Conclusion

Expeditions to No Man's Land. Comparing Economic Concepts of Ownership under Communism: An Evolutionary View

János Mátyás Kovács

> Property is only a foundation of expectation—the expectation of deriving certain advantages from the thing said to be possessed, in consequence of the relations in which one already stands to it. There is no form, or colour, or visible trace, by which it is possible to express the relation which constitutes property. It belongs not to physics, but to metaphysics: it is altogether a creature of the mind.
>
> —Jeremy Bentham (1843, 308)

In the summer of 1988, Márton Tardos and I are taking a break with Leszek Balcerowicz in the library of the Institute for Human Sciences, Vienna. We are here for a conference on the economics of market socialism.[1] The conversation is cordial up until we start discussing the chances for privatization back at home. Balcerowicz then decides to challenge Tardos' concept of *cross-ownership* between public and private firms, while defending workers' self-management, a key component of the program of *Solidarność* at the time, against our reservations based—as he says—on the *typical capitalist leanings* of Hungarian economists. "The Poles prefer collectivist solutions"—this is Balcerowicz's last sentence in the short discussion. I was unsure whether he was happy about this truism or not.

At the same library in Vienna in the autumn of 1989, a few weeks before the Velvet Revolution begins, I face Václav Klaus who has come from Prague to meet Austrian politicians and—by the way—discuss with me his country study on Czechoslovakia written together with Tomáš Ježek for a special issue of *East European Politics and Societies (EEPS)* on the rediscovery of liberalism in Eastern Europe (Klaus and Ježek 1991). With the anxious frown of a guest editor, I ask him why they avoided writing about privatization in the context of liberal economic ideas. Klaus responds with an ironic smile: Czechs (maybe he said *Czechoslovaks*) are not Hungarians, our people are not yet ripe for private ownership. In any event, the first task of our emerging coalition government with the communists (*sic*) will be marketization rather than privatization. We are not social engineers: we will let the market develop, and *it* will have to decide on the size of the future private sector.

Balcerowicz and Klaus became emblematic statesmen, masterminds of the postcommunist transformation, and heroes/villains in most historical narratives on the advent of capitalism in Eastern Europe after 1989. They are still celebrated/discarded as pioneers of neoliberalism in the region despite the fact that both of them called for (or conceded to) semi-collectivist methods of reintroducing private ownership such as voucher privatization in the early 1990s, and neither was keen on attracting foreign investors to their countries in great numbers to abolish the old property regimes as fast as possible. Ježek who was later appointed head of the Czech privatization agency shared a similar attitude. Meanwhile, Tardos, who became the chief economist of the Free Democrats (Liberals) in Hungary, left the concept of cross-ownership behind and supported rapid and competitive privatization with an extensive involvement of foreign investors. To be sure, the Polish and the Czechoslovak economists did not agree with one another. At the 1988 conference and in a workshop preparing the special issue of *EEPS* I was witness to heated debates on workers' self-management, the rights of trade unions in privatization, and on employee stock ownership. Many of the Polish colleagues were representing *ouvrierist* principles while their Czechoslovak opponents insisted on a large variety of doctrines ranging from libertarianism through egalitarian liberalism to the Scandinavian version of *social market economy*.

These discussions left a deep impression on me about the diversity of economic ideas in late communism, and—after a quarter of a century—affected some of the working hypotheses of the research program underlying this volume. Without invoking, as both Balcerowicz and Klaus did, the *Volksgeist* of any of the peoples as a variable of comparing dominant economic ideas across borders, the challenge was to explain why the positions of leading theorists in these three countries of Eastern Europe were so far from one another on crucial issues of communist and postcommunist economic thought such as ownership. I came to a hasty conclusion that if these scholars of very similar socio-cultural background and non-communist identity thought so differently, then a broader comparison involving countries like China, the Soviet Union, or Yugoslavia could reveal an even larger variety of theoretical perspectives.

Following the reform wave of the second half of the 1960s, even analysts who once had believed in the essential similarity of economic thought throughout the Eastern Bloc, began to flirt with methodological nationalism and produce classification schemes based on allegedly well-defined country-specific ideal types of economic ideas including principles of ownership. Until the collapse of communism in Eastern Europe, the comparative works were full of descriptions of the Chinese, Hungarian, Yugoslav, et al. ways of redesigning the *classical Stalinist* model. Such a diversity-centered approach was reinforced by the spectacular divergence of the first scenarios of postcommunist transformation. Later a new research program embraced it as a postcommunist branch of Varieties of Capitalism. Hence, it was no wonder that many in our research group, including myself, who otherwise preferred not to idolize the *national specifics* of the postcommunist regimes (see Kovács 2013), cherished a hope for the heuristic value of comparing ownership concepts under communism in both time and space. It seemed reasonable to presume that the differences in the blueprints for privatization prevailing in the ex-communist countries *after* 1989 must have originated in diverging theories of ownership *before* 1989.

In the Introduction I enumerated the key assumptions guiding our research endeavor, including those which, as it turned out, did not perform impeccably. A conclusion is a moment of self-reflection, so why deny that comparative efforts do not always yield the expected results? While the country studies unearthed a plethora of hitherto unknown details about economic thought on property relations, and the comparison of these in time revealed new *evolutionary* features of the main ownership concepts, we can promise the reader less novelty when comparing these concepts across countries.

The relative shortage of new national types of ownership ideas may be attributed to the fact that Sovietization proved extremely effective in standardizing economic thought[2] in one crucial respect. Despite familiar differences between national interpretations of the notion of social ownership, it remained *the* cornerstone of thinking about property regimes from East Berlin to Beijing almost until the collapse of communism. Economists blindly walked into the trap set by this key notion of Marxist-Leninist-style collectivism.[3] Although they rejected the excessively statist variants of social ownership and combined it with private and personal property later, most of them accepted its logical corollary, the denial of the primacy of private ownership, until 1989 (or even thereafter).

Ironically, authentic hybrid solutions were produced by those who were caught in this *trap of collectivism* and who were willing to perform what later became a habitual gymnastic exercise of reform economists: staying in the trap, making it relatively comfortable, and sticking out their neck to search for alternative visions from time to time. Typically, authenticity was not tantamount to a high level of theoretical sophistication. Most emerging hybrids resulted from forced innovation or rapid *bricolage* under severe political and ideological constraints. The invention of workers' self-management in

Yugoslavia, *entrepreneurial socialism* in Hungary, or the *household responsibility system* in China are good examples for experimenting with mixed property rights without overtly specifying them. To refer to the title of this volume, these experiments aimed at identifying quasi-private owners (legal subjects) in the no man's land of social ownership. Yet, despite all their conceptual imperfections, these trials (and errors) have a remarkable history in the communist world as a whole.

By taking an evolutionary view on theories of ownership under communism, we entered a formerly unexplored territory. The country chapters reveal for the first time how the various designs of property competed or joined forces with one another, and why they were modified, mixed, reversed, or simply dropped during the consecutive stages of communist economic history. Moreover, until today, the roads along which these ideas travelled back and forth in the Soviet world and between the East and the West have not been mapped. Expectations that the identification of some major evolutionary traits will reorganize what we know about ownership concepts under communism have been fulfilled to a considerable extent. Interestingly enough, in this respect more similarities emerged among the countries than expected. It also became clear that the working title of our book project "From Nationalization to Privatization" suggested an unduly homogeneous, linear model of evolution.

In what follows, I first focus on two basic similarities in the national histories of ownership concepts: a continual trust in preeminence of social ownership and a growing commitment to the simulation of private property. Then, the alternative roads of evolution, represented by research communities dominated by *conformists* and *explorers*, are sketched out. Finally, I will ask why even the radical reformers, the ultimate explorers were unable/unwilling to leave the trap of collectivism for so many decades. The course of presentation is interrupted twice to highlight a huge gap in economic thought under communism: the lack of a subtle analysis of *nomenklatura* ownership.

BASIC SIMILARITIES: SOCIAL PROPERTY'S LONG SHADOW

By now, the reader may feel a little confused by the various ownership categories that were applied in the nine countries. Let me begin with a brief digression into the world of ownership discourse in the communist era (see Table C.1).

The meanings of the seven terms included in the table (and in most communist constitutions) do not show a high degree of variability during almost the entire communist timeline. They were used in all countries,[4] no matter

Table C.1 Vocabulary of Ownership Terms

	OWNERSHIP FORMS						
COUNTRIES	*Social*	*State*	*Cooperative*	*Communal*	*Self-managing*	*Personal*	*Private*
Bulgaria	sotzialisticheska sobstvenost	darjavna sobstvenost	kooperativna sobstvenost	obshtinska	samoupravlenie	lichna sobstvenost	chastna sobstvenost
Czechoslovakia[a]	společenské vlastnictví	státní vlastnictví	družstevní vlastnictví	obecní vlastnictví	samospráva	osobní vlastnictví	soukromé vlastnictví
China	shehui suoyouzhi	guojia suoyouzhi	hezuoshe	gongshe	gongren zizhi	geti jingjisuoyou	siren suoyouzhi
GDR	gesellschaftliches Eigentum (Volkseigentum)	staatliches Eigentum	genossenschaftliches Eigentum	kommunales Eigentum	Selbstverwaltung	persönliches Eigentum	Privateigentum
Hungary	társadalmi tulajdon	állami tulajdon	szövetkezeti tulajdon	tanácsi tulajdon	önigazgatás	személyi tulajdon	magántulajdon
Poland	własność społeczna (narodowa)	własność państwowa	własność spółdzielcza	własność komunalna	samorząd	własność osobista	własność prywatna
Romania	proprietate socialistă	proprietate de stat	proprietate cooperatistă	proprietate comunală	autoconducere	Proprietate personală	proprietate privată
Soviet Union	obshchestvennaia (vsenarodnaia) sobstvennost'	gosudarstvennaia sobstvennost'	kollektivnaia/ kooperativnaia sobstvennost'	kommunal'naia sobstvennost'	samoupravlenie	lichnaia sobstvennost'	chastnaia sobstvennost'
Yugoslavia[b]	društvena svojina	državna svojina	zadružna svojina	komunalna svojina	samoupravljanje	lična svojina	privatna svojina

[a]Czech terms. In Slovak ownership means *vlastníctvo*.
[b]Serb terms. In Croatian ownership means *vlasništvo*, in Slovene *lastnina*.

if borrowed from Marxism-Leninism, Roman law, or contemporaneous Yugoslav social theory.[5] Social ownership was considered superior to the individual one, and, within the latter, personal ownership to private. Small differences mattered though. The notion of social ownership did not exclude communal property and self-management in most countries, but these were discussed with incessant interest only by economic theorists in China and Yugoslavia, respectively. In other countries, they were regarded for a long time as unimportant relatives of cooperative ownership, the chief representative of *collective* or *group* ownership. In Russian, for instance, the notion of collective ownership replaced that of *cooperative* ownership. Social ownership was called *socialist ownership* in Bulgaria and Romania to suggest that private ownership was alien even to the transitory, socialist stage between capitalism and communism. In the GDR, Hungary, Poland, Romania, and the Soviet Union *people's ownership* served as their synonym but the terms "common" and "public" ownership were also employed in some of the countries. The East-German notion of "socialist social property" (*sozialistisches gesellschaftliches Eigentum*) is perhaps the clumsiest among the official neologisms. However, all these categories were often absorbed by the concept of state ownership to refer to the capture of these property forms by the state in the real world.[6] Conversely, in Yugoslavia the term "social ownership" helped hide the statist character of workers' self-management.

The omnipresence of the party-state caused many problems during the search for a safe harbor in property theory for the local councils (*soviets*) that were deeply anchored in official ideology since Marx had written about the Paris Commune. Originally, they were conceived by the classics of communism as institutions of self-government that would manage an overwhelming part of socially owned assets and organize the whole lifeworld of citizens. Even after the Leninist and Stalinist reformulation (castration) of the idea of communal ownership, the councils retained a great number of small- and medium-sized firms and an extremely large share of real estate and infrastructure under their patronage. In most countries in our sample the lion's share of communal property rights and their control from below remained on paper.[7] Economists investigating changes in ownership regarded the councils' property as state property, and—with the exception of China and Yugoslavia—focused rather on the Big Beasts, the large state-owned enterprises up until the 1980s. Thus, communal (municipal) property became a step-child of ownership thought, something to be passed over to public administration experts and urban sociologists for research.[8]

Starting with the teachings of Marx and Lenin was not tacitly expected from authors in this volume. The ownership concepts of the *Founding Fathers* did not fully determine the canon of official political economy in our countries. Nevertheless, they managed to homogenize its basic principles even though

in this respect homogeneity was somewhat paradoxical. It reflected the similarity of an underlying ambiguity from the outset; an ambiguity stemming from the difference between the original Marxian idea of ownership change (socialization)[9] and its Leninist revision (nationalization).[10] The former embodied the dream of horizontal collectivism while the latter captured the reality of vertical collectivism (etatism/statism).

Ambiguity may sound a bit surprising after the firmness of Lenin's approach[11] in the Soviet Union and its rapid irradiation to the satellite countries after 1945 were part and parcel of communist economic thought, even extending to its non-totalitarian interpretations. Although the latter included strong references to *national specifics* of ownership, they did not cease to presume the existence of a preliminary stage of *blanket Sovietization.*[12] This was supposed to lead to acknowledging state ownership as superior to all other forms of social property until the state withers away, and the notion of property as such becomes meaningless.[13] However, beneath the lid of Leninist theory there boiled a conflict between the social-democratic (orthodox Marxist) and communist (Leninist) principles of ownership in each country of the Eastern Bloc already prior to communist takeover.

In fact, the rivalry between the two principles never resulted in a complete victory of the notion of state ownership over that of social ownership. Even during the former's heyday, it was seen by official ideology as a subtype of the latter, representing a l*ower level of development*, later losing part of its significance to other subtypes (i.e., communal, self-managed, and cooperative property). Indeed, the notions of nationalization and socialization were not so far off from each other. At the end of the 19th century, social democrats from the Second International shifted away from the original Marxian view of socialization that was supposed to lead to *free associations of direct producers*. Instead of conceiving of communism as a society of self-governing communes, they began to venerate the state economy[14] as a centrally managed mega-enterprise. Yet, even the extremely statist (war communist) interpretation of the Leninist alternative in the Soviet Union did not exclude workers' councils or village communes. Or if it did so in practice, it did not eradicate their concepts but reduced them to empty boxes that might be refilled. Furthermore, when the Leninist identification of social ownership with state ownership—confirmed by the day-to-day drill of central planning, forced industrialization, and collectivization in the Soviet Union from the late 1920s—started invading economic thought in the satellite states, the offensive encountered resistance. It emerged not only from local economists of social-democratic persuasion but soon also from their Soviet colleagues after Stalin's theory of the law of value based on the duality of state and cooperative property had germinated in official political economy in the early 1950s.[15]

As a consequence, economists who had been forced to hide their preference for socialization after the communist takeover could restart thinking about non-statist varieties of social ownership.[16] Yugoslav theorists woke up first. For them the schism with the Soviet Union led to the (re)discovery of workers' self-management. For their colleagues in other countries the ironical coincidence of de-Stalinization after 1953 and the success story of Stalin's dual doctrine of social ownership paved the way to experimenting with other concepts of property, sometimes even touching on the taboo of private ownership. In Poland and Hungary the 1956 revolutions pursuing markedly anti-statist yet (horizontally) collectivist goals accelerated the process of reinterpretation.[17] In China the idea of socialization via people's communes, proclaimed by Mao in 1958, burst out during the Cultural Revolution with unprecedented ferocity (like in the case of Yugoslavia, coinciding with the break with the Soviet Union).

In the literature, Stalin's 1952 booklet on the *economic problems of socialism* is depicted, despite its poor logic and offensive style, as an eye-opener in terms of admitting certain advantages of market exchange. The same applies to his thesis of the duality of social ownership, which unleashed a great many attempts at reinterpreting property relations as a whole. Let me put aside the issue of mixed (social and individual) as well as purely individual (personal and private) ownership for a moment. Even so, there remained three avenues of revising the Leninist dogma of nationalization (etatization): (a) emphasizing, in the spirit of horizontal collectivism, the comparative advantages of cooperative and communal property; (b) designing some sort of workers' participation in ownership (such as self-management) within state enterprises; and (c) rethinking managerial property rights in the state sector vis à vis both the workers and the higher officials of the party-state.

A fourth avenue offered a conservative solution deep inside the Leninist universe. It promised the scientific underpinning of the concept of state ownership by means of the theory of optimal planning. The most ambitious variants of this research program returned to the war-communist idea, fostering an all-embracing central administration of a completely nationalized economy. Although this path of evolution of ownership thought gained the greatest acknowledgment in the West (see, for example, Leonid Kantorovich's Nobel Prize in 1975), was supported by most rigorous scholarly arguments, and resulted in the founding of influential research centers in many countries under scrutiny, our research group decided to discuss it in due detail in our next volume devoted to the history of planning concepts in the communist era. The reasons for this choice are manifold. Normally, the adherents of optimal planning were mathematical economists uninterested in (or fearing) the politics of institutional change. Unlike the market reformers, they believed in the possibility of rationalizing state ownership without probing new property regimes, social or private. They did not take part in ownership debates and influenced these only tangentially. With a view of terminating the Socialist Calculation Debate, they postulated the feasibility of an economy excluding private ownership (what their critics called *computopia*), thereby supporting also those theorists who, instead of planning the whole economy, *only* wanted to optimize the behavior of large state-owned conglomerates with the help of system theory, cybernetics, linear programming, and the like.[18]

Our country chapters show that one does not have to take this fourth avenue in order to remain in the realm of social ownership. The economists could search back and forth for new actors and property regulations along the first three avenues for decades without leaving it. As a rule, these expeditions were loosely defined, interrupted, redesigned, distorted, and entangled with one another. In the end, often even those who had launched them denied authorship. Probably the best example for such a co-evolution (or confusion) of ownership concepts occurred during the Soviet 1920s with broad debates on *khozraschet*, village communes (*obshchina* and *mir*) and the various forms of cooperatives, the role of workers' councils in enterprises, the property rights of *soviets*, and so on, not to speak of partial reprivatization at the beginning of NEP, renationalization and collectivization at its end, and a huge diversity of mixed forms of property (e.g., state capitalism) in between. To exaggerate a little, it is impossible for the historian to discover anything new about ownership thought under communism after having studied this period.

Nevertheless, other countries also experienced turbulence. The chapters in this volume provide detailed reports of the unequal, cyclical, even haphazard development of ownership concepts. For example, in Bulgaria, Hungary, and the Soviet Union the cooperatives appeared time and again as saviors of the idea of social ownership when state property showed signs of severe malfunction. In Yugoslavia and Poland workers' self-management played a similar role during long periods of communist rule but economists in countries like Bulgaria, Czechoslovakia, the GDR, Hungary, and the Soviet Union also embraced this doctrine in times of deep societal crises. In Yugoslavia, Poland, and Hungary the property rights of managers and workers were broadened simultaneously in certain phases of communist history. In China, it was the concept of communal ownership that upheld the tradition of socialization for decades. As mentioned previously, *communalism* was imprinted in the public administration system of the communist countries by the establishment of the first *councils of workers', peasants', and soldiers' deputies* in 1917. From then on, it remained an open question in ownership theory whether the nationalized local firms and real estate belonged to central or local (municipal) administration (let alone to citizens themselves), and whether the communes were voluntary organizations or rather represented the lowest level of the party-state hierarchy.

These property regimes served as supplements of (or rivals to) state ownership. The state sector remained the prime target of ownership change from the cradle of communism to its grave. No matter if the battles for change were fought under the banner of economic accounting, decentralization, workers' self-management, indirect planning, market socialism, contractual socialism, and socialist entrepreneurship—or, conversely, under that of *democratic centralism*, optimal planning, strong ministerial guidance, and huge *kombinats*—they all revolved, in the last analysis, around the width and depth of the property rights of management in state enterprises. Simply put, the question was whether there are viable ownership arrangements between two ideal-typical extremes—(1) the company director as a state employee is fully and directly subordinated to the authorities like in a military hierarchy, and (2) the owner-manager depends only on the market—with the proviso that the boundaries of social ownership remain intact. A large majority of economists in most countries and during almost the entire communist period shared the opinion that, if certain results of nationalization are to be sacrificed for some reason, social property (group ownership) must profit from the change. Individual owners should have limited and/or provisional opportunities to take over the tasks of state property that deserves more robust legal protection than any other type of ownership.

Strangely enough, the story of the stubborn attempt to construct the *perpetuum mobile* of communist economy with predominant social ownership was prolonged by a *little help* from non-social forms of property. Both small individual (personal and private) ownership tolerated by the party-state and informal privatization under the aegis of mixed ownership schemes were instrumental in compensating for inefficiency caused by social property. From private workshops, restaurants, retail shops, and apartments, through personal household plots of members in agricultural cooperatives, and semi-private work associations within state companies, all the way down to joint ventures with Western firms, a great number of property arrangements challenged official dogma. Nevertheless, they helped the doctrine of social ownership survive by camouflaging its intrinsic failures. In some countries the informal evolution of individual ownership was accompanied by its half-hearted formalization, but this—creeping—privatization was downplayed in official discourse by stressing the regulation of these private property regimes by the state.[19]

Thus, economic theorists in the nine countries under scrutiny bent the notion of social ownership from both inside and outside in the hope of finding *perhaps*[20] a cure-all for communism's economic malaise. During the terminal phase of the patient, the taboo of private property constrained their imagination less and less. Nonetheless, the lingering trust in non-capitalist or quasi-capitalist solutions in ownership theory, which they thought would prove

equally fair and efficient, explains why the first blueprints of postcommunist transformation still harbored heavily collectivist ideas (illusions) during late communism, even a few minutes before the collapse. The *annus mirabilis* of 1989 is still assumed to have exhibited the typical *neoliberal excesses* of economists leaving communism behind. Allegedly, they were *closet capitalists* desperately waiting to come out. Nevertheless, as our country chapters demonstrated, in Bulgaria during that year even the most fervent market reformers did not go beyond demanding the establishment of public shareholding companies and workers' self-management (Georgi Petrov), and were preoccupied with problems of stabilization (Ventsislav Antonov), while others advocated a sort of *communal capitalism*,[21] based on the local traditions of cooperatives, accepting *citizens' ownership* and/or *workers' shareholding*. In the same months, GDR economists (such as Norbert Peche) did not even start dreaming of fully fledged workers' self-management. Privatization remained unthinkable, and leading experts on theories of ownership such as Hans Luft advocated nothing but a mere transfer of property rights from large state firms to the *Treuhandanstalt*, that is, to another state company responsible for asset management. In China, even radical reform economists like Wu Jinglian and Xue Muqiao were promoting market liberalization and the separation of ownership and management in state-owned enterprises rather than the rehabilitation of private property. Another leading reformer, Li Yining (called *Mr. Stock Market* by the *New York Times* (Kristof 1989)), proposed to transform these enterprises into shareholding companies with a majority position of the state, in which management rights are assigned on a competitive basis (an interesting hybrid of Hungarian suggestions). After the brutal suppression of the Tiananmen Square protests, even such milder ownership reforms became anathema for many years. Romanian economists of critical spirit (such as Daniel Dăianu) were suggesting *small privatization* and employee ownership instead of embarking upon the privatization of large public enterprises with the involvement of foreign investors. Otherwise, in preparing for the postcommunist transformation, they widely accepted the truism "it is the competition that matters, not ownership."

In countries with a richer prehistory of market reforms, the picture was not so different. In 1989 even the most liberal-minded Russian economists of the future, such as Yegor Gaidar and Anatoly Chubais, did not yet leave the model of enterprise self-government, workers' self-management, and autonomous cooperatives behind. They wanted to unburden the companies from administrative tutelage (*razgosudarstvlenie*) rather than convert them into privately owned institutions. Similarly, most of the mainstream reformers like Stanislav Shatalin and Grigory Yavlinsky put their faith in mixed economies represented by left-wing social democracy in the West, and until 1991 they did not envision any massive privatization drive in the short run.

In Yugoslavia, prominent economists, such as Aleksander Bajt, Branko Horvat, and Jože Mencinger, even those among them who strongly criticized the self-management system, had mixed feelings about private property rights and favored a partial preservation of social ownership in the form of *co-management* between the new private owners and the workers. Privatization was primarily conceived of as employee buyout through *internal shares*. In Hungary in 1989, the self-proclaimed Hayekian expert and future finance minister Lajos Bokros flirted with the semi-collectivist idea of voucher privatization while the radical reformer Márton Tardos was, as mentioned earlier, working out a scheme of cross-ownership between public and private firms, banks, and trade unions. Others suggested *nomenklatura buyout* programs, Tibor Liska reinvigorated his model of *entrepreneurial socialism*, and most of the economists accepted *spontaneous privatization* governed by the members of the former elites who exploited a chance to legalize their informal property rights enjoyed under the pretext of social ownership. The programmatic documents of most of the new parties indicated the doctrine of *social market economy* as the main goal.

A similar plurality of nonliberal or half-liberal attitudes to private ownership occurred in Czechoslovakia and Poland during 1989—two countries that were regarded by many as bastions of neoliberal economic thought. In the former, most of the economists envisaged a *third-way* social-democratic welfare state (e.g., Ota Šik and Valtr Komárek) whereas in the latter the overwhelming majority of economic experts in the Solidarity movement (e.g., Tadeusz Kowalik and Ryszard Bugaj) supported the concept of workers' self-management, and even émigré radical reformers such as Włodzimierz Brus and Kazimierz Łaski were reluctant to give up the Langean idea of central allocation of capital goods.

True, Václav Klaus and Leszek Balcerowicz had a number of colleagues (more than in any other countries of the region at that time), such as Tomáš Ježek and Dušan Tříska in Czechoslovakia as well as Jan Szomburg and Janusz Lewandowski in Poland, who—at a certain point—began to speak proudly of their own (neo)liberal views. Nevertheless, as mentioned earlier, both eminent economists and their entourage refrained from the project of competitive privatization.[22] Amid the implosion of communism, censorship or self-censorship could not be a sufficient reason for such a degree of circumspection and self-restraint in most countries.

All in all, the Grand Decision between *social* and *private* was postponed until the early 1990s.[23] The delay can hardly be explained by the endless (albeit declining) attraction of social ownership in economic thought: it was also due to a fragile devotion to the idea of private property. Initially, these had been just two sides of the same coin: simply put, one became an admirer of the *social* out of a deep disapproval of the *private* before 1917 or 1945. After many decades, thinking in the opposite direction was far more complicated. Even those among the economic theorists who were deeply dissatisfied with social ownership were not fully convinced that it was the principal cause of inefficiency in planned economies, and were also unsure whether the emancipation of (large) private property would serve as a remedy. When they were blaming central planning or—more rarely—the party-state for lack of competition, excessive income centralization, or mismanagement in the language of market reforms, most of them did not (want to) realize that they actually criticized the formal and informal property rights of the *nomenklatura*. This short-sightedness was natural in the beginning when the pioneers of market socialism advocated *strengthening commodity-money relations* but it became somewhat bizarre when even the radical reformers of the late 1980s continued to refrain from a resolute property rights approach. It was about two decades earlier that the marketization discourse began to work in some countries as an ersatz language for the extension of managerial powers and/or a modest rehabilitation of small private ownership. However, as years passed, this language grew so dominant that many economists were unable to switch to a new vernacular.

BASIC SIMILARITIES: SIMULATING PRIVATE OWNERSHIP

Managers

Our main working hypothesis, according to which the history of economic theories of ownership under communism did not revolve around the emancipation of private property but rather around the personification of social property in the form of quasi-private owners, was convincingly supported by the country chapters. They demonstrate that economists who at some point were dissatisfied with the facelessness of social ownership wanted to see flesh-and-blood actors (but not ordinary private owners) governing the companies who would have wider *decision-making opportunities* (but not precisely defined, complete, exclusive, and legally protected property rights). In other words, they asked the party-state to grant these actors at least some informal independence with the promise of raising efficiency, balancing economic growth, and so on, or, in the worst case, of bailing out the planned economy from its recurrent crises. These actors were presumed to *simulate* private ownership as entrepreneurial-minded, responsible, and accountable managers of socially owned assets without becoming veritable capitalist owners.

In many countries groups of workers (employees, cooperative members, local citizens) were entitled to become such *persons*, though not always juridical persons, in the framework of self-managed firms, cooperatives, and communes. The architects of these institutions were confronted with the problem of defining the allocation of rights and obligations between the representative bodies of the workers and the leading executive personnel within the firm, as well as between them and the firm's superiors in the party-state hierarchy. In organizational terms, the allocation was less complicated in countries where the workers were excluded from this triad. Let me first focus on this case and examine the managers' property rights in state-owned enterprises vis à vis their higher-ups. Due to the weight of the state sector in the planned economy, and the de facto etatization of other forms of social ownership, this case represented the main target of ownership reform in the eyes of economic theorists from the outset.

The imagined quasi-private owners were euphemistically labeled experts or managers—and later technocrats and even entrepreneurs—embracing, to apply current business terms, the companies' CEOs and their close associates (Hereafter, I will use the word "manager"). Institutional reform initially was said to be tantamount to increasing their level of organizational skills and *interestedness* through decentralization, that is, through relaxing the planning hierarchy. Undoubtedly, the scope and intensity of property rights required by market reformers for the quasi-private owners grew with time, but not constantly and beyond all limits.

Economists slowly changed their discourse after witnessing that, despite successful efforts made to persuade the ruling elite to allow the managers more freedom, social ownership continued to lead to organized irresponsibility and a complicit understanding of *everybody's-thus-nobody's property*. In using these terms, they ceased to talk about the need of raising the level of managerial skills, for example, by introducing the results of *scientific-technical revolution*, or to ask the rulers to observe the principle of subsidiarity in order to *perfect* the day-to-day operation of social property. They recognized deep conflicts of interest between the firms and their superiors within the hierarchy, and started describing what had been thought to be a centrally planned (command) economy as a *bargaining economy*. Reformers no longer trusted the benevolence of officials working at the higher echelons of the party-state. Instead of convincing them to become good technocrats rather than *partocrats*, they asked for tangible institutional guarantees,[24] instead of informal concessions with regard to certain powers (property rights) of the enterprise managers.

Seen from another angle, they called for the formalization of informal bargaining procedures, that is, the legalization of powers that the managers, as agents in ordinary principal-agent relationships, enjoyed in the planning

process due to their local knowledge and influence.[25] In the last years of communism, some economists began to flirt with the idea of separating the state and the communist party, releasing the former from the prison of the latter, and hoped that thereby state intervention would dwindle. Ironically, the aims of increasing the *formal* power of managers and depoliticizing the planning hierarchy by reducing the influence of party organizations were met with little enthusiasm by the managers themselves. Most of them were representatives of the *nomenklatura*. For example, those who directed large enterprises, trusts, and so on, especially in strategic industries, may have been members of the Central Committee or even the Politburo of the party. They had ample opportunity to liberate themselves from the petty tutelage of state authorities through privileged access to supreme leaders.

The simulation of private ownership was omnipresent in the countries under scrutiny from the invention of *economic accounting* (*khozraschet*)[26] in state-owned industry during the Soviet 1920s all the way down to advocating *nomenklatura* buyout programs in the late 1980s. The academic fabrication of quasi-private owners proved easier in the field of property rights related to *usus* and *usus fructus*. These rights were compartmentalized and *abusus* was dealt with special care and even suspicion. Some freedom for company directors to operate state assets under their guidance became a reasonable requirement rather early, after war communism had collapsed in Soviet Russia, though state/party intervention could restrict their power at any time. Having the right to profit from these assets accepted was much more difficult due to egalitarian promises repeatedly made by the communists. Those economists, the few who did not find some sort of profit sharing within the companies too iconoclastic a claim, had to hide this suggestion behind the façade of strengthening *material incentives*.[27] At the same time, the liberty of *abusus*—that is, the right to buy and sell, merge or destroy capital, first of all, however, to expropriate (inherit/bequeath) it—was the hardest nut to crack. On the level of ideological declarations, the expropriation of social property by managers remained an absolute taboo almost until the collapse of communism, and other forms of *abusus* also were tolerated very late, if at all, and only in certain countries.

From the very beginning, the principle of *capital goods are not commodities* was almost as firmly observed in the state sector as that of the ban on private appropriation of these goods. During nearly the entire communist period, companies were only entitled to barter (or later buy and sell) a fragment of their fixed assets, and did not have the right to take major investment decisions, bring one of their workshops or plants to the market, or—horribile dictu—to liquidate the whole firm or merge it with another. They were not allowed to mortgage their assets or issue bonds and shares, and their institutional relations with the banks were drastically restricted.[28] Practically, the distribution and pricing of a lion's share of capital goods were privileges of the central planner, that is, a small group of party and state officials even in the most liberal communist regimes. This rule was (gladly or obediently) accepted by a great majority of economists until the second half of the 1980s.[29]

First Excurse to Nomenklatura *Ownership*

This is not the place where I can elaborate on the theoretical origins of the idea of prohibiting capital markets in planned economies. They ranged from Marx's vision of communism, through the demonization of *Finanzkapital* and the idealization of the doctrine of war economy by both social democrats and conservatives at the turn of the 19th century, to the Bolshevik concept of war communism, the Stalinist strategy of industrialization, and later to Oskar Lange's model of market socialism in the 1930s, the latter exerting perhaps the greatest influence on reform-minded economists in our countries. Of course, the surge of state interventionism between the two wars, including the second wave of war economies, made a deep impact on the mindset of economists in the emerging communist states. Suffice it to say that these concepts authorized the *nomenklatura* to occupy the virgin territory of social ownership from the very beginning, contributing to the rise of a rather faceless (anonymous) and *sui generis* informal system of exercising essential property rights—with obscure but strong prerogatives and without genuine responsibility and accountability. For example, there was no written law in any of the countries that sanctioned interventions made by the communist party in economic decisions at any level of the hierarchy. In formal terms of ownership the territory was possessed by all citizens. Informally, however, what seemed to be a no man's land belonging to everybody was invaded by the ruling elite right after the communist takeover,[30] the members of which not only used social property and profited from it but were also given the opportunity to create, destroy, and merge, and even to bequeath parts of it (e.g., state-owned apartments, access to privileged healthcare services) as well as their savings and accumulated network capital to their heirs. Most of the powers of the party-state over the enterprises were sanctioned by executive orders and custom rather than law, and even in the latter case there was almost no legal protection (conflict-settlement mechanism) to resist the caprice of authorities.

Unfortunately, although the core hypothesis had been formulated by Lev Trotsky during the 1920s, reinforced by Milovan Djilas 30 years later (followed by a great number of insider observers from György Konrád and

Iván Szelényi through Rudolph Bahro to Mikhail Voslensky), and supported by powerful political movements such as the Cultural Revolution in China or the New Left all around the globe, the concepts of *state capitalism*, *new class*, *red bourgeoisie*, and so on did not rely on a profound economic and sociological analysis of property relations.[31]

The key question about the difference between *nomenklatura* ownership and private ownership has not been answered until today. Despite the fact that economists in our countries did not or could not describe the economic behavior of the ruling elite with sufficient precision, they were aware of its formal and informal property rights with regard to *usus* and *usus fructus*. Any reformer who called for increasing the independence of enterprises wanted at the very least to curb the formal segment of these rights of the state authorities, for example, in determining production plans or the salaries of managers. However, they did not or could not identify, not even on the level of theoretical assumptions, the informal roles state officials and party apparatchiks played as *trustees* or *co-owners* in such decisions.[32] Were they also quasi-private owners? How stable and exclusive were their property rights? Was their *shadow ownership* similar to that of company managers who did not belong to the highest stratum of the communist elite? What were their basic preferences?[33] How did they blur and transgress the formal boundaries of property rights? What kind of bargaining, rent-seeking, free-riding, or predatory strategies did they pursue? Were these strategies individual and conflicting or harmonized within and between the competing groups/networks of the *nomenklatura*? How did state officials and party cadres differ in terms of exercising ownership? Do the fluidity and interpenetration of these groups allow the analyst to speak about clear-cut rules of proprietary behavior? These are just a few of countless questions that remained without answers (or were not asked at all). In our volume it is the Czechoslovak chapter that discusses this issue in detail. Lubomír Mlčoch was one of the few economists who began to explore the fine structure of co-ownership between managers and their superiors in the party-state. That is how he came to the *reverse pyramid* model reflecting the fact that actual power relations were in favor of company managers—a conclusion sharply contradicting the totalitarian paradigm.[34]

One could presume that Western observers would dig a little deeper and apply more rigorous research methods in order to answer the above questions. Besides the well-known works offered by *revisionist* authors in Soviet Studies—mostly political scientists and historians (such as Ellen Comisso, Merle Fainsod, Archibald Getty, Paul Gregory, Mark Harrison, Jerry Hough, Moshe Lewin, Sheila Fitzpatrick, Gabor Rittersporn, and Gordon Skilling)—from the 1960s on how the communist regimes were ruled, economists in our countries could learn the most from sociologists, anthropologists, and legal experts. As noted in the Introduction, many evidence-based innovative concepts in the former two disciplines came rather late. For instance, notions like David Stark's (1996) *recombinant property*, Katherine Verdery's (2003) *elasticity of ownership* and *administrative estate*, or, quite recently, Suava Zbierski-Salameh's (2013) *conjoint ownership* could have contributed significantly to the understanding by the reformers of the proprietary behavior of the *nomenklatura* if they had been put forward earlier.

Fortunately, the historical analogy of feudalism (patrimony, oligarchical rule, patron-client relationship, etc.), or of clans and mafias were effective enough, even without profound empirical underpinning, to convince the radical reform economists to join the *revisionist* stream in challenging the simplistic, totalitarian interpretation of property relations and turn to a network-, interest group-, and bargaining-based approach to the problem of *nomenklatura* ownership. As noted earlier, this complex approach was also promoted by the local theorists of economic bureaucracy and some of the legal researchers. The latter borrowed surprisingly little from their Western colleagues who could have equipped them with a huge toolbox of sophisticated concepts of property rights to define a regime of ownership, the components of which could not be squeezed into distinct pigeon holes of formal rules, complete rights, well-defined legal actors, or characterized by the principles of unambiguity, irrevocability, and the like. In a similar vein, they might have considered the ruling elite as a "self-legitimating bureaucracy" (Duff Milenkovitch 1992) and—moderating fascination with corporeal ownership—focus on immaterial objects of property (e.g., social capital, institutionalized power, cultural hegemony), too. Finally, they might have paid more attention to exclusion and inclusion as well as privileges in and outside the *nomenklatura*.

Nevertheless, some of these concepts and approaches trickled to Eastern Europe and helped persuade the radical reformers (with the exception of China) that (a) at a certain point they would not be able to decouple any serious change in the property regime from a fundamental shift in the political/cultural regime as a whole; (b) if they sincerely wanted to get rid of the party-state, they should prefer liberal democracy based on *real* private ownership over a hitherto unknown collectivist democracy based on self-management, cooperatives, or communes, which does not suffer from the deficiencies of these observed in the communist era. The implicit assumption behind these conclusions originated, on the one hand, in the sad experience of assimilation and corruption of these collectivist ownership forms by the ruling elite and, on the other hand, in a strong (utopian) hope in the immunity of private ownership to the surviving influence of the same elite, or in the impossibility of an emerging non-communist yet illiberal elite who also might distort privatization.[35]

No matter if it came to the state or the party, *abusus* was the largest black box when thinking of *nomenklatura* ownership. This was not because economists presumed that the elite had no say whatsoever in opening, closing, or merging firms but because, with the exception of political dynasties, the right of inheritance under communism seemed different from what they knew about private property under capitalism. Undoubtedly, a district party secretary was not allowed to bequeath to his/her children any of the companies working in his/her territory, in the operation of which he intervened every day. Nevertheless, what the same person expropriated in the form of rents stemming from informal co-ownership along with the managers as well as other state and party officials—which ranged from money bribes and access to shortage goods through having family members employed by the company in his/her sphere of interest to *comradely help* rendered by its director in building his/her summer house—could become legal components of his/her last will and testament. Despite all differences stemming from the fact that property rights were normally not bought and sold in the market (according to Mlčoch, they were status-based entitlements), and were constrained by oligarchical and mafia-like dependencies and conflicts, not to speak of a whole series of ideological directives, enjoying private property rights in other economies in which private property prevails is not a million miles away from what happened under *nomenklatura* ownership. Modeling the peculiar blend of private and group-based property rights of the communist ruling elite could have been a substantial contribution to a universal theory of ownership and a specific theory of bureaucratic ownership studied by new-institutionalist historians and public choice experts. In this respect, it would have been intriguing to ask, for example, whether one could speak of a sort of collectivism in the case in which certain groups of the ruling elite exercised their property rights jointly. Similarly, it would have been interesting to know how the huge distance between their power over and gains from capital (as compared to the case of owners of large companies in capitalist societies) could be maintained for a long time.

***

The trap of social ownership in economic thought was sealed by formal and informal institutions ranging from transnational organizations of the communist countries, through national planning offices, the military, and the secret police, all the way down to party units in enterprises. Economists could barely break out from this trap because it was hardened not only by ideological and scientific arguments, norms, habits, and symbols but also by vital interests of the ruling elite in maintaining/increasing its own power and wealth. The growing desire of economic thinkers to populate (more exactly, to *re*-populate) the no man's land aimed at weakening or eventually replacing its first occupants by means of simulating private ownership, but without violating the prohibition of formal rights related to *abusus*. It took decades until simulation reached its end by touching on this final taboo of the communist economy. Even economists who came to reject the intellectual raison d'être of social ownership had to think twice before taking the risk of challenging the power structure built around it. This land was not empty even if the property rights of the *nomenklatura* members were not accurately specified.

Small-scale private ownership was an issue around which former liberals, social democrats, agrarian experts, not to mention frustrated communists, could have amalgamated after 1917 and 1945 respectively. However, most economists tenaciously presumed that the planned economy's heart was the state sector (above all, state industry, the supreme symbol of modernization) where, through moderate ownership change, one could attain greater results at a lower political price than in agriculture and services. Their ideal quasi-private owners were the managers (no matter if they had been, to use the post-1917 Bolshevik jargon, *red directors* or *bourgeois experts* earlier), even if these were unable to populate the no man's land as thoroughly as revitalized and new private owners could have been. Releasing the company managers from the over-zealous control exercised by the state bureaucracy was a recurrent theme of economic thought after the collapse of war communism in the Soviet Union, the introduction of self-management in Yugoslavia at the end of the 1940s, the first wave of economic reforms in the Eastern European countries in the mid-1950s, and even after the late 1950s in China.[36] Oskar Lange's market socialism in the late 1930s, Anatoly Venediktov's *operative management of state property* in 1948, or János Kornai's *Overcentralization* in 1956, to refer to some of the early milestones in the scholarly elaboration of that theme, were all important concepts—unintentionally—preparing the ground for a breakthrough in ownership theory; a breakthrough that did not take place until 1989. Undoubtedly, the diverse market reforms of the communist economies between the 1960s and 1980s did extend the property rights of the managers of state enterprises to a considerable degree, but virtually no author of these reforms proposed that the managers should become veritable private owners.

The dogmatic problem they had to solve was the following: given the doctrine of unitary state ownership, how should economic and legal theory explain the existence of individual firms in another way than describing them as the lowest links in a hierarchical chain? Even the tiniest taste of enterprise autonomy would make the unity of state ownership questionable, and open the door for a thesis of divisibility of state-owned capital first within its sacrosanct borders, and later even beyond them. The same applied to social ownership as a whole. Venediktov's muddy notion of operative management[37] set the scene for a series of compromises in ownership thought, ranging from the Hungarian concept of *separateness* and *shared ownership* through the Chinese principle of *unified leadership, divided management* to the pragmatic

suggestion recurring in countries like Czechoslovakia and Yugoslavia, which depicted the firms as tenant organizations renting the assets from the state as the ultimate subject of ownership, using these assets and paying taxes after them.[38] Beyond challenging the thesis of indivisibility, economists also had to convince themselves that the emerging units of state ownership should be armed with exclusive property rights, including alienability, and that state ownership should not enjoy privileges vis à vis other regimes of property.

As compared to the *visible fist* of the party-state, the *not-yet-invisible hand* of the socialist market economy above all in Yugoslavia, Hungary, and later in China offered managers new freedoms in deciding on substantial issues related to *usus* and *usus fructus* (such as complying with economic regulations instead of planning targets, choosing their business partners, entering joint ventures, launching investment projects, determining prices and wages, sharing profits, etc.). Today, we would call this a governance-oriented rather than ownership-oriented approach. The radicals among liberal-minded economists were only willing to advocate employee shareholding schemes in the last few years before 1989. These would also include the managers and enable them to possess part of the company's capital and, according to the boldest proposals, to trade and bequeath the shares like any other objects of personal property. In the Soviet Union, for example, Liska's model was revisited during *perestroika*: the employees would lease the firms from the state, manage it independently, and buy it out with the emerging profits step by step.[39] Back in the 1950s when the preconditions for such freedoms were first formulated in larger reform packages these did not focus on the managers themselves. The market reformers rather talked about *increasing the independence of enterprises*. Even in the 1960s and 1970s, they showed precaution in publicly referring to James Burnham and John Galbraith whose respective ideas on *managerial revolution* and *technostructure* (both reflecting the illusion of convergence between the East and the West) influenced their views on ownership to a certain extent. Instead of calling the managers at least surrogate owners, economists kept on designing institutional *mechanisms* or *models* in order to grant the managers some operational freedom (pertaining to standard daily activities of the firm), entitle them to earn some profit, and finally allow them to enter certain areas of the capital market. Managerial decision-making was combined with some kind of employee participation (trade union rights for co-determination, workers' self-management, or even employee stock ownership) with a view of controlling the managers *from below* and preventing them from acting like genuine capitalists. Supervision *from above* was not forgotten either. Even the most subversive ideas aiming to replace dependency on the party-state with asset management to be performed by independent holding enterprises would have limited the freedom of company managers by transferring some of their property rights onto the level of the CEOs of the holdings. For example, in studying Japanese, Italian, German, and Austrian regimes of corporate governance, and suggesting the establishment of state holdings similar to INI or ÖIAG, Hungarian economists could not exclude the possibility that the firm managers might turn out to be almost as exposed to the new mega-organizations as they had been to the various trusts, directorates, industrial associations, and branch ministries previously (particularly because it was likely that the chief executives of the holdings would be appointed by the central organs of the party).

Much of economists' insistence on meticulous social engineering to change ownership relations was due to the prohibition of large private property. Evidently, the economic theorists had to "dance hog-tied" (so goes the Hungarian saying). But it is, I think, more than telling that most of the dissidents and/or émigrés among them also did not call for unleashing the capital markets to carry out competitive privatization on a massive scale. This could be explained partly by the fact that in an open bidding for state, cooperative, or communal assets most of the new owners would have come from among the members of the communist ruling elite and the agents of the grey and black markets, or a combination of the two. Foreign ownership was also unpopular with many economists. However, the inertia of fabricating quasi-private owners for several decades also proved remarkable. Market reformers did not cease envisioning managers in pragmatic/technical terms as unbiased experts who would take entrepreneurial risks as responsibly and who would care for the long-term repercussions of their decisions as prudently as veritable private owners under ideal circumstances. Neither were the moral hazards emerging in the relationships of the managers with their principals in the party-state sufficiently taken into account, nor was the simple fact that property rights would not work effectively only because a higher authority portioned them out in a particular combination.

Being *half pregnant* was no perfect solution. When only certain rights of *abusus* were introduced and, in addition, many other property rights pertaining to *usus* and *usus fructus* remained curtailed, one could not reasonably expect the birth of genuine owners. It was sufficient, for example, to ban one of the property rights related to *abusus*: say, corporate takeover. If the threat of merger and/or acquisition transmitted by capital markets does not discipline the managers, one cannot presume that they will show, in an ideal case, signs of wise, careful, and far-sighted, that is, owner-like behavior. If such a threat comes only from their superiors in the party-state, then opportunist attitudes will be more likely. Or let us suppose that in principle all rights of *abusus* are granted to the managers of state-owned firms but the right (or rather the informal power) to fire and hire them remains in the hands of the ruling elite like in the case of communist Eastern Europe yesterday and China today. Opportunism was/is coded into this kind of dependency as well. Most economists nonetheless hoped for a long time that the company managers would adjust to market signals rather than to the whims of the higher-ups.

Despite such dilemmas, ownership concepts usually did not go so far as to finish simulating private property through growing managerial powers, and let it develop on its own. With very few exceptions such as the group of Polish libertarians, private ownership appeared as a dividable idea, certain components of which can be dispensed with, faked, simulated, or replaced at will, as a technical instrument without intrinsic value and social meaning. The ideal *owner* was portrayed as a manager-businessman who organizes, innovates, calculates, and takes risks by using social assets, but is devoid of the Schumpeterian glory of the capitalist entrepreneur.

Unlike the advocates of managerial ownership, the theorists of employee participation also had to assess the property rights of the company directors from below, from the angle of trade unions and workers' councils in state-owned firms or of those bodies that represented the interests of members and employees in cooperatives and communes. Here, one could not start off from the tacit assumption that the workers were nothing more than passive observers. In fact, even members of the Soviet collective farm and the Chinese people's commune had *some* rights (at least formally) to elect their bosses and discuss or challenge managerial rulings with regard to the disposal of and profiting from social assets. In principle, most communist regimes also allowed them to take out at least part of the fixed capital (land, instruments, etc.) they had put in when joining the association if they decided to leave the realm of social ownership. In some countries like Hungary and China economists proposed the deepening of these rights from the late 1950s and the late 1970s, respectively, which contributed to an erosion of group ownership and the consolidation of some kind of individual property.

Nevertheless, their objectives were dwarfed by the Yugoslav experts' ideas about workers' self-management. In the field of ownership theory, Yugoslav economists provided a great intellectual input in terms of both scholarly sophistication and the sheer quantity of thoughts. Their contribution exceeded the scientific performance of economists in other communist countries in terms of the genuine interest shown by a number of Yugoslav economists from Aleksander Bajt to Svetozar Pejovich in neoclassical analysis and property rights research (see, for example, Franičević 2012; Furubotn and Richter 1998), as well as of their original insights. Obviously, they had to model a more complicated search for quasi-private owners than in Hungary or Poland, since simulation concerned two sometimes competing, sometimes cooperating quasi-owners, the managers, and the workers.

Most chapters of the four-decade story of Yugoslav self-management are well known from the literature. The discussion of conflicts between the managers and the workers' councils over issues related to *usus* and *usus fructus*, and the repeated attempts at reconstituting the mix of property rights to solve them, filled libraries. The same applies to the analysis of varying coalitions between the managers, the workers' councils, the local communes, and other institutions of the party-state, especially following a major reform of self-management that introduced *contractual socialism* between 1974 and 1976. However, the issue of *abusus* earned less attention until the 1980s. Yugoslav scholars invested much effort in redesigning the allocation of property rights among the aforementioned actors to test to what extent it was responsible for the familiar pitfalls of the self-managed economy such as underinvestment/overconsumption, undue income polarization, as well as high rates of unemployment and inflation, which were routinely attributed to the excessive powers either of the workers' councils or the managers, or both.

The communist ruling elite regarded the coalition of workers and managers with suspicion, and issued repeated warnings about the *degeneration* of social ownership into manager-dominated group ownership that was considered a symptom of informal privatization. The *nomenklatura* did its best to maintain the primacy of social property[40] through investment and income policies and constraining the exchange of capital, particularly between the social and private sectors. The rise of *contractual socialism* can also be described as a desperate attempt at breaking the alliance of managers and workers through further confusing property rights by radical decentralization as well as an artificial and overcomplicated system of contracts between the self-management units and between these and the local communes—an excellent chance for the rulers to fish in troubled waters. Although many adherents of self-management saw in the workers and managers ordinary stakeholders, hardly any of them suggested that they be entitled to take along part of the company's capital upon changing jobs or retirement. (Even *internal shares* were introduced as late as 1988.) Similarly, the legal opportunity of transforming self-managing enterprises into private ones was provided by the disintegrating party-state only some months before the collapse of communism.[41] Until then, the belief in further adjustments of the self-management system, that is, the expectation that *perhaps* the next configuration of property rights within the framework of social ownership might be *the* solution, remained deep-seated in the research community.

SMALL OWNERS

A powerful alternative of crafting quasi-private owners from managers could have been the development of *real* small-scale private ownership—an institution with a long prehistory in our countries and which would not have needed artificial creation. Yet, instead of inviting the traditional (and provisionally

tolerated) small owners in agriculture but also in industry, domestic trade, and other services to settle in no man's land, most economists from the GDR to Bulgaria gave their names to drastic regulations of private property rights for assets that survived nationalization and collectivization. These regulations not only inhibited or blocked *abusus* (by prohibiting, for example, the alienation, leasing, and mortgaging of land[42]), and sometimes even went so far as to ban inheritance, but also limited the use of capital and earning income from it. In certain countries and periods private ownership was deleted from the Constitution, blamed as *reactionary* or *counter-revolutionary*, and exposed to criminal prosecution.[43]

No chapter in our volume points to a substantial enough segment of the economic research community in any of the countries, which would have demanded that the planned economy include a strong and developing sector based on *purely* private ownership of *freely* expanding small-sized enterprises. With the exception of some liberal and *neo-Narodnik* theorists in the Soviet Union during the 1920s, virtually no leading economist propounded such ideas during the whole communist era, not even the majority of Polish and Yugoslav experts who faced large agricultural sectors in the possession of small owners. The radical suggestions envisaged the easing of prevailing restrictions regarding the size of the private firm, the industry it works in, or the citizenship of the owner, but refrained from endorsing a spontaneous concentration of small capital.[44] Exploiting and tolerating small-sized enterprises, and—in the best case—associating them with various types of social property through joint ventures were the maximum goals formulated by the reformers up until the 1980s.[45] Nonetheless, the fear propagated by the classics of Marxism-Leninism that "small production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously, and on a mass scale" (Lenin [1920] 1952) was so deep-seated in official political economy and everyday politics (cf. the *petty-bourgeois menace*) that economists had better stress that toleration was temporary, and disguise private proprietors as junior partners of social owners. Moreover, those few economists who did not shy away from capitalism also had reservations about small-sized private property. For them, it would have meant backsliding, in terms of modernization theory, to the interwar period if the planned economy had sacrificed the idea of large enterprise to the principle of *small is beautiful*.[46]

A peculiar type of quasi-private small-scale ownership was what official political economy denoted as *personal property*. Communist ideology was unable to interpret it in an unambiguous way, oscillating from the very outset between ascetic/egalitarian and hedonistic/meritocratic attitudes to income, wealth, and consumption, and creeping away from the former. The magic formula borrowed from Marx, according to which the crucial difference between personal and private property is that the former cannot be used to exploit others,[47] proved flexible enough to support both attitudes. This approach enabled the rulers to justify the "expropriation of the expropriators," and, at the same time, the "maximum satisfaction of the constantly rising material and cultural needs of the whole of society," to quote Stalin's "basic law of socialism" (1951). The former explained the abolition of private ownership while the latter defended the expansion of personal property, especially from the 1960s onwards.[48] As an unintended consequence, this *law* also provided the economists who hoped for a gradual proliferation of small business ventures with some room to maneuver. Since a piece of land, a building, a car, or even a telephone could be used in both consumption and production, a number of economists began to consider personal ownership as a legitimate surrogate of private property, and thus an ideologically almost harmless concept. This way, in a tacit consensus with moderates in the *nomenklatura*, small hotels, garage firms, taxi cooperatives, household plots, restaurants, shops, sublets, and so on, grew from personal assets in the grey economy and gained some recognition (sometimes even a de facto private proprietary status).[49]

The reformers did not shout from the rooftops that many *abusus* rights remained in force in the case of personal property. Unlike managers of state, cooperative, or communal enterprises, the holders of personal assets were often not quasi-private owners but real ones. In many of the countries you were entitled to sell your home, pass over the family restaurant to your children, or open a small laundry firm, in which you employed, besides your family members, a few other workers. In this sense, personal ownership might have worked as a time bomb in the post-Stalinist canon of political economy, destroying the dominant position of social ownership after a while. Nonetheless, with the exception of Tibor Liska in Hungary (cf. his concept of *personal ownership of social capital*), no Grand Design idolizing personal property was developed in the communist period. At the same time, when personal ownership was regarded as an informal but generally accepted claim for intangible assets like a secure job, equal pay or free education, it could serve also as an inbuilt stabilizer of the communist regime (cf. Granick 1988).

Apparently, mixing social and individual forms of ownership proved to be a more attractive option complying with the collectivist preferences of economists and also satisfying the censors. Browsing through the chapters of this volume, one sees an incredible variety of *hybrid* property arrangements supported by economic theorists, which range from combining the personal assets of farmers (e.g., a small fruit garden or a horse) with those of agricultural cooperatives and state-owned machine and tractor stations in Bulgaria or the Soviet Union, through the joint ventures of self-managed enterprises and small private firms in Yugoslavia, and the *Kommanditgesellschaften* in the GDR, to the Chinese *household responsibility system* in the countryside, the leasing of state-owned shops and restaurants in Poland (*ajencja*) and Romania (*mandatari*), and intrapreneurship (*vgmk*) in Hungary.[50] State, cooperative, communal, private, and personal ownership, both domestic and foreign, formal and informal, legal and illegal—almost all blends of property forms were invented and/or approved retroactively by economists in almost all countries under scrutiny, and in almost all phases of communism, including the darkest years of Stalinism.[51] If our volume has called the attention of the reader only to this patchwork of ownership regimes, we have not worked in vain. Designing and testing these hybrid forms, that is, contributing to a broad pluralization of ownership, took economists a lot of time, and stole the show from preparations for large-scale, rule-based, competitive privatization by raising hopes that the next hybrid *perhaps* would be more successful than the last one.

To avoid misunderstandings, this kind of experimentation was anything but free and undisturbed: it was confined by overt and tacit rules of containing private ownership, and the designers of hybrid property were risking harassment by communist hardliners each time. Among diverse prohibitions, the party-state was probably the keenest on avoiding that capital goods would cross the borders of the fortress called social ownership and leave it behind forever.[52] They could be rented (not sold) out to individual owners for a certain period, possibly under highly incomplete and revocable contracts.[53] Hence, in addition to maintaining a general feeling of uncertainty and dependency, fuzzy property rights enabled the *gatekeepers* within the *nomenklatura* to draw income from corruption (Shleifer and Vishny 1994). Normally, the social owners retained their majority position in the property deals made with selected groups of society, which could be separated from each other and marginalized if they happened to grow too powerful. The power asymmetry and the dispersion of ownership privileges were carefully observed to avoid any political coalition among the advantaged groups. Here, the memory of the emerging alliance between the well-to-do, still not collectivized farmer and the private trader (*nepman*) in the Soviet Union during the mid-1920s served as a serious warning.[54] Guizot's famous message of *enrich yourself* that was announced by Nikolai Bukharin in 1925, and repeated later by several communist politicians including Deng Xiaoping, did not reflect a typical approach to the private sector. The privileges were portioned out cautiously and kept under control by means of income regulation, size limitation, and the like to prevent private owners from becoming medium-sized capitalist entrepreneurs. The majority of economists agreed to such constraints, and only a few entertained the hope that repeated concessions made by communist regimes to small private owners, tenants, renters, and so on would work as a slow poison destroying the health of the very organism it wanted to heal. When, for some reason, the taboo of large private property was no longer respected, like in China since the end of the 1990s, heavy government regulations and direct intervention by the communist party were designed to control the emerging system of *state capitalism.*

COMPARISON: FROM STATIC TO DYNAMIC

My reading of the basic similarities in economic thinking about ownership under communism, that is, of the long-standing primacy of social ownership as well as its flipside, the simulation *and* containment of private property, implies a broad pattern of evolution characteristic of all countries examined. By and large, this pattern includes the following stages of development:

- Hesitation between the principles of socialization and nationalization
- Accepting the dominance of state ownership
- Rehabilitation of other forms of social ownership (pluralization I)
- Transformation of managers in enterprises under social ownership into quasi-private owners (pluralization II)
- Extension of personal ownership (pluralization III)
- Hybridization of social, private, and personal forms of ownership (pluralization IV)
- Hesitation over a radical extension of private property
- Accepting the dominance of private ownership

In a sense, the evolution of key ownership concepts under communism could be subsumed under the poetic subtitle of *long meditation between two hesitations.* Acceptance of dominant private ownership can only be found on the other side of the 1989 watershed. It embodies the first phase of the post-communist era rather than the last phase of the communist one. The popular joke circulating in the wake of the 1989 revolutions was telling: communism did represent the longest possible road from capitalism to capitalism.

During the transition *to* communism, hesitation ended with a sweeping victory of the doctrine of state ownership, while the transition *from* communism resulted in the triumph of private property. (If that triumph were unambiguous and lasting does not concern us at this stage of our research program.) Despite the initial success of state ownership, it did not manage to oust other forms of social ownership from economic thought during the communist epoch as a whole, and private property needed a very long time to appear without any disguise. The first transition began well before 1917–1945, and the second also stretched beyond 1989–1991. What took place between the two was a convolution of various processes of pluralization of ownership concepts. In retrospect one cannot deny that economic theory covered a huge distance between the arch-collectivist doctrine of social ownership under war communism and the cautious individualism of the first blueprints of privatization at the end of the 1980s. However, it was impossible to predict whether the evolution of ownership thought would not mire in the muddy roads of pluralization until the very collapse of communism.

The eight stages above do not represent a strict chronology. The concept of state ownership did not evaporate: it was complemented and pluralized rather than abolished by workers' self-management, cooperative and communal property, and the transformation of managers into quasi-private owners. Similarly, the extension of individual (personal and private) property appeared on the horizon of economic imagination rather early as a corrective to the dominance of social ownership. Most of the time, simultaneity and pluralism prevailed. With the exception of the stages of accepting the dominance of state and private ownership, respectively, one sees powerful trends that coexisted in varying proportions rather than consecutive stages of evolution, let alone progress.

A closer look at these trends reveals further similarities between the countries in our sample. Common catalysts of scientific discoveries, formative experiences, and turning points as well as mental obstacles and cycles of thought come to light when one observes ownership theories under communism from an evolutionary perspective. Let me focus on the post-1945 developments and refer to the period between 1917 and 1945 in the Soviet Union only if it adds a specific color to the overall picture.

As mentioned, the story started with an ideological ambiguity that left a large door open for experimentation within the framework of social ownership, and a much smaller door for reinterpreting individual ownership. After 1945, the ideal of state property that became unquestionable during the Soviet 1930s and 1940s conquered the minds of economists all over the newly created Eastern Bloc, tempting social democrats skeptical about all-out nationalization[55] and even numerous *bourgeois* experts who had subscribed to corporativist/interventionist theories between the two wars.[56] In a decade or so, however, this ideal was damaged by workers' self-management in Yugoslavia, Stalin's partial rehabilitation of the cooperatives (canonized, after his death, by the long-awaited Soviet textbook of the political economy of socialism), and Mao's preference for communal ownership. These semi-statist (or parastatal) variants of social ownership assumed institutional permanence and also served as intellectual instruments in the toolbox of economists in which they could reach whenever they were preparing for a change in the property regime. At the bottom of the toolbox could be found ideas about the usefulness of small-scale individual ownership but these did not enjoy strong ideological support for a long time: they rather underpinned temporary policies to balance markets and ease political tensions like in the case of agriculture and services in many countries.

The fact that some of these instruments were applied also can be explained in the case of Yugoslavia and China by conflicts with the Soviet Union that led to a strong political push for a national *Sonderweg* that revitalized certain institutional legacies. Constant inefficiency and the recurrent breakdown of the machinery of state property were the principal causes in other countries. The repeated economic failures, crises, and even disasters prompted the economists to initiate institutional innovation in the field of ownership relations time and again whereby they could choose among (a) the country's traditions, and/or (b) emulate other countries' institutions, and/or (c) invent new ones.[57] As a result, social ownership became more colorful and was combined with personal/private property in many ways. National traditions in ownership thought heavily influenced, for example, the introduction of workers' self-management in Yugoslavia, the development of cooperatives in Bulgaria, the combination of personal and cooperative ownership in Hungary or personal and communal ownership in China, as well as the experimentation with managerial ownership in Poland. As regards emulation, the forced (hierarchical) imitation of the Soviet model of state property was replaced gradually by a horizontal exchange of ownership ideas among the communist countries, whereby even the imperial center could learn from the peripheries. This is how concepts of self-management travelled from Yugoslavia, managerial ownership from Hungary, or in the very end, voucher privatization from Poland to many countries under Soviet rule.[58] Engaging in *histoire croisée* could bring more twisted itineraries to light, revealing linkages in terms of property arrangements, for example, between Lenin's food tax, the Hungarian regulation of household plots, the Chinese household responsibility system, and the reform of the *kolkhozy* under Gorbachev.

The Western input in this kind of exchange also grew with time, and ideas passed through both the large door of rethinking social ownership and the smaller door of rehabilitating private property. The former let in, for instance, the concept of managerial ownership, especially pertaining to large state conglomerates in industry and agriculture, and—in the last minutes of communism—the project of employee shareholding, whereas the latter was increasingly open to the idea of small entrepreneurship and various models of mixed (private and public) governance. Exchange is probably too big a word for the diffusion of thought that preferred a one-way street leading from West to East. True, the theories of workers' self-management, cooperative, and communal ownership as well as managerial ownership implied by market socialism have repeatedly enticed Western experts searching for alternatives to private property regimes. These four doctrines embody major inventions suggested by economists in the communist epoch, inventions that were originally rooted in non-communist economies but were never tested as large-scale experiments in social engineering. As odd as it may seem, in this sense, predominant state ownership can also be regarded as a major invention, even though its idea has not yet enchanted eminent Western economists. Unfortunately, both these doctrines and their tests lacked scientific accuracy. Notwithstanding the fact that most of these ownership concepts proved unsuccessful in the long run, one cannot exclude *ab ovo* and with absolute certitude that under different circumstances, and above all in an environment of predominant private ownership and liberal democracy, they might thrive in the future (Bardhan and Roemer 1992).

A sixth invention, Liska's entrepreneurial socialism, was trialed only in minor field experiments but it influenced the Polish-Czech project of voucher privatization—perhaps the seventh original grand project in ownership theory that might fertilize Western economic thought at some point.[59] The eighth, large-scale privatization and the emergence of new (*greenfield*) private property in no man's land under communist dictatorship in China, has little to say to economists in the West unaccustomed to brutal types of authoritarian rule. Nevertheless, they cannot disregard the sad news that private ownership can happily coexist with this kind of polity. As mentioned, a ninth invention, potentially *the* fundamental one, namely, construing a general economic theory of *nomenklatura* ownership, is still up in the air. Yet it might have helped the analysts comprehend what seemed an oxymoron at first sight, the Chinese combination of communism with large-scale private ownership. This theory might have been the only one of purely descriptive-analytical nature among the inventions; all the others also had strong normative implications.

In an evolutionary presentation of economic thinking about ownership, one may commit at least two kinds of mistakes: (a) concentrate exclusively on change and forget about the inertia (or revival) of concepts claiming to preserve the original regimes of property; (b) scrutinize the grand and pure projects, and overlook the smaller and mixed ones. Focusing on pluralization of ownership relations may save us from both. On the one hand, it reflected the survival of a preference for state ownership (particularly, in the form of mammoth organizations) as well as for statist types of cooperative and communal ownership in countries under hardline communist rule. On the other hand, pluralization boiled down to projects advocating a multitude of sometimes microscopic hybrids under softer regimes, the real importance of which only became transparent once large-scale privatization had started. In discussing the main trends of evolution of ownership thought, I alluded to four faces of pluralization which overlap to a certain extent.

Arguably, in the long run, searching for new property regimes resulted not only in pluralization of the ownership concepts but also in their scientific refinement. Undeniably, economic scholarship went far beyond the sterile debates about whether or not "ownership constitutes a distinct or a central component or the very totality of the relations of production."[60] Nevertheless, it is a pity to see how little economists learned from other social sciences (especially from sociology, history, and law)[61] in designing ownership reforms, even in countries in which international communication was not blocked, and how persistently they continued to use empty terms of Marxism-Leninism (even Stalinism). Unfortunately, the opportunity to achieve a quantum leap in quality by joining the incipient turn from old to new institutional economics in the West during the last third of the 20th century was missed.[62] Instead, to put it bluntly, from the late 1960s on, economists' collective imagination in the communist countries was oscillating between John Kenneth Galbraith's vision of ownership (based on terms such as new industrial state, technostructure, military-industrial complex)[63] and Ernst Friedrich Schumacher's institutional maxim of *small is beautiful*. In other words, the local research communities were unimpressed not only by new-institutionalist discoveries but also by the (Austrian) classical liberal and the (German) Ordo-liberal schools of old institutionalism, which proclaimed the preeminence of private property. Only a few economists grew receptive to these schools, albeit too late, in the second half of the 1980s.[64] I am afraid that what I wrote in the Hungarian chapter about the difficulties of situating the ownership concepts in any of the conventional schemes of scientific evolution applies to each country here. In retrospect it is clear that the economic theorists of property relations in the communist era were increasingly involved in a wide-ranging search for the quasi-private owner, yet, it is doubtful whether most of their search attempts can be regarded as *scientific* research programs. Instead of Imre Lakatos, one is reminded of Paul Feyerabend and his *anything goes* principle when reading works that depart from foggy hypotheses, employ inoperational concepts such as social ownership, convey heavily ideological messages with an opaque meaning like *independence of enterprises*, and sacrifice rigorous (legal *and* economic) description and analysis for preexisting normative conclusions.

Decades of communism were not enough for ownership theorists to bring forth a fairly consistent self-image that would contain the major expeditions to no man's land and assess the virtues and vices of the above-listed inventions from the perspective of modern economics. Similarly, they did not respect the pioneers in their own research field. Even today, one does not know much about the scholarly quality of dormant discoveries (e.g., in the works of Bajt, Behrens, Brutzkus, Liska, and Mlčoch) or their reception along with many similar ownership ideas in the West. Therefore, the search for the ideal owner seems to flail helplessly in the trap of collectivism rather than following a sequence of trials and errors leading to a paradigm shift from social to private ownership. As a consequence, the ideas of Thomas Kuhn on how *normal science* is surpassed come to mind as a way for a historian to grasp, instead of the last years of communism, the first years of the postcommunist transformation.

SECOND EXCURSE TO *NOMENKLATURA* OWNERSHIP

So far the *homework* that should have been done best by economists possessing the greatest amount of local knowledge was never finished. More than a quarter of a century later, it waits to be accomplished. What could have been the assignment? As noted earlier, the economics of *nomenklatura* ownership might have become the most significant scientific invention of the local research communities. If a new theory had come into being, it would have probably been equally critical and self-critical, demonstrating not only how the ruling elite actually owned what was called social property but also showing the inbuilt illusions of economists about the interest of the elite in giving up voluntarily part of its ownership privileges. Even the radical market reformers failed to examine the economic behavior of the first inhabitants of no man's land following nationalization. The *nomenklatura* owners remained faceless in most cases because their portraits had not been painted by economists and other social scientists with photographic precision, many of whom knew, at least instinctively, that this land was not a desert.[65]

Clearly, *nomenklatura* ownership was difficult (and dangerous) to study,[66] therefore it was opportune for the majority of experts to put this research topic aside. Yet, this was the most important field where economists might have made indisputably original discoveries in ownership theory because the analysis of each and every regime of property specific to the communist system would have highlighted the ways in which rulers *really* exercise ownership over assets that allegedly belong to everybody. As a result, *nomenklatura* ownership remained a bold hypothesis rather than a key concept of economics under communism. Evidently, this hypothesis has been tested in China during the past three decades by means of thorough empirical research and advanced models of new institutional economics.[67] However, despite important similarities between the economic behavior of the ruling communist elites over time, it seems risky to guess on the basis of the current Chinese example what, for instance, Soviet economists may have thought about ownership change in the 1930s if they had possessed the same knowledge of actual property relations. Moreover, it is also unlikely that economic attitudes of the *nomenklatura* were the same in the two countries and periods of time.

To be sure, an inquiry into the actual ownership relations would not have required, beyond political bravery, too much scholarly effort from the economic theorists. The Marxist roots of the national research communities—that is, the attraction of their members to notions such as property, power, class, interest, organization, and so on, as well as the wide-ranging experience they gathered in bargaining about economic reforms—made them predisposed to institutional research. Many of them were also knowledgeable enough in mathematics to be able to transit from old to new institutionalism, the latter applying techniques of neoclassical economics. The reasons why this turn took place only in the postcommunist period were discussed in a similar volume (Kovács and Zentai 2012) preceding our current research program. Here it suffices to refer to the unexploited opportunities themselves. The theory of property rights and transaction costs, principal-agent models, and concepts such as rent-seeking, incomplete contracts, asymmetric information, adverse selection, moral hazard, opportunism, collusion, and so on, could have helped the economists go beyond intuition and a *thin description* of the real world of ownership under communism.

Let me refer here to my own unsuccessful attempt to disentangle the actual ownership relations in a multilateral bargaining game around a large investment project in the Hungarian chemical industry during the late 1970s (Kovács [1980] 1983). At that time, I would have badly needed many of the analytical concepts above to understand the intricacies of how formal property rights and informal powers, as well as state and party hierarchies, and domestic and Soviet interests, crossed each other at various levels of decision-making. Being unfamiliar with new-institutionalist instruments, I had to reinvent some of them in a semi-anthropological project, in which rigorous logic and measurement were substituted by a qualitative case study based on interviews and documentary sources. By insisting on an exclusively verbal analysis of fuzzy property rights, I faced extreme difficulties in mapping a complex bargaining situation. I saw a company director who, due to his long communist past and strong contacts with the moderate wing of the party leadership, was more powerful than his superiors in the branch ministry who wanted to integrate his company in a large chemical trust. They used Galbraithian arguments to justify the reinforcement of state ownership over the enterprises, and referred to the need to enhance transnational cooperation with Soviet partners. According to them, one has to be large to be able to cooperate with the giant Soviet firms. The director struggled to retain limited freedom of disposal over the company's assets, which he enjoyed under the aegis of the New Economic Mechanism introduced in 1968 (*usus*). He took the risk of being excluded from a lucrative *central development program* launched by the government that promised vast resources (*usus fructus*) and he succeeded in preventing the company from being annexed by the planned trust (*abusus*). After all, who owns this company, I asked myself. What kind of costs and benefits appear in the owners' calculations, and how do they order their preferences?

At the time, the basic concepts of property rights economics were unknown to me. The final deal between the company and its ministry could have been captured by a couple of principal-agent or rent-seeking models with the help of factual information extracted from my case study. Without what was then cutting-edge knowledge, I barely scratched the surface of *nomenklatura* ownership. It was clear to me that this kind of property regime cannot be put simply in the pigeon holes of social or state ownership because the actual property rights

were shared within a large network of actors (ranging from middle-level ministerial executives, through party officials in the apparatus of the Central Committee, to military specialists and Comecon experts, many of whom were invisible or unapproachable), affecting key ownership decisions informally or even illegally.

***

The failure to conceptualize ownership under communism within the language of new institutionalism was a striking indication of a general incapacity of theorists to develop what I like to call *borderline-case* economics. This could have examined, by means of neoclassical and heterodox methods, the major types of social and mixed ownership under communism, some of which also appear in capitalist economies but on a much smaller scale, along the borderline between private and public property. This sub-discipline of comparative economics would have been able to study the massive ownership-related government and market failures of the communist economy (such as overregulation, persistent shortages, huge informal sectors, etc.) *in vivo*, which occur in capitalism mostly *in vitro*, thereby bringing the *Eastern* and the *Western* streams of economic sciences closer together.

EVOLUTION OF OWNERSHIP CONCEPTS: NATIONAL TYPES?

The main road of evolution presented in the previous sections seems a comfortable generalization. There were no national research communities that abandoned the primacy of social property, and hardly any which did not begin to diversify this type of ownership and complement it with personal/private property long before 1989. Another similarity was that the national byroads did not follow a linear model of conceptual evolution—either in terms of liberalization, radicalization, and pluralization or of scientific refinement. They differed, however, as far as the direction and length of digressions from the imaginary main road were concerned. If, contrary to the intentions of our research group, I injected a drop of methodological nationalism in this section with a view of identifying ideal types nation by nation, the following evolutionary features of ownership thought would transpire from the country chapters.

Bulgaria: unbroken dominance of the doctrines of state (and statist-style cooperative) ownership while cherishing pre-communist cooperative traditions, moderate managerial and Galbraithian reform projects, brief flirtations with the idea of workers' self-management, acceptance of small private ownership under the pretext of personal property.

China: cherishing the pre-communist tradition of village commune, coexistence of the concepts of state and communal ownership, with an upsurge of the latter during the Cultural Revolution that also curtailed personal property, projects of moderate managerial reforms turning into radical ones, acceptance of small private ownership under the pretext of personal property followed by the idea of large-scale privatization under the communist party-state, brief flirtations with the concept of workers' self-management, large degree of pluralization.

Czechoslovakia: dominance of the doctrines of state (and statist-style cooperative) ownership with first moderate, then radical ideas of managerial reform replaced, following the Prague Spring, by a resolute Galbraithian reform project, brief flirtations with the idea of workers' self-management, acceptance of small private ownership under the pretext of personal property.

GDR: unbroken dominance of the doctrines of state (and statist-style cooperative) ownership accompanied by moderate managerial and resolute Galbraithian reforms, limited acceptance of private ownership in partnership with the state, and under the pretext of personal property, brief flirtations with the idea of workers' self-management.

Hungary: dominance of the doctrine of state ownership and mixed (cooperative and personal) ownership, first moderate, then resolute managerial reforms, a weak Galbraithian reform project, periodic upsurge of the idea of workers' self-management, general acceptance of small private ownership under the pretext of personal property, large degree of pluralization.

Poland: cherishing the tradition of market socialism supported by a neoclassical model, dominance of the doctrine of state ownership with moderate managerial reforms replaced first by a resolute Galbraithian project, then by less moderate managerial reforms, constant interest in the idea of workers' self-management, general acceptance of small private ownership under the pretext of personal property, large degree of pluralization.

Romania: unbroken dominance of the doctrines of state (and statist-style cooperative) ownership with no managerial but resolute Galbraithian reform, no acceptance of workers' self-management and private ownership, limited acceptance of personal property.

Soviet Union: following a decade of intense pluralization of ownership relations during the NEP period, an unbroken dominance of the doctrines of state (and statist-style cooperative) ownership with moderate managerial and resolute Galbraithian reforms, brief flirtations with the idea of workers' self-management, limited acceptance of private ownership under the pretext of personal property.

Yugoslavia: cherishing the pre-communist tradition of cooperative ownership, a brief period of accepting the doctrines of state (and statist-style cooperative) ownership followed by a sustained dominance of the idea of workers' self-management accompanied by managerial and communal ownership, general acceptance of small private ownership under the pretext of personal property, large degree of pluralization, understanding self-management on the level of neoclassical economics.

Do these features add up to define new national ideal types of evolution? Is it possible to stylize the above-listed national real types into ideal types? I would not think so: they lack a sufficient extent of internal cohesion and clear evolutionary logic. Evidently, based on selected features and preoccupied by the *narcissism of small differences*, one can always construct dichotomies such as *pioneers* versus *latecomers*, *intransigents* versus *compromise-friendly*, and spell out interesting chronological asymmetries. One of the most spectacular among them was rapid nationalization in Yugoslavia during the 1940s versus its sluggish pace in China until the late 1950s when Yugoslav economists were already preparing for market socialist reforms. The Hungarian model of managerial ownership in 1968 was introduced exactly when similar attempts were blocked in Czechoslovakia, the GDR, Poland, and the Soviet Union. Or let me refer to the idea of communal ownership, which was revived in Yugoslavia during the first half of the 1970s, exactly when Chinese economists started criticizing the communes prevailing during the Cultural Revolution. The symmetries can be equally interesting: think about the fast diffusion of the concept of state ownership in the late 1940s or of self-management in the 1980s.

Should we therefore build broader types of evolution embracing several countries? For instance, it seems rather easy to arrange the national research communities into two big groups: for the lack of better designations, let me call them the *conformists* and the *explorers*. In the former group, including Bulgaria, Czechoslovakia, the GDR, Romania, and the Soviet Union, a great majority of economists did not indulge in intense experimentation in the field of ownership theory (or gave it up at a certain point for a longer period). In the latter, comprising China, Hungary, Poland, and Yugoslavia, theorists were in a constant, sometimes feverish search for new property arrangements with only short breaks between the experiments. Conformism prevailing in almost the entire communist period was characteristic of Bulgaria and Romania,[68] while reflection upon ownership relations froze for decades in Czechoslovakia following the occupation in 1968, in the GDR after the abolition of the New Economic System, and in the Soviet Union after the collapse of the NEP. Conformism pertained to conserving the predominance of state ownership by resisting a major extension of managerial property rights and establishing large state-run conglomerates (*kombinats*, trusts, directorates, etc.) as well as by keeping mixed and individual ownership at bay. At the same time, explorers' attitudes led to a substantial pluralization of ownership regimes by introducing other than directly statist forms of social property, including quasi-private managerial rights as well as individual ownership, both personal and private.

To avoid misunderstanding, the changes in ownership proposed by the explorers (such as the switch to workers' self-management in Yugoslavia or to people's communes in China) were not necessarily parts of market-prone reforms. Frequently, they aimed exactly at preventing such reforms. Conversely, market reformers did their best to camouflage modifications their reform programs might cause in property relations. Also, the explorer-dominated research communities were not monolithic. While, for example, by the 1980s most Polish and Hungarian economists committed themselves to increasingly liberal types of market socialism, some others still believed, like their colleagues in countries with conformist communities, in the viability of large conglomerates under state ownership.

Explorers brought many other differences in the evolution of ownership thought. The likelihood of making scientific discoveries, cooperating with other social sciences, importing ideas from the *West*, and influencing colleagues in the *East* was much higher in research communities devoted to experimentation. Evidently, this is near to tautology. Moreover, the development of all these features had an ultimate barrier in Eastern Europe, namely, the solid conviction that what later became known as the *Chinese solution*, that is, wide-ranging privatization in a communist dictatorship, was neither feasible nor desirable.[69] Both kinds of research communities shared this conviction, though for different reasons: simply put, the conformists rejected privatization whereas the explorers accepted its half-collectivist varieties but did not favor dictatorship. For notable exceptions, see a handful of Polish and Hungarian thinkers (e.g., Mirosław Dzielski and Elemér Hankiss) who played briefly with the idea of communist-led privatization in the form of *nomenklatura* buyout programs, as well as some members of the future Gaidar group in the Soviet Union reconciling themselves with the *Pinochet model* (i.e., a sort of *dictatorial liberalization*) at the end of the 1980s.

Apparently, the above reflections on the national roads of evolution do not add much to the ideal types of ownership formulated by experts of Comparative Economic Systems many decades ago. Should we then repeat what everyone could learn from them since the 1950s? I do not think the reader would want to hear from us again that, for instance, Soviet-style state ownership was different from Yugoslav self-management, or that Hungarian managers enjoyed stronger property rights than their East-German colleagues even if we precisely located these differences in time. He/she might regret, however, if we also ignored a number of property regimes that rise up from the history of economic ideas but seemed to the comparatists irrelevant from the point of view of really existing practices.

Communal ownership is one of the key examples: it was portrayed as a *quantité négligeable* in the Yugoslav system and a temporary institution of the Cultural Revolution in China. In both cases the communes were regarded

as disguised agents of centralized state ownership. Almost the same applied to cooperative property. As to state ownership, in its analysis comparative experts by and large were contented with a distinction between the *classical* Soviet and the Hungarian *managerial* regimes as well as a series of Czechoslovak, East German, Polish, and other national real types of *kombinat*-based ownership between the two. Normally, private ownership appeared in their works as a marginal feature characteristic of Polish and Yugoslav agriculture (or of the Soviet one prior to collectivization) as well as of small industry and trade in countries ranging from the GDR through Poland to China. With the exception of sporadic references to Hungarian cooperatives and the Chinese household responsibility system, personal ownership and its blends with various types of social property usually remained unnoticed. Evidently, the largest blank spot on the map of property relations was *nomenklatura* ownership.

Including the ideal types of all these property regimes (together with their historically nuanced national real types) in the habitual classification schemes, we could suggest a series of new pigeon holes for both the forms of ownership and the countries. This way, economic historians might be able to make distinctions, for example, between communal ownership in a Chinese village and a Bulgarian town, between property rights in a Soviet *kolkhoz* and a Hungarian industrial cooperative, between self-management in Poland and Yugoslavia, between personal ownership in Czechoslovakia and Romania, or between *nomenklatura* ownership in any selection of countries in our sample at various stages of communism. However, the task of intellectual historians ends here. What we can do is to point to trials and errors in the field of producing new ideas about ownership relations, situate them in time, and formulate a number of evolutionary patterns, both ideal and real. The question of whether these patterns can be linked to relevant national projects is to be answered by economic historians. Hopefully, they will follow up, although we can hardly promise them any spectacular new country types. Just the opposite is to be expected: country types that seemed well defined thus far may become tinged until they become unrecognizable. For example, the ideal type of workers' self-management would be certainly refined by taking into account the Hungarian, Polish, or Soviet real types but it is likely that its *Yugoslavness* would fade. Similarly, the emphasis laid on the social-private mix of ownership would make it difficult to regard the *Hungarian model* simply as a managerial type *par excellence*.

LOCKED IN THE TRAP OF COLLECTIVISM

Why was the road to change ownership concepts so bumpy even in the experiment-friendly research communities? Are we aware of the principal drivers of change? This volume is full of scattered hints on possible answers to these questions. Let me sum them up briefly, ignoring the miracle of human creativity that may explain individual scientific discoveries even under very unfavorable circumstances.

Beginning with the conformist research communities, their members were not born to be obedient but became so out of sincere conviction or under the influence of austere isolation, physical oppression, moral indoctrination, and censorship arising from economic and/or political crises like the ones leading to the eradication of the NEP in the late 1920s or the crushing of the Prague Spring in 1968. By isolation I mean both international segregation and the severing of ties with dissenters/dissidents (including émigrés) of liberal, conservative, or other persuasions. It also may be that the initial stage of blind faith in Marxism-Leninism was not disturbed by major crises for a long time (e.g., Bulgaria and Romania), that economists were unmoved by the first fiascoes of the planned economy in sufficiently large numbers, or that they did not attribute the failures primarily to the malfunctioning of social property. Or they did but their toolboxes were empty, or they could not find (or lost) their allies in the political leadership, and therefore opted for a conformist attitude to ownership change. The destiny of New Economic System (NÖS) in East Germany points to this explanation. Corruption, that is, enjoying a relatively easy time in the trap of collectivism also could be a reason to accept the status quo.

Obviously, in countries with an explorer-dominated research community experimentation could be explained by the lack or weakness of the previous reasons for obedience. For example, the ownership concept of a prominent theorist like Oskar Lange (a Marxist with a strong link to *bourgeois scholarship*) or a powerful piece of pre-communist tradition such as the idea of village commune or cooperative property could be revived with a view of overcoming grave crises. Thus, crises did not necessarily lead to apathy and conformism but could serve as a first push for experimentation in which intellectual legacies were mixed with emulation and invention. The switch to self-management in Yugoslavia after the split with the Soviet Union or the encouragement of a combination of personal and cooperative ownership in Hungarian agriculture after the 1956 Revolution are proper examples for this. As time passed, some of the experiments (self-management is perhaps the best case in point) turned into novel traditions. Explorers may have received support from a faction of the ruling elite sympathetic to the idea of property reform or from ownership theories developed by foreign economists or from domestic and foreign experts in other social sciences.

But why did all this take so much time? What explains the decades of experimentation and the frequent relapses on the way leading to the emancipation of large-scale private ownership even in the most inventive and liberal-minded research communities? After having enumerated so many external reasons ranging from institutional legacies and economic cycles to political alliances and status privileges, in closing let me say a few words about the *inherent* inertia of the emancipation process.

I have already referred to the *perhaps effect* several times to describe the recurring hope of economic theorists that, despite past errors, the next trial in reshaping ownership thought within the realm of social property would be successful. Except for the last few years of communism, they could not even dream of having the chance to reintroduce large-scale private ownership. Actually, as the country chapters revealed, most of them never wanted to give up social property. They believed that, if the party-state allowed them to reform (pluralize, tame, mix, etc.) it, and—simultaneously—strengthen its features grounded in horizontal collectivism, they would be able to demonstrate that the primacy of private ownership had a viable alternative within collectivist thought. Today, student economists ask me with some contempt in their voice: were the members of the *old guard* that narrow-minded or scared to think so?

I would not deny that a degree of myopia caused by ignorance, fear, and self-deception (cf. *sour grapes* syndrome) helped sustain the hope of an alternative, semi-collectivist paradigm of ownership—a hope that, with time, turned into an illusion. Nevertheless, at the end of this volume, let me express my compassion with some of my older colleagues: first of all, with Márton Tardos who shared with me his hopes (and doubts) about his own concepts of ownership rather frequently.[70] Now, after having learned a great deal from my distinguished colleagues about the sluggish and twisted evolution of ownership ideas in another eight countries, I would venture to draw the following conclusion: even well-educated, gifted, and brave scholars like Tardos who had lost their faith in communism long before and combined dissent with dissidence found *reasonable* arguments to justify experimentation and continue their search for the quasi-private settlers of no man's land until the very eve of the 1989 revolutions.

The experimentation never reached its end because the boundaries between success and failure were vague. The following reasons largely determined the structure of this *eternal* reform process in which advancement was often encountered by retreat:

- the property reforms started out from the very *bottom*, that is, from the extreme conditions of nearly full state ownership, and their authors made modest claims in the beginning, leaving much room for further trials and errors;
- these reforms were frequently truncated, interrupted, or even reversed by counter-reforms;

- the pros and cons of the reform initiatives were not quantified rigorously but rather compared intuitively;
- the interruptions of the reform process led to longer breaks in critical thought on ownership, and sometimes the same ideas had to be tried out again;
- the reforms often concerned both social and individual ownership, and the respective effects were not checked separately;
- there was a vast number of potential combinations between the various regimes of social ownership and, within these regimes, between the different property rights, and these combinations could also be associated with further blends of individual ownership;
- the property reforms were parts of larger reform packages, and both the virtues and vices of ownership change also could be attributed to other parts of the same package, or, in a larger context, to changes in the economy, economic policy, or politics.

The failure of a given project of property reform in one country did not prevent economists in other countries from introducing similar projects later; and conversely, its success did not necessarily result in a smooth takeover.[71] One could always find good reasons to keep on searching for a *miraculous mix* of social (or social and individual) property regimes instead of calling for radical approaches to privatization. In other words, due to the lack of testable/comparable experiments, and the great number of potential reform projects, it was almost impossible to determine the real merits of any of the expeditions leading to no man's land. If none of the projects initiated under the auspices of social ownership can be discredited with scientific rigor, then one can always trust in the success of a new expedition and postpone the Grand Decision between social and private property.

Moreover, until the second half of the 1970s, no strong intellectual stimulus justifying private ownership came from the West. Even thereafter the economists of closest reference group in the Soviet empire were not the standard neoclassical or heterodox theorists. The impact of the overlapping communities of comparative experts and Sovietologists in the West on how economists thought about property relations on the other side of the Iron Curtain was incomparably greater. Even in the 1980s, the policy amalgam of Keynesian state intervention, the welfare state, indicative planning, and the ideal of large state holdings gave the tenor to their message sent to the East. As regards ownership regimes, Alec Nove's utopia, *The Economics of Feasible Socialism* published in 1983, which celebrated pluralization instead of privatization, probably reflected the consensus between these communities and the radical market reformers of the time the most clearly. In the second half of the 1980s, the reasons for ongoing experimentation within the realm

of collectivist principles lost much of their strength, and at a certain point also citizens like those of the GDR, began to voice the slogan "*keine Experimente mehr!*" Nonetheless, one argument pertaining to the cultural prerequisites of private ownership remained effective and prevented economists from leaving the trap of collectivism rapidly. The opinions of Klaus and Balcerowicz cited on the first page of this conclusion reflect a kind of elitist suspicion that can be paraphrased as follows: we are already out of the trap but unfortunately our peoples are still therein. I would like to leave the task of deciding whether or not that suspicion was well-founded to the reader. And if it was, does this explain the current rise of collectivist ideas in the former communist world?

NOTES

1. The revised conference papers were published in Kovács and Tardos (1992).
2. See Table C.1.
3. As mentioned in the Introduction, the notion of collectivism is exposed to rival interpretations stressing its horizontal or vertical traits. The tension between the two within official communist ideology will be dealt in more detail below. For the grave difficulties economic theorists faced in defining the legal and economic features of social ownership, see the Soviet and the Yugoslav chapters.
4. In most countries the categorization of the property of churches, parties, trade unions, and other associations caused painful ideological choices. They were called *social organizations* but it was impossible to decide whether, for example, the property of the Catholic Church and of the communist trade union should be put in the same rubric, and whether that is to be called social or private ownership.
5. Here I cannot dwell upon the common conceptual roots of communal, cooperative, and self-managed property in collectivist thought and draw the fine dividing lines among them. In comparison with state ownership their main specific was that they—theoretically—included certain individual property rights of the associated members, and institutions of common deliberation in the spirit of horizontal collectivism.
6. What to most authors was simply a realistic description of etatization was filled by Anatoly Venediktov with pride. See the title of his magnum opus "State socialist ownership" (*Gosudarstvennaia sotsialisticheskaia sobstvennost'*).
7. China was a clear exception to the rule. In the *heroic* period of the communes during the 1960s, they devoured agricultural cooperatives and local industries. In addition, military organizations, schools and hospitals, and so on were attached to them, and—despite mobilization from above—many communes became uncontrollable by central authorities.
8. This is a pity because the ownership structure of residential housing was extremely complex in many countries, including, with the exception of large private apartment buildings, a great variety of communal, cooperative, company-owned, and private property, formal and informal apartment-sharing communities and sublets, and so on—all these with very diverse property rights for expropriation, alienation,

and inheritance. Pluralization in this field preceded the differentiation of property regimes in other sectors.

The ownership of human capital had an even more unfortunate destiny in economic research. It is not by chance that the authors of this volume wrote little about this subject. It was considered by most economists as an essentially labor market issue even if it was crystal clear that in communism people had little legal influence on the use and remuneration of their manpower, and sometimes they were absolutely (even violently) prevented from selling it. The same applied to intellectual property. For an interesting exception, see Aleksander Bajt's approach to property rights in the Yugoslav chapter.

9. For a critical review of this concept, see the East-German chapter. The question if Marx had assumed that pure socialization allows planning without establishing a central authority endowed with certain property rights (i.e., without some kind of nationalization) has troubled Marxist thinkers to the present day.

10. This ambiguity manifested itself perhaps the most clearly in the so-called CUP debate in Poland in 1948 (see the Polish chapter).

11. In fact, Lenin suggested multiple approaches almost simultaneously. He was one of the first among Bolshevik thinkers who made a distinction between socialization and nationalization (interpreted as confiscation). He believed in centralizing state ownership while, at the same time, called for the organization of the commune system (*soviets*). In his last works he appeared as a devotee of cooperatives. Nevertheless, he was unwilling to recognize the merits of private ownership even when he approved moderate denationalization for reasons of *Realpolitik* at the beginning of NEP.

12. A symbolic pinnacle of that stage was the establishment of joint companies with the Soviet Union (e.g., *SovRom*s in Romania and *SAG*s in the GDR) after 1945—a short-lived move that was considered even by many local Marxists a colonial gesture.

13. To be sure, Lenin failed to define the transition from social ownership to *no ownership*, thereby causing much headache for textbook political economists who, as usual, had to seek refuge in the utopian hypothesis of a world of general abundance where property will lose its meaning.

14. As a rule, it relied on state ownership of natural resources and all forms of capital (*means of production*), including infrastructure.

15. To avoid misunderstanding, Stalin did not specify what is to be meant by cooperative ownership in terms of property rights of the members. Were they entitled to appoint the managers, earn profit or opt out and sell their deposited assets freely? Was the cooperative allowed to decide on its production program, business partners, merger and acquisition strategy, and so on without any tutelage by the party-state?

16. Cf. Oskar Lange's term of "intermediate ownership" between social and private in the Polish chapter.

17. Interestingly enough, the *democratization* of social ownership remained a prime goal among Polish economists throughout the communist epoch, whereas their Hungarian colleagues rather focused on the pluralization of the property regime and abandoned the aim of challenging dictatorship basically until it started collapsing on its own. While both research communities feared to import Yugoslav-style self-management that might *degenerate* into *selfish* group ownership, to use the rhetoric of the time, the Polish experts were keen on creating, in the form of workers' councils or some other kind of co-determination, a counter-power to the growing authority of managers in a market socialist model. During his years of emigration, Włodzimierz Brus (1992), for example, became a supporter of polyarchy (in general sense as defined by Robert Dahl and Charles Lindblom) rather than multiparty democracy.

18. Cf. the notion of *Galbraithian socialism* below. Witnessing the practical difficulties in modeling a fully centralized economy, some of the optimal planners (like Leonid Kantorovich in the Soviet Union or András Bródy in Hungary) did not refrain from advancing decentralized models allowing certain market transactions.

19. This dialectic was invented by the sages of the Second International when promoting the concept of state capitalism prior to all-out nationalization by the Bolsheviks, a concept that reappeared in Eastern Europe during the 1980s and in China during the 1990s.

20. For the rational aspects of this *perhaps effect*, see the final section of this conclusion.

21. For the history of the concept, see Avramov (2007).

22. Initially, even the most liberal-minded Czech economists wanted the state-owned banks to hold the assets of state enterprises until the time was ripe for privatization. A similar precaution was suggested by János Kornai who called for hardening the budget constraints of large state-owned enterprises instead of suggesting their rapid privatization. Balcerowicz was similarly cautious. In his articles written during this period *socialist market economy* appeared as a viable option, and the transition to private ownership was not presented as a necessary choice. Cf. Balcerowicz (1987; 1995: 28–34), and Discussion (1989).

23. Even in China where, in comparison with other communist countries, the most extensive privatization drive has taken place under the leadership of the party-state since the 1990s, the Leninist *commanding heights* (*life lines* in Chinese official jargon), including all strategic industries and land, remained under direct state ownership or under strong government control that go far beyond the average scope of state intervention in capitalist states.

24. In parallel, the reform discourse incorporated elements of legal reasoning to complement the initial language based on the sociology of organization.

25. This is what Furubotn and Richter (1998, 414–15) called the attenuating of the state's ownership of the firm.

26. The popularity of this term in all countries of our sample is explained by both its Soviet origin and amorphous nature. In Romania, for instance, it covered the nonexistent self-government of enterprises (*autogestiune*), while in Hungary it was translated into "*independent* economic accounting" to refer to a basic element of market socialism. In the Soviet Union *khozraschet* was replaced under Gorbachev by the *3-S* program: self-management, self-financing, and self-repayment (*samoupravlenie, samofinansirovanie, samookupaemost'*).

27. The façade proved, however, rather weak when the resulting income differentials went beyond certain limits. In Hungary, for example, the introduction of the so-called *80-50-15 percent rule* in 1968, which stipulated profit sharing among the directors, the middle-level managers, and the workers according to these proportions

(percentages of their respective wages), provoked huge resistance from both communist hardliners and workers.

28. These regulations were eased in the case of joint ventures with Western companies in many countries (see, for example, the Romanian chapter), especially if they concerned business contacts with the diaspora (see the Polish chapter).

29. As mentioned earlier, Brus and Łaski insisted on this idea as late as 1989.

30. This land was not an *open-access property* (*res nullius*), from the use of which one could not exclude others. Following its occupation, however, it became a common-pool resource owned by the members/groups of the *nomenklatura*, which therefore was exposed to overexploitation threatening with a *tragedy of the commons*.

31. Cf. Fritz Behrens's view of *state-monopolistic socialism* and the *Russian-Asiatic traditions*, or Jadwiga Staniszkis's concept of the *ontology of socialism* that relies on a property rights approach but falls short of their economic analysis. Other researchers in Poland such as Maria Hirszowicz, Halina Najduchowska, Jacek Tarkowski, and Jacek Wasilewski also focused on the recruitment patterns and informal authority of the *nomenklatura* without regarding its members as some sort of owners. Like in Hungary, the emergence of a *sovereign bureaucracy* and its *coercive* behavior, to use Hirszowicz's phrases, seemed to be a more important field for most economic sociologists to study than the domination of the property regimes by the party-state. An interesting attempt was made by Leonid Vasilyev in the Soviet Union who coined the term "power-ownership" to describe, by means of the Marxian notion of the *Asian mode of production*, how the communist ruling elite exercises its property rights. As mentioned earlier, it was dissident Marxist philosophers (not economists) in Hungary who developed, with the help of the concept of *corporate property*, the most profound analysis of the economic aspects of exercising ownership by the party-state.

32. Testing the analogy of the legal instrument of trust was just one of the numerous unexploited opportunities of research. The ways in which the roles of other co-owners, that is, the employees/citizens and their organizations (trade unions, workers' councils, communes, etc.), were presented will be discussed below.

33. In an article written in 1989, the Polish economist Jan Winiecki (1990: 67) suggested the then pioneering idea that the *nomenklatura* had learned long before that "their wealth does not depend primarily upon the creation of wealth but upon interference in the wealth-creation process." For decades they kept the share of the private sector low because preying on the state was easier for them than extracting rent from private firms. However, they realized at the end of the 1980s that they probably would be able to profit from large-scale privatization to an even larger extent. Interestingly, his fellow countryman Leszek Balcerowicz did not borrow this approach when tackling ownership problems during the 1990s (cf. Balcerowicz 1995: 84–123) while it was taken over by Shleifer and Vishny (1994).

34. To my knowledge, there were no comparable real-time studies of the internal economic networks of party-states in economic sociology to what Mária Csanádi (1997) launched in Hungary before 1989, and has extended to Romania and China since then. A similar research program was implemented by Maciej Tymiński (2011) in Poland.

35. David Stark (1996) was the first among Western analysts who not only warned about these dangers but also offered the concept of *recombinant property* to reflect on them with empirical clarity.

36. True, in the Chinese case bureaucratic tutelage was for the managers like heaven as compared to the hell of popular control during the Cultural Revolution.

37. Despite the murky formulation, the notion represented a turn in Soviet legal thought because it weakened the doctrine of indivisibility of state ownership cemented in the 1936 Constitution. By recognizing the firms as juridical persons like in the 1920s again, it brought some fresh wind in civil law that had been purged and transformed into administrative law during the 1930s. Thus, Venediktov managed to retain some of the ideas of his predecessors (victims of the purge) Evgeny Pashukanis and Piotr Stuchka while avoiding to challenge the principle of erecting a wall between state and private ownership and crowding out the latter. That principle was introduced by the 1922 Civil Code but lost much of its rigor during the NEP, and the two leading legal theorists endorsed the cooperation between the various ownership regimes (see Reich 1972: 191–249, Ioffe 1988: 91–138).

38. In Hungary the firms had to pay a so-called asset lockup charge (*eszközlekötési járulék*), a kind of capital tax from 1964 onward.

39. See the Soviet chapter.

40. Primacy was meant in the official discourse both as ideological/moral superiority of social property and as the largest share it occupied within the ownership regime as a whole.

41. The symbolic switch was represented by replacing the term "self-management" with that of "capital management" or "co-management" in the official discourse.

42. In most countries land was nationalized and the private ownership of a large part of real estate (immovable property) lost its sense. Even state enterprises had nothing but use rights for those pieces of land on which their factory buildings stood. Poland in the 1980s was a clear exception because the Jaruzelski regime legalized the private property of land in order to appease farmers. Home ownership was controlled in complicated and obscure ways, with a large variation across countries. Normally, movable property was recognized as an object of individual (personal rather than private) ownership.

43. The menace of (re)nationalization of private capital was omnipresent during the entire communist epoch. The party-state might decide any time, like in the GDR in 1972 when the large joint state-and-private companies (*Kommanditgesellschaften*) were abolished, to renounce former concessions made to the private sector. Most of the constitutions contained a rather harsh taking clause, according to which private property could be expropriated, if it hurt whatever declared to be of public interest. Good examples are the Cultural Revolution in China, which abolished private home ownership and led to the confiscation of much of the personal property of *counter-revolutionaries*, and *systematization* (forced urbanization) in Romania from the mid-1970s, which erased even small freedoms that citizens enjoyed in disposing of land. In this country even joint ventures with Western firms were supposed to convert into fully state-owned companies in 10 to 15 years.

44. Among those publicly supporting the expansion of the private sector, Polish economists such as Jan Krzysztof Bielecki, Rafał Krawczyk, Waldemar Kuczyński, Stefan Kurowski, Janusz Lewandowski, Feliks Młynarski, Jan Mujżel, and Jan Szomburg as well as liberal journalists/activists like Mirosław Dzielski, Stefan Kisielewski, and Janusz Korwin-Mikke constituted the largest (and probably the boldest) group in communist Eastern Europe during the communist period.

45. Some of the leading economists in Yugoslavia interpreted small private property as a subtype of self-management (thus, of social ownership) if the employer worked together with the employees. In China a citation from Marx's *Capital*, which said that one cannot speak of a capitalist firm below seven employees, served as proof for recognizing small individual ownership during the early 1980s.

46. The idea of *big is beautiful* remained a basic ingredient of market socialism from Oskar Lange to Márton Tardos. See, for example, Lange (1936–37) and Tardos (1983).

47. In Romanian textbooks of political economy personal ownership was therefore subsumed under social ownership as a result of *socialist distribution.*

48. In the Soviet Civil Code of 1964 each citizen could hold in personal ownership his/her income and savings, house/apartment, objects of personal need and convenience, even instruments of household production activities (cf. Raff and Taitslin 2014). In general, these were the only freely transferable objects of property under communism.

49. The Romanian chapter includes a number of examples about recurring limitations and setbacks in the process of accepting personal ownership of homes, typewriters, or foreign currency—well-known phenomena in other countries at certain stages of communist history.

50. The township and village enterprises emerging from the Chinese communes since the 1980s have exhibited a similar diversity of property embracing local state firms, cooperatives, private companies, and a number of their combinations, mixing the so-called *Wenzhou* and *Sunan* models.

51. These ownership institutions were penetrating each other, resulting in new combinations. In this sense pluralization meant much more than what Lenin asserted when distinguishing between five *uklad*s of property that existed side by side, or what Mao meant by *ownership coexistence* in the 1940s and early 1950s. Also, in contrast to Lenin's view, in reformist discourse plurality of ownership was seen as an asset rather than a liability.

52. Capital transactions were not easy even within the fortress. For example, Stalin was furious when confronted with the suggestion of transferring the machine and tractor stations from the state sector to the cooperative one. In Yugoslavia, where after a while firms were entitled to sell parts of their assets, they had to compensate for the capital loss by buying new assets.

53. In China it took more than three decades for the rural responsibility system to include permanent rights to use land in the contracts.

54. The Yugoslav communist slogan "a farmer with a tractor makes a capitalist" could have been formulated in any of our countries.

55. The Pole Oskar Lange is probably the best example of a social democrat who, collaborating with (and surviving) the Stalinist regime, became an influential proponent of the idea of enterprise autonomy, self-management, and the cooperatives as well as of supporting small private ownership. Many from the younger generation of postwar social democracy (e.g., Rezső Nyers in Hungary) turned into top reformers later.

56. See Assen Christophoroff's scornful term "wartime capitalistic socialism" in the Bulgarian chapter.

57. For more on the intellectual sources of institutional design, see Kovács (1996; 2013).

58. A formidable case is the idea of workers' self-management that made a full circle in the Soviet Union, starting out from the program of Russian anarchists and the Workers' Opposition in the Bolshevik party, borrowing from the experience of many communist countries after 1945, and ending up in the world of *perestroika.*

59. This was probably the first powerful project challenging the doctrine of state ownership whose authors were proudly referring to the original source of the project's core in the West, Milton Friedman's voucher scheme.

It is doubtful whether one should count the turn to private ownership as an invention, even though some of its techniques were new. It did not add much to what economists knew of the virtues of private property anyway after Ludwig von Mises had formulated his thesis on the impossibility of rational calculation under collectivism in 1920, or, more exactly, what the consensus was in non-Marxist circles of Eastern Europe with regard to the coexistence of private and public ownership before 1945. For more on *reinventing the wheel*, see the Hungarian chapter.

60. See the Bulgarian chapter. Textbook political economy was full of such ritual disputes. Since they often had a rational core, and in certain periods exerted an enormous influence on the evolution of ownership doctrines, we could not disregard them. See, for example, the debate about the economic versus legal character of ownership in Czechoslovakia or the differences between the ownership concepts of the IE, MSU, and CEMI schools in the Soviet Union. The East-German and Romanian chapters also provide ample reference to official rhetoric.

61. On the "paleness" of ownership studies, see the Hungarian chapter. While the Czechoslovak, Hungarian, Polish, and Yugoslav chapters refer to academic communication between economists and sociologists, joint research by economists and legal scholars was a rare bird even in these countries. If economic theory had borrowed from social anthropology only part of the knowledge it accumulated about popular norms and habits of, and attitudes to private ownership, pertaining to entitlement, accountability, exclusivity, and responsibility, there would have been less surprise at widespread resistance to privatization after 1989 (see the Introduction).

62. See the country studies on the reception of new institutional economics in Eastern Europe in Kovács and Zentai (2012).

63. In the 1980s, János Kornai coined the term "Galbraithian socialism" to denote what he had already discovered in his book *Overcentralization* in the 1950s, namely, an instinctive urge felt by the planners to overcome economic difficulties through concentrating capital. This came in waves of trustification and establishing *kombinat*s

in many countries simultaneously (e.g., VVBs in the GDR, WOGs in Poland, *centrales* in Romania), or transforming the kolkhozy into sovkhozy in the Soviet Union and agro-industrial complexes (APK) in Bulgaria during the 1960s and 1970s, and severely curtailed the powers of managers in firms that fell victim to organizational change.

64. For the marginal position of Ordo-liberalism, see the Hungarian and Polish papers. See also Kovács (1993). With the exception of Poland and Yugoslavia, when Friedrich Hayek arrived in Eastern European economic thought, he brought change in rhetoric rather than substance. His ideas were embedded in strange hybrid doctrines like that of Liska, which Hayek would have surely regarded as a *constructivist* dream. It is also telling that the first serious review by Kornai on Hayek's concept of private ownership was written after 1989 (1992).

65. Did they know it but hide their results in their desk drawers? Unfortunately, these were almost empty, and after 1989, privatization stole the show from revisiting the previous regimes of ownership. Even scholars like János Kornai who did not want to look into the future without comprehending the past proved unable to offer a deeper analysis of property relations under communism in his magnum opus *The Socialist System* published in 1992.

66. In the 1970s, the Institute of Economics of the Hungarian Academy of Sciences issued an internal instruction, according to which the ordinary members of the Institute like me were not permitted to do field research on the higher echelons of the party-state. It was only the director, István Friss, member of the Central Committee of the communist party, who was entitled to conduct interviews there. I would not have been allowed to join him even if I had been a party member, although I belonged to his research group for years.

67. See, for example, Blanchard and Shleifer (2001), Che and Qian (1998), Csanádi (1997), Dickson (2003), Granick (1990), Landry (2008), Nee and Opper (2007; 2012), Qian et al. (1999), Wedeman (2003), Weitzman and Xu (1994), Xu (1995; 2011; 2015).

68. It is symptomatic that in our volume the authors of the Bulgarian and Romanian chapters use the gloomiest metaphors ("dead languages and extinct species" and "silence of the herd," respectively) regarding the demerits of local ownership concepts.

69. If the reform economists had known more about the intimate relationship between *nomenklatura* ownership and private property rights, this solution would have seemed perhaps more viable in their eyes. Similarly, had it seemed more viable, they might have continued to look for compromises with the party-state. These are, of course, ahistorical conclusions but they reveal the ironic advantages of ignorance.

70. Cf. Tardos (1983; 1999) and Bródy (1994). See also Brus's autobiographical sketch from 1992.

71. For example, the respective study trips by Bulgarian and Hungarian scholars and politicians in Yugoslavia during the 1960s resulted in diametrically opposing conclusions: the Bulgarian experts returned home with the intention (which did not materialize) to copy-paste the system of self-management, whereas the Hungarians left Yugoslavia with the strong conviction of not including workers' participation in the model of the New Economic Mechanism.

BIBLIOGRAPHY

Avramov, Roumen. 2007. *Komunalniat kapitalizam: Iz balgarskoto stopansko minalo* [Communal capitalism: Reflections on the Bulgarian economic past]. Volumes I–III. Sofia: Fondatzia balgarska nauka i kultura, Centre for Liberal Strategies.

Balcerowicz, Leszek. 1987. "Remarks on the Concept of Ownership." *Oeconomica Polona* 14 no. 1: 75–95.

Balcerowicz, Leszek, Aleksander Bajt, Włodzimierz Brus, Karel Dyba, András Hegedüs, Branko Horvat, Gennadii Lisichkin, László Szamuely, and Márton Tardos. 1989. "Discussion on Socialist Market Economy." *Acta Oeconomica* 40: 207–412.

———. 1995. *Socialism, Capitalism, Transformation.* Budapest: CEU Press.

Bardhan, Pranab, and John Roemer. 1992. "Market Socialism: A Case for Rejuvenation." *Journal of Economic Perspectives*, 6 no. 3: 101–16.

Bentham, Jeremy. 1843. "Principles of the Civil Code." In *Works of Jeremy Bentham*, edited by John Bowring, Part II. Edinburgh: William Tait, 308.

Blanchard, Olivier, and Andrei Shleifer. 2001. "Federalism with and without Political Centralization: China versus Russia." *IMF Staff Papers* 48: 171–79.

Bródy, András. 1994. Beszélgetés Kovács János Mátyással [Conversation with János Mátyás Kovács]. In *Miért hagytuk hogy így legyen?* [Why did we let it be so?], edited by Aladár Madarász and Judit Szabó, 271–348. Budapest: Közgazdasági és Jogi Könyvkiadó.

Brus, Włodzimierz. 1992. "From Revisionism to Pragmatism: Sketches to a Self-Portrait of a 'Reform Economist'." In *Reform and Transformation: Eastern European Economics on the Threshold of Change*, edited by János Mátyás Kovács and Márton Tardos, 136–42. London: Routledge.

Che, Jiahua, and Yingyi Qian. 1998. "Insecure Property Rights and Government Ownership of Firms." *Quarterly Journal of Economics* 113 no. 2: 467–96.

Csanádi, Mária. 1997. *Party-States and Their Legacies in Post-Communist Transformation.* Cheltenham, UK: Edward Elgar.

Dickson, Bruce J. 2003. *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change.* Cambridge—New York: Cambridge University Press.

Duff Milenkovitch, Deborah. 1992. "An Organizational Theory of the Socialist Economy." In *Reform and Transformation: Eastern European Economics on the Threshold of Change*, edited by János Mátyás Kovács and Márton Tardos, 40–61. London: Routledge.

Franičević, Vojmir. 2012. "Soft Institutionalism: The Reception of New Institutional Economics in Croatia." In *Capitalism from Outside? Economic Cultures in Eastern Europe after 1989*, edited by János Mátyás Kovács and Violetta Zentai, 241–62. Budapest: CEU Press.

Furubotn, Eirik, and Rudolf Richter, eds. 1998. *Institutions and Economic Theory. The Contribution of the New Institutional Economics.* Ann Arbor: The University of Michigan Press.

Granick, David. 1988. "Property Rights vs. Transaction Costs in Comparative Systems Analysis." *Journal of Institutional and Theoretical Analysis* 144 no. 5: 871–78.

———. 1990. *Chinese State Enterprises: A Regional Property Rights Analysis*. Chicago—London: University of Chicago Press.

Ioffe, Olimpiad. 1988. *Soviet Civil Law*. Dordrecht: Martinus Nijhoff Publishers.

Klaus, Václav, and Tomáš Ježek. 1991. "Social Criticism, False Liberalism and Recent Changes in Czechoslovakia." *East European Politics and Societies* 5 no. 1: 26–40.

Kornai, János. 1992. "The Principles of Privatization in Eastern Europe." *De Economist* 140 no. 2: 153–76.

Kovács, János Mátyás. 1983 [1980]. "Bargaining, Assimilation, Bargaining" [Alku, asszimiláció, alku]. In *Eastern European Economics* 21 no. 3–4: 38–77 [*Vállalati magatartás, vállalati környezet*], edited by Márton Tardos, 393–490. Budapest: Közgazdasági és Jogi Könyvkiadó.

———. 1993. "Which Institutionalism? Searching for Paradigms of Transformation in Eastern European Economic Thought." In *The Political Economy of Transformation*, edited by Hans-Jürgen Wagener, 85–96. Heidelberg: Physica-Verlag.

———. 1996. "Örökség, utánzás, felfedezés. Közgazdasági gondolkodás Magyarországon 1989 után." [Legacy, imitation, invention. Economic thought in Hungary after 1989]. *Közgazdasági Szemle* 43 no. 4: 321–26.

———. 2013. "Tradition, Nachamung, Erfindung. Neue Kapitalismen in Osteuropa." *Transit* 43: 32–52.

Kovács, János Mátyás, and Márton Tardos, eds. 1992. *Reform and Transformation. Eastern European Economics on the Threshold of Change*. London: Routledge.

Kovács, János Mátyás, and Violetta Zentai, eds. 2012. *Capitalism from Outside? Economic Cultures in Eastern Europe after 1989*. Budapest: CEU Press.

Kristof, Nicholas. 1989. "Li Yining. Selling China on a 'Public' Privatization." *The New York Times*, January 8.

Landry, Pierre. 2008. *Decentralized Authoritarianism in China: The Communist Party's Control of Local Elites in the Post-Mao Era*. Cambridge—New York: Cambridge University Press.

Lange, Oskar. 1936–37. "On the Economic Theory of Socialism." *Review of Economic Studies* 4 no. 1: 53–71; no. 2: 123–42.

Lenin, V.I. 1952 [1920]. *Left-Wing Communism, an Infantile Disorder*. In: *V. I. Lenin, Selected Works*, Vol. II, Part 2. Moscow: Foreign Languages Publishing House.

Nee, Victor, and Sonja Opper. 2007. "On Politicized Capitalism." In *On Capitalism*, edited by Victor Nee and Richard Swedberg, 93–127. Stanford: Stanford University Press.

———. 2012. *Capitalism from Below: Markets and Institutional Change in China*. Cambridge, MA: Harvard University Press.

Nove, Alec. 1983. *The Economics of Feasible Socialism*. London: George Allen and Unwin.

Qian, Yingyi, Gérard Roland, and Chenggang Xu. 1999. "Why is China Different from Eastern Europe? Perspectives from Organization Theory." *European Economic Review* 43 no. 4–6, April: 1085–94.

Raff, Murray, and Anna Taitslin. 2014. "Property Rights under Socialist Civil Law." In *East European Faces of Law and Society*, edited by William Simons, 251–306. Leiden: Brill Nijhoff.

Reich, Norbert. 1972. *Sozialismus und Zivilrecht*. Frankfurt/M: Athenäum Verlag.

Shleifer, Andrei, and Robert Vishny. 1994. "The Politics of Market Socialism." *Journal of Economic Perspectives* Spring, 8 no. 2: 165–76.

Stalin, Joseph. 1951. *Economic Problems of Socialism in the USSR*. Available online, accessed April 24, 2017: https://www.marxists.org/reference/archive/stalin/works/1951/economic-problems/index.htm.

Stark, David. 1996. "Recombinant Property in East-European Capitalism." *American Journal of Sociology* 101 no. 4: 993–1027.

Tardos, Márton. 1983. "Reform itt és most? Beszélgetés Kovács János Mátyással" [Reform—here and now? Conversation with János Mátyás Kovács]. *Mozgó Világ* 9 no. 2: 8–22.

———. 1999. "Ma jobban tudom, hogy senki sem tudja: Beszélgetés Kovács János Mátyással" [Today, I know it better that no one knows that: Conversation with János Mátyás Kovács]. *2000* 11 no. 3: 3–11.

Tymiński, Maciej. 2011. *Partyjni agenci: Analiza instytucjonalna działalności lokalnych instancji PZPR w przemyśle (1949–1955)* [Party agents: An analysis of institutional activities of PZPR local organizations in industry]. Warszawa: WUW.

Verdery, Katherine. 2003. *The Vanishing Hectare: Property and Value in Postsocialist Transylvania*. Ithaca: Cornell University Press.

Wedeman, Andrew H. 2003. *From Mao to Market: Rent Seeking, Local Protectionism, and Marketization in China*. Cambridge: Cambridge University Press.

Weitzman, Martin, and Chenggang Xu. 1994. "Chinese Township Village Enterprises as Vaguely Defined Cooperatives." *Journal of Comparative Economics* 18 no. 2: 121–45.

Winiecki, Jan. 1990. "Obstacles to Economic Reform of Socialism: A Property-Rights Approach." *Annals of the American Academy of Political and Social Science* 507 January: 65–71.

Xu, Chenggang. 1995. *A Different Transition Path: Ownership, Performance, and Influence of Chinese Rural Industrial Enterprises*. New York—London: Garland Publishing.

———. 2011. "The Fundamental Institutions of China's Reforms and Development." *The Journal of Economic Literature* 49 no. 4: 1076–1151.

———. 2015. "Political and Economic Institutions of China and Their Influences." *Cato Journal*, Fall 35 no. 3: 525–48.

Zbierski-Salameh, Suava. 2013. *Bitter Harvest: Antecedents and Consequences of Property Reform in Post-Socialist Poland*. Lanham: Lexington Books.