure of abstraction, model-creation, and theoretical generalization.

It will not be explicitly and repeatedly underscored that the text is presenting "models" and not reality directly observed, but it will be worth the reader's while to remember throughout that simplified, abstract rep-
resentations of reality are being advanced. The usage will also vary. In some places there will be references to a "typical situation," a "characteristic structure," or a "prototype," but all these expressions, where they occur, may be understood as synonymous with the term "theoretical model."

The book will present a large number of regularities. These exist not merely side by side and independently but in the closest of relationships with each other. There are some of a more profound nature and some others that explain more superficial regularities of lesser importance. I hope that this "hierarchy" of regularities will emerge clearly by the end of the book. In this respect the reader will encounter not merely loosely strung observations but a deductive train of thought that leads from a few main premises to an entire thought-network of conclusions. Many elements in the train of thought are found separately in other works. The special feature of this book is the deduction linking these and other, lesserknown elements closely together (15.1).

1.7 Evaluation

From what has been said so far, and from the emphasis placed on positive research and modeling assignments, it should not be assumed that a "value-free" analysis will be made. All social-political-economic systems can be judged by the extent to which they further a variety of ethical desiderata and how far they assist in implementing specific values.

The book is not intended to foist my own system of values on the reader. Although this system of values may appear unwittingly in the specific selection of the subjects, in the emphases placed, and in the way the facts are arranged, an attempt will be made to be as impartial as possible. Liberty, equality, social justice, welfare, and many other ultimate values will play a part equally in assessing the system's performance. One might say metaphorically that these values are the various "subjects of study." The book attempts to grade the socialist system in all subjects meriting serious consideration. As far as possible it assesses all the "subjects" customarily considered when comparing systems and projected by the system's own ideology.

To pursue the metaphor further, when school reports are made, all the persons concerned—parents, teachers, and students—weight each subject differently. For some, mathematics is the prime consideration; for others, physical education or history. The book will have done what it set out to do if it proves capable of deciding, objectively and convincingly, what grade the system deserves in which subject, and how well it has promoted each specific value. This
The Antecedents and Prototypes of the System

Before starting the examination of the classical socialist system and the reforms, the main subject matters of the book, mention must be made of the antecedents. Although the intellectual history of socialism is not analyzed in detail, its outstanding importance justifies a sketch of the Marxist image of socialism. It is followed by a short analysis of the prerevolutionary system, and then by a brief description of the main prototypes of the socialist system. Finally, a quick glance is made at the era that connects pre-socialist society with institutionalized and consolidated classical socialism.

2.1 Marx's Image of Socialism

The bulk of Marx's scientific work was concerned with capitalism; he wrote little about the future socialist society. However, one can compile from the scattered remarks he made a blueprint of what he had in mind, even if it is a sketchy one. Here I will take from that blueprint only what is relevant to the subject of this chapter, and I will return to Marx's ideas on socialism several times in other parts of the book.

Marx, as a revolutionary critic of capitalism, invariably spoke very highly of the ability of capitalism to develop the forces of production, eliminate medieval backwardness, promote technical progress, and bring to production better organization and greater concentration. Marx argued that this process takes place amid the exploitation of the proletariat. The accumulation of capital is accompanied by the increasing poverty of the exploited class. In the end the process leads inevitably to a revolution: the power of the capitalists is overturned and "the exploiters exploited."

Clearly, this train of thought includes the idea that socialism will "supersede" capitalism, to use a Marxian expression. It will arrive once the capitalist system has fully developed and become not just mature but overripe. The replacement will occur in places where the capitalist system of production has become an obstacle to the development of the forces of production but has also paved the way for a more highly developed system of production than itself by providing the material conditions for socialism. It will have made these preparations by causing the bulk of production to be undertaken on a large industrial scale, with modern technology and a high degree of organization within the company. This high degree of organization and concentration of production will leave only a handful of capitalist proprietors, who will be swept aside so that the proletariat can take over the running of production.

According to this image of socialism, controlling production is a fairly simple matter. Production relations are easily surveyed once the view is unobstructed by the anarchy of the market and the complexities of the exchange of goods through the medium of money. In this clear-cut situation it will be possible to divide the work of the society into various tasks and ensure that it satisfies the needs of mankind directly.

There is a close logical connection in this line of thinking between the high standard of the production forces reached under capitalism and the smooth and simple way the socialist form of economic activity will operate. Marx considered it self-evident that the socialist order would take power first in the most highly developed of the capitalist countries.

2.2 System Prototypes

Three prototypes may be distinguished in the socialist system:

1. The revolutionary-transitional system (the transition from capitalism to socialism).
2. The classical system (or classical socialism).
3. The reform system (or reform socialism).

22"England alone can serve as the lever for a serious economic revolution," Marx wrote in 1870. "It is the only country where the capitalist form, that is to say combined labour on a large scale under capitalist masters, now embraces virtually the whole of production. It is the only country where the great majority of the population consists of wage labourers. It is the only country where the class struggle and the organization of the working class by the trade unions have acquired a certain degree of maturity.... If landlordism and capitalism are classical features in England, on the other hand, the material conditions for their destruction are the most mature here." K. Marx [1870] (1975, p. 118).

Engels argued in a similar way that "countries which are only just turning over to capitalism production now" might arrive at socialism, but "the indispensable condition for that is the example and active assistance of the hitherto capitalist West." The more backward countries, he argued, could only set out on the road to socialism "if there has been an advance beyond the capitalist economic system in its own native land and in the countries where it has flourished." F. Engels [1894] (1963, p. 428).

The classical system is discussed in chapters 3–15, and the reform system in chapters 16–24. Although an attempt has been made to consider this division in placing the statistical tables, it was not possible to apply it consistently in certain places, for instance, with inter-
These are three models. At no time in the history of any specific country has its system corresponded exactly to any of these three models. Even so, these models are not descriptions of ideal, Utopian socialism. They set out to provide abstract generalizations of historical realizations of socialism.

At first glance the three prototypes seem to refer to three consecutive stages in history. The revolution is followed by a transitional period, after which mature, classical socialism develops. Later, after quite a long period of history, it may give way to reform socialism.

After these stages of socialism comes a change of system; in this respect one can talk of a further prototype:

4. The post-socialist system (the transition from socialism to capitalism). Part 3 makes repeated references to this stage, but detailed discussion of it is not within the compass of this book.

Interpretation of the prototypes as consecutive historical periods can be accepted only as an initial and not entirely accurate approach. The actual course of history is far more complicated.

In some countries the order of appearance is different, or the stages alternate with one another. For instance, War Communism in the Soviet Union can be considered a revolutionary-transitional period that was succeeded first by a specific era of reform, the period of the NEP. Only after that was the classical system built up in full. In China the classical system had already emerged when there was a dramatic turn of events and the Cultural Revolution began, resembling in many respects what this book describes as the revolutionary-transitional system.

History has shown that the first type cannot survive indefinitely. It really is transitional and must give way sooner or later to the classical system. There is no evidence, however, of uniform, conclusive experience for saying that the classical system must necessarily give way to a reform socialist system. There are countries where the classical system still survives at the time of writing (North Korea and Cuba). Elsewhere (for instance, in East Germany and Czechoslovakia), society avoided reform socialism altogether, making a jump straight from classical socialism to the post-socialist transition.

It may happen in a particular historical period and country that no single one of the types listed above prevails in its pure form. One type

national comparisons covering several countries over the same period. Chapters 3-15 contain a large number of tables in which data on the reform economies also appear.

This is clearly permissible if the table explores a phenomenon that applies equally to the classical and reform systems—in other words, if some constant feature of the socialist system can be illustrated with data from the reform economy as well.

In other cases the table itself shows that there was an appreciable difference between the situations under the classical and reform systems. The comprehensive nature of the table, however, requires that later data from the period of reform have to be referred to in advance, in chapters 3-15.

predominates, but attributes of another are woven into it, and the mixture may be accompanied by internal conflicts and the concurrent appearance of conflicting tendencies.

Even though it may be quite easy to date the duration of a particular prototype in a particular country to a specific period in history, no one could argue that the system remains unaltered throughout that period. The main attributes of the classical system were apparent in the social-political-economic system of the Soviet Union from the time when Stalin consolidated his power until his death (for the sake of argument, the twenty-five years from 1928 to 1953), but the system was different at the beginning, when these characteristics were developing and solidifying, and somewhat different again at the end. After the transitional experiments with reform under Khrushchev (1953-64), the classical system revived under Brezhnev (1964-82), yet there is no denying that the Brezhnev period considerably differed from the Stalin period. The prototype sets out to reflect an intertemporal average. To stay with our example, it picks out what the beginning, middle, and end of Stalin's rule and the whole period of Brezhnev's rule have in common. The attention is concentrated on the lasting, long-term states of society, and also on comparing these lasting states with each other (for instance, the systems of classical and reform socialism, or the socialist and the capitalist systems). The short-term oscillations and other changes within the duration of a particular prototype or socioeconomic system usually fall outside the scope of the examination.

Compiling the conceptual edifice of the prototypes serves the purpose of capturing several decades of history in a condensed form. They are not stills because they show the system dynamically, in motion, as will be seen, and they introduce the cast through their actions. It may be more appropriate to draw a literary analogy: it is as if a novel set over a long period of history had been condensed into four separate one-act plays. Clearly, a lot of the novel will have been lost, but the most important events, characters, and conflicts can still feature in the plays in a condensed form.

Neither in subsequent explanations of the events nor in actual prediction of the future can a comprehension of the prototypes be a substitute for concrete historical examination. Nevertheless, these models may be useful conceptual tools in both descriptive and predictive research.

2.3 The System before the Socialist Revolution

Let us now look at the actual course of history, beginning with a description of the social system preceding the socialist revolution. The first
question to ask is how similar the internal conditions in the various socialist countries were when each society embarked on building a socialist system. This being the question that needs answering, one should draw a strict distinction between the countries in which the socialist revolution was brought about by internal forces and those in which the socialist system was introduced by external forces, and examine the two groups one at a time. But only in the case of the Soviet Union, the first socialist country, is the verdict quite plain: Lenin's Bolshevik party was not assisted to power by any outside force. In the case of all the other socialist countries it is more ambiguous, because the forces preparing for the revolution received from the Soviet Union (and later from other socialist countries) at least moral support, and in many cases the support they might receive was of a far more tangible kind: political, organizational, financial, and military. Although it would be a gross exaggeration to state that socialism was simply "exported" to the other socialist countries, it is certainly true to say in the majority of cases that it resulted from combinations of internal forces and external support in varying proportions.

For the purposes of this study there is no need to examine these proportions for each country in any detail. Instead, the following procedure will be applied:

Table 2.1 lists fourteen of the twenty-six countries featured in table 1, I. in whose cases scholars agree that the part played by external assistance was relatively smaller than the part played by internal forces; the Communist party largely came to power due to internal forces. It is not claimed that all such countries are given in table 2.1, but doubtful cases have been omitted. Nor it is claimed that the outside political, financial, and military assistance given to the Communist party coming to power was paltry, merely that internal forces in these countries played the main, or at least a particularly important, role in bringing the revolution about.

For the countries highlighted in the table, the following are a few of the main attributes shared by their social-political-economic systems, which served as antecedents to the socialist system.

1. The countries in the group were poor and economically undeveloped. This is clearly demonstrated by the fact that their per capita products of industry was low. They were basically agrarian countries in which the peasants and landless agricultural workers formed the bulk of the population.

2. The modern sector of industry consisting of large factories equipped with up-to-date technology and organized in an up-to-date way was relatively small.

3. Their social relations and property forms contained many precapitalist features.

4. There was striking inequality in the distribution of income, which was far less evenly spread than in the developed countries in the same period. The gulf between rich and poor was instrumental in revolutionizing the population.

5. In terms of their political systems, it is notable that not one of the countries listed in the table was a consolidated parliamentary democracy. All had systems that to a large extent suppressed political liberties, and more than a few were brutal dictatorships.

6. Quite a number, if not all the countries in the table, were partial or total dependencies of other states: colonies or semicolonies, countries under military occupation, or simply dependent economically and politically on one or another stronger, more highly developed country. Consequently, the attainment of national independence was on the agenda.

7. In most of these countries there were events in the years before the revolution that shook up the institutions of society: war against an outside enemy, civil war, guerilla war, or repeated insurrections. Of these events, the warfare was tied up in some cases with the situation outlined under point 7.

The first four of these attributes clearly conflict with what Marx had expected: socialism does not emerge first in countries where capitalism is overripe and has done all it can to develop the forces of production. Socialism does not inherit developed, well-organized production concentrated into large units, if one discounts the relatively small modern sector. Moreover, it takes control of a society in the stage of upheaval. The eight points constitute a summary of the main attributes common to the social-political-economic system before the socialist revolution. I shall return to the characteristics of the prerevolutionary situation and

4The question of the effect the specific initial state and historical development of the Soviet Union had on the shaping of the general features of the system, and the influence exerted by the Soviet pattern and the Soviet intervention on the other socialist countries, will be discussed later [15.4].

5Mao Zedong (1977, p. 306) offered a revealing explanation of that fact. In 1956, he said: "Our two weaknesses are also strong points. As I have said elsewhere, we are first 'poor' and second 'blank.' By 'poor' I mean we do not have much industry and our agricultural production before the revolution was a fraction of the production of the most developed countries at the time."

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<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Country</th>
<th>Year Power Was Attained</th>
<th>Level of Economic Development, GDP per Capita (USA = 100)</th>
<th>Type of External Dependence</th>
<th>Type of Armed Combat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Soviet Union</td>
<td>1917</td>
<td>21.8*</td>
<td>Independent state</td>
<td>World War I</td>
</tr>
<tr>
<td>2</td>
<td>Albania</td>
<td>1944</td>
<td>—</td>
<td>Independent state, Italian occupation</td>
<td>World War II, war of liberation</td>
</tr>
<tr>
<td>3</td>
<td>Yugoslavia</td>
<td>1945</td>
<td>14.0</td>
<td>Independent state, German and Italian occupation</td>
<td>World War II, war of liberation</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>1949</td>
<td>—</td>
<td>Independent state, Japanese occupation</td>
<td>World War II, revolutionary wars before and after the war of liberation</td>
</tr>
<tr>
<td>5</td>
<td>Vietnam</td>
<td>1954</td>
<td>—</td>
<td>French colony, Japanese occupation</td>
<td>World War II, war of liberation, first against Japanese then against French</td>
</tr>
<tr>
<td>6</td>
<td>Cuba</td>
<td>1959</td>
<td>—</td>
<td>Independent state</td>
<td>Guerrilla struggles inside the country</td>
</tr>
<tr>
<td>7</td>
<td>Congo</td>
<td>1963</td>
<td>12.8</td>
<td>French colony until 1960</td>
<td>Colonial struggles for independence, military seizure of power</td>
</tr>
<tr>
<td>8</td>
<td>Somalia</td>
<td>1969</td>
<td>5.4</td>
<td>Italian colony</td>
<td>Military seizure of power</td>
</tr>
<tr>
<td>9</td>
<td>South Yemen</td>
<td>1969</td>
<td>6.0</td>
<td>British colony</td>
<td>Colonial struggles for independence</td>
</tr>
<tr>
<td>10</td>
<td>Benin</td>
<td>1972</td>
<td>5.0</td>
<td>French colony until 1960</td>
<td>Military seizure of power</td>
</tr>
<tr>
<td>11</td>
<td>Ethiopia</td>
<td>1974</td>
<td>4.5</td>
<td>Independent state</td>
<td>Military seizure of power</td>
</tr>
<tr>
<td>12</td>
<td>Mozambique</td>
<td>1975</td>
<td>12.4</td>
<td>Portuguese colony</td>
<td>Colonial struggles for independence</td>
</tr>
<tr>
<td>13</td>
<td>Nicaragua</td>
<td>1979</td>
<td>21.4</td>
<td>Independent state</td>
<td>Armed uprising</td>
</tr>
<tr>
<td>14</td>
<td>Zimbabwe</td>
<td>1980</td>
<td>14.7</td>
<td>Former British colony, in practice independent</td>
<td>Seven-year guerrilla war</td>
</tr>
</tbody>
</table>


*It would be more expressive to describe the level of economic development of each country by giving the corresponding data for the last year of peace before the revolution, but the scarcity of data made that plan hardly feasible. The unmarked data refer to 1970.

*The European territory of Russia in comparison to England on the basis of national income per capita in 1913.

*The data refers to 1937.
the starting point for the emergence of the new system several times in backwash and the other characteristics of the initial state left a deep China, and other countries that took the socialist road largely as a result.

After that, it is worth looking at the countries where the socialist revolu- lution was not brought about basically by internal forces. This group is aterization given for the countries in table 2.1 suits some of these coun- European countries occupied by the Soviet Union after the Second marked the countries in table 2.1 at the time of the revolution. In fact, of countries with the highest level of industrial development. These coun- vention to adopt a system whose first historical realization had developed in a backward society.

The conclusion to be drawn here is that the initial attributes of this group of "externally revolutionized" countries are not the ones worth what caused the features of the socialist system to develop. The appropri- the Soviet Union.

2.4 The Revolutionary Transition toward the Classical System

This section is concerned very briefly with describing the character of the period that leads from the presocialist system to the institutionalized classical system.

The transition took place in different ways in each country, but one can discern common features, mainly in the case of the countries that took the socialist road basically by their own efforts. The emphasis here is primarily on these common features. The summary that follows quali- fies not as a specific historical description, but rather as a compound, model-like sketch of the transitional period in several countries.

It is not enough merely to review the most important actions taken. The exponents of revolution are fired with enthusiasm. They feel a sense of triumph and of doing a great deed of historical justice. Having fought for the revolution and risked imprisonment, tor-
cuted. Physical violence and merciless terror are common accompaniments of revolutionary periods.

The expropriation of material goods and the personal persecution of the old ruling stratum in society involve both spontaneous acts unsanctioned by the law and measures hastily introduced in new legislation. These occur concurrently and may even work against each other. There is no longer any law and order or legal security in society, which may well have been disrupted already by the civil and external warfare before the revolution. Symptoms of anarchy become widespread.

From the outset the country’s population is divided. Alongside the revolution’s supporters and those indifferent to it or simply intent on survival there also appear active resisters of the revolutionary changes. In some places the resistance manifests itself in small, localized actions, and in others it takes on an organized form that results in uprisings and civil war. This further increases the level of violence on both sides, with retaliation breeding still more ruthless retaliation.

The question often arises as to what would have happened if Marx’s expectations had been fulfilled, if socialism had come to power in the most highly developed countries. What would the outcome have been if socialism had taken control, in time of peace, of modern forces of production developed on a vast scale by capitalism, so that it was able to supply the people amply with material goods right from the start?

The historical fact is that no socialist system has ever been installed in power by internal forces in any developed capitalist country. It is precisely the situation described in the previous section (backwardness of a largely precapitalist nature, poverty, striking inequality, brutal oppression, war, and then a deep crisis in society) that induces revolution and allows the Communist party to seize power. These conditions for a change of system are what elicit the characteristic events summarized above: enthusiasm and self-sacrifice on the winning side and resistance on the other, redistribution at dramatic speed, and disintegration of social order.

Numerous attributes of the revolutionary period are understandable in the light of prior events and easily explained by them. No less understandable is the fact that this period can be only transitional, since many of the factors that sustain this system are temporary.

In very few cases do revolutionary fervor and self-sacrifice last a lifetime. The average person, inspired by a great cause and a mass movement and confident of approaching victory, is capable of self-sacrifice for the community, but only for a short time. After that he wants to get back to normal daily life, and sense the connection between his work, the sacrifices he makes, and his own material welfare. It becomes vital for society to encourage people to perform well by dispensing material rewards and penalties.

Once all the wealth have had everything possible confiscated from them, the scope for that kind of redistribution is exhausted. Production has been set back by the events preceding and following the revolution, and the confusion of the transition. It becomes clear that production, not confiscation, is the way to continue improving the population’s material position. Production, of which the bulk is now in public, collective hands, requires organization and effective control.

The revolutionary system has left the country backward, and before they came to power the revolutionaries promised that once in power they would eliminate this backwardness. As society emerges from the bloody external and internal warfare and the chance comes for peaceful labor, those in power realize they must fulfill these promises by rapidly increasing the economy’s forces of production. They would like to achieve swift and spectacular economic successes. Moreover, they feel the system is threatened militarily, and their desire to increase their military power rapidly trains their attention on fast economic growth.

Attainment of the goals outlined above is now hindered by the anarchy, the lack of law and order, and arbitrary local actions. No society of any kind can function without some sort of discipline. There is a growing demand for order to be restored.

All these altered circumstances prepare the ground for the country to step beyond the socialist revolutionary-transitional system. The spirit of revolutionary romanticism and heroism gradually fades and then dies, even in those who were enthusiastic about the revolution before; the new system becomes institutionalized and bureaucratic, and life normalizes.

The classical socialist system emerges and consolidates. At this point it is worth making a short diversion to consider the specific historical development of Eastern Europe. Yugoslavia and Albania basically took the socialist road by their own efforts, and accordingly, the validity of the model outlined above as a summary of the main fea-

1 In the Soviet Union, for instance, industrial production in 1920 had fallen back to 20 percent of the 1917 level. See L. N. Kristman (1926, p. 80).

2 The process by which the revolutionary-transitional system is transformed into the classical system is dealt with in several historical works. (See references in note 6.)

tures of the socialist revolutionary transition can be extended to cover them. But as section 2.3 underlined, it was the Soviet Army that eliminated the German military occupation in Bulgaria, Czechoslovakia, Hungary, Poland, and Romania, and occupied East Germany after Germany's military defeat; the Soviet military and political presence in these countries represented an extremely strong support to the Communist party, which wanted to institute a socialist system. The Soviet Union imposed on these countries the socialist system, mainly by enforcing a domestic political situation in which the Communist party was able in the end to attain undivided power.

Multiparty parliamentary democracy operated in these countries in the years immediately after the war. They had coalition governments in which the Communist party's weight was greater than its share of the vote. The economy that emerged was a curiously mixed one, with a "regular" capitalist sector on the one hand and socialist elements on the other. A steady process of nationalization took place. Land reform was carried out on a large scale.

This period came to an end around 1948-49 with the amalgamation of the Communist and Social Democratic parties and the elimination of the multiparty system. From then on, construction of a socialist system began with full force, starting straight away with classical socialism.

The 1945-49 period in these countries had many of the attributes of the revolutionary-transitional system described above, but it also differed from it in many crucial respects. These differences are explained precisely by the fact that instead of an internally induced socialist revolution taking place in 1945, the pre-1945 system was demolished by an outside force, the Soviet Union.