

Second Thoughts? Economics and Economists under Socialism

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Science sans conscience n'est que ruine de l'âme

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I. THE PROJECT

This is a sad story, a story telling perhaps more about people living and working in a totalitarian environment than about the science of economics under such a regime. A seven years' period of mourning after the collapse of the Soviet socialism has passed. It now may become time to assess this closed episode of history or the 40-odd years of socialist experience in Central and Eastern Europe after the Second World War. State socialism in its Soviet variant is based on an economic doctrine deriving from Marx and Engels and canonized by Lenin and Stalin. As 'scientific communism' not only the doctrine, but also the practice was supposed to be rationally founded. So, it seems rather logic to have a closer look at the guiding science of economics – indeed, economics and not political economy. For what Marx and his predecessors had called political economy should become redundant under communism and be substituted by what Marshall had called economics (even if the communists did not understand and, hence, did not like the neo-classical approach).

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'In a socialist society political economy will lose its right of existence' (Bukharin 1926, p. 53).

In this sense Bukharin (1920) had written his *Economics of the Transition Period* and not a *Political Economy of the Transition Period*. If socialism were to live up to its claim to be a progressive economic order, the science of economics must by necessity be progressive under its rule.

There can be little doubt that this has not been the case, even taking ideological prejudice and benign neglect by 'imperialistic' mainstream schools into account. In *Who-is-Whos* and biographical dictionaries of major economists (cf., e.g., Blaug 1985, Blaug and Sturges 1986, Beaud and Dostaler 1995) the group of East European economists who were working under socialism (i.e., leaving aside such eminent émigrés as Balassa, Domar, Fellner, Georgescu-Roegen, Kaldor, Kuznets, Leontief, Marschak, Scitovsky, Vanek and others) is a tiny minority. The same is true, it could be added, for non-British West European economists, again leaving aside the eminent émigrés. But that is a different story. Even in the field of Marxist economics which enjoyed in the West a remarkable comeback during the 1960s and 1970s contributions by really existing socialists are the exception rather than the rule (cf. Roemer 1994: The name index of these two volumes contains exactly three East European economists of the post-war period, Kalecki, Lange and Kornai). The select group of eminent East European economists which, following Beaud and Dostaler (1995), can be composed of the names of Bròdy, Kalecki, Kantorovich, Kornai, Lange, Nemchinov and Novozhilov is less known for their contributions to Marxist doctrine, perhaps with the exception of Bròdy and Lange, but for their mathematical approaches in the mainstream or for their heterodoxies. And again Oskar Lange was the only East European economist who took part (for the greater part during his American period) in the famous 'socialist debate' that for almost the whole 20th century stimulated economic theorizing.

Such is the view from the outside. The picture may be different from the inside. Two questions are particularly of interest: What did East European economists do, what was their function under scientific communism? How did they perceive their professional life and work? There are different ways how to assess the development of a science, the methodological, the historical, the sociological. The FIT project on *Economics and System Change* has basically chosen two approaches, the historical and the biographical. The first is implemented in a set of comparative country studies on the development of economic theory and its impact on system reform and system change¹. Some results of the latter are presented in this paper. By biographical we mean that

1. A volume with the country studies (Wagener 1998) will be published in due course.

the experience and the views of economists who have taught and done research under the socialist regime should be used as empirical base material. It was collected by way of written interviews. Some oral interviews were also conducted, mainly with the intention to test the written questionnaire and to collect the views of (elder) colleagues who wanted to cooperate, but found filling in questionnaires too troublesome.

The questionnaires (in English, German, and Russian) were distributed in five countries, the former GDR, the Czech Republic, Hungary, Poland, and Russia. As it happens with rather lengthy questionnaires, the return was all but optimal. As a matter of fact, despite two attempts within a period of one year we did not receive sufficient filled-in questionnaires from Poland in order to include the country into the study². The basis of this report are 22 answers from the Czech Republic, 21 from the former GDR, 11 from Russia, and 8 from Hungary. That is to say, the picture presented here is not representative by any statistical standard, nor can the differences that will be shown be considered significant by any such criteria. However, the overall picture and the differences are in line with personal experience of Western observers and with the results of the mentioned country studies. We therefore consider the biographical approach a valuable addition to our knowledge.

Some of the addressees of the questionnaire explicitly refused to answer arguing, among others, that despite of detailed questions any attempt to generalize must fall short of real scientific practice in Central and Eastern Europe during the post-war period. There is no such thing as *the* economic science, there is no such thing as *the* state socialism, there were different periods and different country experiences, the interrelation of theory and politics took many different forms. Well, to find out and document such differences is exactly the intention of the project. It would be foolish, however, to deny that the East European countries started with a common model of state socialism which then, in the course of time, was differentiated from country to country. The systemic reforms that finally resulted in the overall demise of *the* state socialist order paradigm throughout the region may have been inspired by the profession. Hence the *problématique* of *Economics and System Change*. The biographical approach of backward-looking self-assessment by insiders, it was further argued, implies the danger of defensive justification, of denunciation, and of legend-forming strictures. And indeed, such biases can be discerned in the

2. We were informed that Poles are very suspicious of questionnaires now and that they have learnt the rule of the market rather quickly: valuable information has a price for which cost our project was not endowed.

answers that in several cases were very extensive. Yet we are convinced that the inside view is a necessary element in writing history and only now we are able to get open answers to many questions that should be asked. For who among the GDR-economists, for instance, would have dared ten years ago to say a critical word with the *Stasi* (state security) always potentially listening.

'Whoever killed socialism, economists have been accused of having everything and nothing to do with it' (Maloney 1996).

The same could be said of those whoever gave life to socialism and nourished it. 'Scientific communism' has made of economics a master science. Hence the first conjecture: economics matters. Those in power under communism, in short the Party elite, were neither economists (the claims of Lenin, Stalin, Brezhnev and their satellites notwithstanding) nor did they intend to follow the recommendations of the profession or more concretely their economic advisors (who, under the doctrine of the primacy of politics, i.e., the Party elite, could never acquire the reputation of a *Council of Economic Advisers* or a *Sachverständigenrat*: the politicians were ideologically bound to know better). Hence the second conjecture: economics did not matter. The FIT project on *Economics and System Change* tries to shed some light upon the role of economics in the system of state socialism and the possibilities of economists to propell theory and to do research under communist rule.

II. THE PARADIGM

When inquiring into the guiding paradigm of the profession two things should be obvious. First, the official creed throughout the socialist period was Marxism-Leninism. What it really meant, is less clear than seems on first sight. It took almost 20 years to compose the textbook *Politicheskaya ekonomiya* (*Political economy*) (1954) which had been ordered by Stalin in 1936. It defined the ruling doctrine basically with respect to capitalism, but it failed to provide a theoretical foundation of the economics of socialism.

'Marxist labour theory of value had little to say about socialism'

as a Hungarian respondent remarked. The companion volume on the political economy of socialism, despite several attempts and such eminent precursors as Bukharin and Preobrazhensky in the 1920s, remained a *desideratum*. A last East German endeavor, a textbook for the university level on the political economy of socialism complementing the volume on capitalism of 1980, was withdrawn

from the press shortly before the turnaround of 1989³. The very substantial contribution of the Soviet school of optimal planning (see Sutela 1984) is a quasi-mainstream counterpart to the Arrow-Debreu model of the market, but has very little socialist about it since it is likewise reticent on institutions.

And second, what people considered their theoretical guideposts depended very much on the period about which we are speaking. Turning points in the political and intellectual history of Eastern Europe were the following:

- 1953 the death of Stalin and the East German uprising;
- 1956 the 20th party congress of the CPSU with Khrushchev's revelations about Stalin and Stalinism; the Polish events and the Hungarian uprising;
- 1962–64 recognition that the growth record is falling back compared to the West; the ousting of Khrushchev;
- 1968 the Prague spring and its end; new Polish events;
- 1980–81 the arrival and suppression of Solidarnosc in Poland;
- 1985 Gorbachev and his *perestroika*;
- 1989 the fall of the Berlin wall.

Around the turning points specific national periods can be grouped that show a fairly parallel development. Up to 1956 Stalinism was prevalent in all countries. From 1956 to 1968–70 there is the period of thaw and competition of the systems. During that interval we have between 1962 and 1970 the reformist period ending in some countries (SU, GDR, CSSR) earlier than in others. Then followed what at the time has been called in Czechoslovakia the 'period of normalization' and in Russia *post festum* got known as 'period of stagnation'. It lasted in the SU from 1968 till 1985 – a period which could also be called the long 1970s of the Soviet Union. In the GDR and CSSR (in the latter with a slight liberalization in the early 1980s) it continued practically till the end. Only Hungary and Poland experienced a more autonomous development during that decennium. Therefore, in these two countries the age of transformation beginning in general with the year 1989 may have started a year or two earlier.

The generally perceived mainstream paradigm during the period of Stalinism and the long 1970s was obviously Marxism-Leninism. As far as the SU, the CSSR, and the GDR are concerned, this is true of the whole period from 1948 to 1989 with the brief 1964–68 interlude of Czech ideas about a socialist market

3. A volume under the name *Politische Ökonomie des Sozialismus und ihre Anwendung in der DDR* had appeared in 1968. It cannot be considered, however, a theoretical foundation of economics under socialism. Rather it was meant as an explanation of the policy under the NÖS (*Neues ökonomisches System*).

economy based on reform Marxism. Only in the second half of the 1980s the neo-classical paradigm with a strong Hayekian-Austrian flavour got wider knowledge in the CSSR. Perhaps several publications of V. Klaus between 1983 and 1985 on methodological issues of future social science research can be spotted as a starting point (e.g., Klaus 1983). In East Germany the question about mainstream paradigms meets rather with incomprehension: was there anything else? Ruling Marxism-Leninism had been completely internalized, probably because East German economists considered themselves as true and legitimate heirs of Marx and Engels. Some of them regret *post festum* the barren negligence with which they have treated their legacy – rightly, as we have seen already. No such ideas are aired by any other East European economist. It is in Hungary only (and the reader should remember that Poland has been left out of the study because of the indicated reason) that, next to Marxism-Leninism, other paradigms seem to have acquired mainstream status. Mentioned are Keynesianism, neo-institutionalism, and, for the 1980s, ‘Kornai-ism’.

When asked about significant contributions of economics under socialism to the development of economic thought in general, the views vary widely. A sizeable group of respondents in Hungary and Russia and the vast majority in the Czech Republic emphasize the ‘negative’ contribution to institutional economics, namely the practical proof that certain alternatives to the market do not work, that property rights matter in a different way than Marxists thought, that individual behaviour of agents is important also under central planning, that there are limits to the state, in short the empirical fact of failure of collectivist planning is considered the basic gain for economics from state socialism and its theory. Such voices are seldom heard from GDR economists. They give pride of place to the critical analysis of capitalism, followed by the theory of reproduction (i.e., growth theory) and the theory of optimal planning. About the value of the latter there is little disagreement in the region.

The picture is confirmed by the answers to the question who are the eminent economists working or having worked in the region. On the whole, there is a large correspondence with the above mentioned outside view. In Hungary the spread is great: 52 votes are given for 32 names, in Russia we have only 34 votes for 15 names, in the Czech Republic 141 votes for 37 names, and in the former GDR 111 votes for 36 names. The following is the ranking of names with a certain concentration of votes (in brackets):

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Table 1

Ranking of Eminent Economists in Central and Eastern Europe

Rank	Hungary	Russia	Czech Republic	GDR
1	Kornai (6)	Kornai (7)	Kornai (16)	Lange (12)
2	Lange (4)	Kantorovich (7)	Lange (14)	Behrens (11)
3	Brus (4)	Novozhilov (4)	Brus (12)	Nemchinov (10)
4	Kantorovich (3)	Šik (2)	Kalecki (10)	Kuczynski (10)
5	Kalecki (3)	Nemchinov (2)	Šik (10)	Kantorovich (8)
6	Šik (3)		Kantorovich (9)	Varga (7)
7	Bròdy (3)		Laski (9)	Kohlmey (6)
8	Bauer (3)		Klaus (6)	Brus (4)
9			Goldmann (6)	Šik (4)
10			Kouba (6)	

Several features are remarkable in this table. The up-to-now only East European Nobel-prize winner Kantorovich figures in all four columns, but prominently only in Russia. The East Germans hold even Nemchinov in higher esteem. While Kornai seems to be accepted as leading theorist throughout the region, he does not even enter the first 9 ranks among East German economists. Kalecki and Brus did not get known in Russia, as we will see in a moment. In the GDR they were little appreciated. While in the first three countries there is a fair consensus about the leading group of eminent economists in Eastern Europe, namely Kornai, Kantorovich and the three Polish scholars Lange, Kalecki, Brus with the national champions following, the evaluation follows a different pattern in the GDR. In general, it was said that up to the 1960s the highest theoretical standard was reached in Poland:

'we were all the Poles' pupils'.

while later there were no major theoretical achievements in Poland and Hungary took the lead.

The East German profession went its own way. Oskar Lange, as already said, was a sincere Marxist during his Polish period. His *Ekonomia Polityczna* (Lange 1959) testifies to an undogmatic approach something East German economists would have liked to develop themselves. When it was translated about 10 years later into German (Lange 1968), the Politbureau at Berlin nevertheless criticized the edition as revisionist. Sincere Marxists were, or are, also Behrens, Kuczyn-

ski, Varga (a Soviet economist of Hungarian origin belonging actually to a different generation than the others) and Kohlmeier. Economic theory in East Germany meant Marxism and nothing else. Kalecki, for instance, is known to have detested capitalism, but his theoretical background was wider than purely Marxist. Behrens, Kuczynski, and Kohlmeier were the professional peers – at times under heavy attack by party officials. It earned them reputation among their colleagues. Nobody outside the GDR mentioned these names. The GDR profession was idiosyncratic, outside views and international recognition did not matter at all. The political economy never got rid of Marxist dogmatism. In Czechoslovakia, in contrast, Marx was used between 1964 and 1968 to oppose Soviet political economy, while later in the 1980s the opposition proceeded without him.

III. ALTERNATIVE VIEWS

Going to church and hearing the gospel is *one thing*. What people believe is another. When asked to which school of thought the respondent owed his or her decisive *insights and inspirations*, the picture becomes more colourful. In Hungary the highest score is attained by Keynesianism, followed *ex aequo* by institutionalism, the neo-classical school, the monetarist school, Marxism and Kornai. The Austrians are mentioned once. A similar result can be seen in the Czech Republic. Here, the concentration of votes for Keynes and the neo-classicists is even higher, followed by institutionalism and monetarism. Quite interestingly, it is only in the Czech Republic that the West German school of ordo-liberalism has been mentioned. Marx and the Austrians get one vote each. In Russia respondents regret that they were not acquainted with other schools of thought:

'only when Kornai and Galbraith became known, we started to rethink Marxism'⁴.

So, the question is answered with reference to Soviet schools like the Leningrad school, the *tovarniki* (marketeers, who were socialist, not free marketeers), the mathematical school. Monetarism, Keynesianism, and neo-classical school are mentioned once. The GDR-profession was self-referential by conviction, not

4. It is well known that an early edition of Samuelson's *Economics* as well as Keynes' *General Theory* had been translated into Russian together with some works of the mathematical school. Their impact upon Soviet economic thought has been marginal, to say the most. Insofar the above quoted answer renders correctly the situation.

by ignorance: almost without exception (one vote for Keynes and one for Schumpeter) GDR-economists were inspired by Marxism, by Soviet science, and, above all, by themselves, i.e., GDR Marxist economists.

Of course, appreciation of different schools of thought depends to a great extent upon exposure to them. We tried to capture this point by two questions. First, did the respondent stay abroad for a longer period of time, and secondly, which journals did he or she read regularly. Here, the subversive influence of Western 'imperialism' becomes plainly visible which, by means of invitations of the Rockefeller and Ford Foundations for instance, was deliberately exercised. Beginning in the 'thaw period' under Khrushchev, mainly Hungarians, Czechoslovaks, and, as is well known, also Polish scholars benefitted from the opportunity to spend a term or two at a Western university. For the Czechs this possibility ended by 1968–69. For Soviet and East German scholars it hardly ever existed. East Germans, however, did go abroad – to the Soviet Union where, as is generally acknowledged, the intellectual climate was more open than at home:

'a study abroad always produces a more differentiated world view, something the GDR leadership did not have in mind at all'.

Being able to study abroad is a privilege, accorded both from the side of the own state and from the side of the Western host. Being able to read Western professional journals depends partly, too, on privileged access, more so on availability, and definitely on own efforts. There seem to have been major differences. Soviet scholars had little to no opportunity to read Western journals. Of the 43 quoted journals 41 were of Soviet origin, of foreign origin only the *Economist* and *Wirtschaftswissenschaft* were named once. Czech scholars also complained that

'due to restricted circulation very few Western journals were available, mainly Czech, Polish, and Soviet ones'.

Nevertheless, among the 33 quoted foreign journals there were 27 English language, 3 German and 2 French journals. 40 per cent of all quotations were collected by English language journals, only slightly surpassed by Czech journals. The *Economist*, *Econometrica*, and *American Economic Review* have the lead. In Hungary 69% of all journals named are of Anglo-American origin with *American Economic Review*, *Journal of Economic Literature*, *Economic Journal*, and *Quarterly Journal of Economics* leading. When a GDR respondent remarks

'there was only one economic journal in the GDR which could be read regularly, the *Wirtschaftswissenschaft*'

one has to inquire whether this was by default or due to social control. According to our investigations foreign journals were available at least in Berlin and the majority of our respondents worked at Berlin based schools and institutes. Indeed, the concentration of scholarly attention upon *Wirtschaftswissenschaft* with 22% of all quotations is remarkable, *Voprosy ekonomiki* taking the second place with 8.5%. Of course, in the GDR more West German journals (printed in German) were read than English language ones. These results corroborate the mentioned self-referentiality of the East German profession.

When the ruling doctrine is supported by the state and the ideological party apparatus while alternative views are spreading, it may be asked whether such thing as a clandestine or shadow science developed. Those who answered 'no' were mainly the Hungarians and the East Germans, obviously for different reasons. In Hungary clandestine circles disappeared in the 1960s. Alternative views could be discussed fairly openly, although they could not be published. Tibor Liska with his ideas about entrepreneurial socialism, for instance, suffered for some time from a publication ban. As to the GDR, it was remarked that the 'revisionism debate' of the 1950s (cf. Krause 1996) had disciplined the profession.

'Since that time the smooth surface of economic science never was ruffled again'

(Evstigneeva and Evstigneev 1996, p. 22). Any differences between the office and the person had to be decided in favour of the office (or, as one respondent called it, 'according to the Prussian (and untranslatable) tradition: *'Dienst ist Dienst und Schnaps ist Schnaps'*'). Any shadow activities would have been extremely dangerous under the eyes of Big Brother *Stasi*. So, dissenters retired into niches as, for instance, the history of older (i.e., pre-classical) economic doctrines. And senior economists, like Kuczynski and Oelsner, who were sincere Marxists, but ventured at times a critical word, were confined to work on capitalism and not allowed to write, i.e., to publish on socialism.

The Russians and the Czech confirmed almost unanimously the existence of a shadow economics. As with the better known shadow economy it can be partly legal and partly illegal, at times moving from one compartment into the other. In the 1960s G. Lisichkin (1966), for instance, was able to publish the book *Plan i rynek* (Plan and Market) which would have been impossible in the following decade. Under the disguise of criticizing bourgeois economics and discussing 'commodity-money relations' market related microeconomics could be presented. A similar intention had translations of mathematical approaches

– rather incomprehensible for the censor. Allen, von Neumann and Morgenstern, and Baumol are mentioned together with the prefaces of A.L. Vajnshtejn and A.L. Lure in which they tried to explain the theory. But also true *samizdat* publications existed. Special attention is given to the social-economic study of L. Timofeev *The Black Market and the Rural Art of Starving* which could openly appear only under *glasnost*. In Czechoslovakia, too, there were *samizdat* publications on reform economics which, during the 1970s and 1980s, were discussed in informal seminars. Also here, mathematical models based on non-marxist theories served as hide-outs from the ideological watch-dogs. However, some respondents think that the term shadow economics may be misleading. For

‘many economists after 68 were schizophrenic’

openly professing the official creed while having personally strong inclinations to neo-classical and neo-liberal ideas.

‘The frontiers usually passed through every person’.

At times alternative views about the economic system coagulated into what may dually be called ‘reform economics’ (see, for instance, Sutela 1991). In Central Eastern Europe the first period of reform economics was the second half of the 1950s, the second period which also reached the Soviet Union were the years between 1962 and 1968, the third period started ‘officially’ (which means that there were already earlier reform discussions in unofficial circles as, for instance, in Prague) in Poland and Hungary 1980, in the Soviet Union 1985, in Czechoslovakia 1988, and in the GDR 1989, in the two latter it implied directly system transformation. Major topics of reform economics were questions of individual motivation and incentives, i.e., the validity of general economic theory also for socialism, economic autonomy of enterprises, non-private institutional owners substituting the state or decentralization in planning and decision making, price reforms. Certainly for Hungary and Czechoslovakia also the idea of market socialism looked attractive as reform option. The first two periods of reform thinking are marked by the older generation of reform economists (e.g., Lisichkin, Šik, Brus, Nagy) who tried to show that the market is compatible with planning. The third period is dominated by the younger generation of reform economists (e.g., Gaidar, Balcerowicz, Klaus, Antal) who are convinced that planning is incompatible with the market.

Asked about the proponents of reform economics within the home country and in other socialist countries it seems obvious that the respondents are impressed most by the recent reform period. In fact, this is less the case than

was expected. The Hungarians, clearly the best informed, named in the first category among others Péter, Antal, Tardos, Nyers and Kornai, and in the second category Polish economists like Brus, Laski, Balcerowicz and Czech economists like Šik, Kouba, Komarek, Klacek, Klaus. 30% of the Russian respondents denied the existence of reform economics and, hence, major proponents. Among the Russian reformers no name is conspicuously stressed, the list contains besides the present reformers (Chubais, Javlinskij, Gaidar etc.) Liberman, Lisichkin, Zaslavskaja. As far as reformers in other socialist countries are concerned

in principle one has to remark that in Russia the economists from former socialist states, including Kornai, were not known⁵.

Up to a certain degree this also seems to have been the case in the GDR. For, besides the very popular Liberman with his famous *Pravda* article of 1962, above all Lange and Brus are mentioned whose reform contributions date from the first period of reform economics. During that period Behrens and Kohlmeier were active reform theorists and as such, i.e., as revisionists, severely rebuked by the party officials. When shortly later the GDR took the lead with practical reforms, it were Wolf and Koziolok who are mentioned as major proponents of the basic ideas. Despite the short interval of practical reform, the Czech have a long list of reform economists headed by Šik, Kouba, Turek, Šulc and Klaus. From other socialist countries they were especially impressed by Liberman, Kornai, Brus and Laski. On the whole, the coverage of economic reforms and reform economics seems to have been more extensive in the West (excellent examples and overviews are Höhmann, Kaser, Thalheim 1972 and Spulber 1979) than in the East.

IV. DEFICIENCIES OF THEORETICAL DEVELOPMENT AND THE PRIMACY OF POLITICS

When asked whether economics under socialism has shown serious deficiencies in the reception of theory, in the development of 'own' theories, in empirical confirmation of theoretical statements, and in making insights public all respondents were critical, as could be expected, but the Hungarians less so than the others. Just a few quotes:

5. The to my knowledge first review of economic thought in the other socialist countries of Central and Eastern Europe appeared in 1996 (Evsstigneeva and Evsstigneev 1996).

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'Pragmatism has become the way to eschew the ideological straightjacket' (Hungary).

'The most serious deficiency: theory waited on politics' (Russia).

'Independence of science was structurally impossible' (GDR).

'The *a priori* ideological stance led to the denial of theory's scientific character' (Czech Republic).

In Hungary, at least after 1968, the situation was not totally negative: reception of new theoretical developments occurred, although with a time lag, the urgently needed economics of socialism did not get from the ground and was not linked to a general theory, but attempts are visible (e.g., Bròdy, Liska, Kornai). However, they were not accepted at the university level. In Czechoslovakia, theory had to develop in an atmosphere of suspicion and hostility from the side of politics that resulted in self-censorship. The overall deficiencies are therefore generally underlined. Some respondents from Russia and the former GDR, accepting in principle the Marxian approach, complain of incomprehension of this approach by the majority of the profession and of the unwillingness to further develop it. Four critical points stressed by a GDR respondent can be considered representative for this country, the Czech Republic and Russia:

- choking of free exchange of views;
- isolation from the international developments in the profession;
- politically motivated cult of secrecy;
- claim of exclusivity of Marxism-Leninism.

What may be considered as interesting is the low attention which is given to empirical confirmation of theoretical statements. The access to empirical data is said to have been rather limited. But when asked separately about the quality of available statistics, the answers are less critical than with respect to theory. Some deliberate falsifications are mentioned, but on the whole one gets the impression that economists under socialism on the one hand were less keen on empirical work which might fall under secrecy prescriptions and political censorship, and on the other hand did not complain more than their western counterparts about the quality of data.

Such deficiencies prompt the question whether economics has been on the strings of politics under the socialist regime. This could mean different things. Politics can set the problems that guide research which may be considered as legitimate. Less so would be the case where politics is determining the theories to be used. And it may even happen that politics already indicates the results to be expected. All three aspects of political influence upon economic research were almost unanimously confirmed by our respondents with the exception of

Hungary where the third – predetermined results – was not observed. The freer intellectual climate in Hungary and Poland was enviously noticed in Czechoslovakia, whereas the Hungarians were quite aware of the fact that they were living ‘in the freest barack of the socialist camp’. Especially among the GDR economists, however, political guidance was considered as legitimate – of course not the enforcement of results:

‘Problems and theories to be used are determined in the whole world by the funding organization, public or private’.

Where Marxism-Leninism is accepted by the majority of economists only as scientific approach, state and Party need no particular efforts to impose it.

Besides the climate and general expectations, political influence was mediated through the instrument of research planning that seems to have been used most consequently in the GDR, in Czechoslovakia and in the Soviet Union.

‘In a totalitarian state formulating the problem practically implies the indication of the desired result’

as a Russian respondent remarked. Even if in the process of planning research proposals could be made from below, there was always

‘the assumption that the solution will be in line with the official policy’

– a Czech observation. In the GDR each research project had to be commissioned by an institution (ministry, combinat, branch management or central research institute) and included in the plan, or it had to be approved of by the rector of the university. Starting from 1969 scientific councils of economic research were set up in order to guide, control and evaluate the entire research process. They had to guarantee the primacy of politics, i.e., the leading role of the Party.

‘Party-independent alternative economic theories could not develop under such conditions’.

When asked whether the respondent has had personal experiences of being influenced or restricted in his or her scientific work because of political motives, only the Hungarians answered in the majority negatively:

‘research was not restricted, publication could be’.

What was called euphemistically ‘editorial help’ was experienced by almost all scientists throughout the region. Hence ‘the inner censor always collaborated’: the wording had to be obscure, the messages packaged, the true opinions deeply

hidden. Personal experiences were not limited to publication. Quite a few of the Czech economists lost their academic jobs at least for a certain period of time. In the GDR almost everybody has had encounters with politics. But, as one respondent remarked, if one prudentially ignored the critique, it was possible to create a certain freedom of speech and writing which others played down with a certain condescension 'if I were to write as X, I should like to see what would happen':

'they did not dare and thus created an alibi for their deliberate intellectual inertia. Such types are, of course, also to be found in the Western profession'.

V. THE ROLE OF ECONOMICS IN POLITICS

The primacy of politics is an undisputed element of Marxist-Leninist political doctrine. The control of the state by the party and the leading role of the party in all socially relevant activities were features of the totalitarian power structure under really existing socialism. Nevertheless, the doctrine was rationalistic and political economy or economics analyzes the fundamental relationships and processes of social development, the economic base. So, it should be expected that economics played an important role in political decision making as an old Soviet pun ironically suggested: Behind the dreadful war technique, two simple men are marching in the November parade. Brezhnev asks: 'who are these?' Answers Kosygin: 'our most destructive weapon – economists'.

Since the failure of the economic system undoubtedly played a central role in the demise of state socialism, again, one may ask the question whether the economics' profession had any part in it. Did the political opposition use economic insights in their critique of the system and did economists contribute to the argument? Such were a cluster of questions we asked our addressees.

Since the Hungarians were quite successful in reforming the economic mechanism during the late 1960s and the early 1980s, politicians obviously have listened to the arguments of the economists. Particularly T. Nagy has to be named here. By 1970 nobody wanted commands and centralized agriculture any more. By 1980 nobody believed in the advantages of Comecon or in the supremacy of public ownership. Above all, price reform together with tax reform and the reorientation of foreign trade together with exchange rate policy were inspired by expert advice. In Czechoslovakia economists had a say only during the reform period from 1965 to 1968. In the person of Ota Šik a professional economist rose to political influence which later, during transformation, was a quite normal development (see, for instance, V. Klaus, K. Dyba,

L. Balcerowicz, G. Kolodko, D. Rosati, A. Chubais, J. Gaidar, L. Bokros, M. Tardos and many others). But for the rest of the socialist period, economic policy is said to have been pragmatic which means not inspired by any scientific views. Economics is said to have been 'the maiden of party policy'⁶. Similar qualifications seem to be true for the Soviet Union. The 1965 reform was the Kosygin-reform, no economist played a prominent political role in it although the basic ideas were stemming from economic insights. But, as one Russian respondent remarked, the political influence of official theory was rather strong where the existence and the functioning of the totalitarian system were endangered, that is to say tenacity of inefficient institutions and structures was legitimized by orthodox theory.

'Economics in Hungary was instrumental in robbing the ruling elite of the vision of socialism as a viable economic system'.

From 1985 onwards liberal views seem to have had a growing influence on party and state leadership in this country which made it possible that some members of the elite can be found back in the presently ruling post-communist government. The situation in the Soviet Union seems to have been similar. During the *perestroika* period the economics profession is said to have played a sizeable role in changing the minds of the Soviet *intelligencija* in the direction of a better understanding of market processes.

'In the second half of the 1980s Gaidar, Lacin, Popov and others were more popular than pop-singers'⁷

which may be an exaggeration, but renders the atmosphere. Although the profession was relatively small in Czechoslovakia

'it played the leading role in 1989'.

The remark, of course, refers to the transformation process. In the period before, it was less economic theory rather than the real economic situation that discredited the old regime.

No such developments were visible in the GDR. Some respondents saw a failure of economics and, hence, an indirect influence of the profession upon

6. This expression is ascribed to the influential Soviet economist Strumilin who used it already in the late 1920s.

7. The name of Gaidar in this quote must be an error. In the second half of the 1980s he was redactor of the party journal *Kommunist* and not particularly known as reform economist. The name of Abalkin, for instance, would fit much better.

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the collapse of state socialism: economics was legitimizing the actual wrong economic policy instead of criticizing it and propagating better policies. For, in principle, socialism is a viable system as quite a number of respondents still hold abstracting from the concrete form of state socialism:

'At a high level of economics the planned economy could be superior to the market economy. This level by far has not been reached in the GDR, nor world-wide. Insofar economics has a share in the collapse.'

The answers to the question whether economic debates were important in the discourse of the political opposition reflect in part what just was said. As to the GDR, there was no visible opposition or

'the opposition was economically incompetent or unfit for life (e.g., Bahro)'.

In the Czech republic the views are ambivalent. Some are of the opinion that political, ethical and other aspects were more important, while others would ascribe a substantial role to economics since it prepared those who took over in 1989. In Russia and in Hungary prevails the view that economics contributed positively to the opposition discourse.

'The ownership issue was treated much earlier than multiparty system'

as one Hungarian respondent remarked, while for Russia the opposite may have been true.

'The language of economics helped to develop radical ideas'.

VI. CONCLUSION: THE TRANSFORMATION OF ECONOMIC SCIENCE

Finally, we were interested in the immediate effects of the system change upon the science and the profession of economics – the long-term effects will have to be assessed at a later time. Such effects can be expected with respect to academic curricula, the composition of the teaching staff and research staff, the quality of teaching and the object of research. Evidently, there ought to be significant differences between the GDR and the rest of Central and Eastern Europe. For, as a consequence of joining the Federal Republic of Germany the GDR academic system was taken over by West Germany together with the GDR economic system. In economics, as in other politically sensitive sciences, this has led to an almost complete *Abwicklung* ('winding up' which is but another word for purges) of teaching and research staff by way of lay-off, forced and

regular retirement and the like. All of our respondents from the former GDR were affected by such measures, i.e., 'ousted', 'expelled', what, as may be expected, will have had influence upon their views. It has to be mentioned, however, that our GDR respondents were significantly of older age than those from the other countries (which, according to our impression, can be considered representative for the whole profession): 9 were born in 1930 or earlier, 9 were born between 1931 and 1940, and only three were born in 1941 or later. Unanimously they hold the view that the political-economic change has affected all five mentioned variables – and certainly not in a favourable direction, as sometimes is added.

A similar radical change is said to have happened in the Czech republic which is rather astonishing as far as teaching and research staff is concerned. It is explained by the outflow of qualified people from teaching and research who leave for public service or the private sector. Although in Russia the staff has not changed that much, similar complaints are made: the young are leaving academia, with a salary of about \$ 60.– per month they have to look out for a second job that occupies all their time urgently needed for professional qualification. However, at the same time economics attracts natural scientists, mathematicians and other specialists from defence industry and defence oriented *vuzy* (polytechnics). Their general scientific level is high and they easily grasp modern economics. The picture is a bit more differentiated in Hungary: curricula and research topics have changed markedly, whereas staff and quality rather have not.

A last question inquired into the appearance of hitherto unknown eminent economists the idea being that there may have been scholars who have worked for the drawer and who now took advantage of the new publication opportunities. This question was unanimously denied by the Hungarian and Russian respondents which is in line with the reported fact that new and critical ideas were aired there since the middle of the 1980s. Quite understandably, also the GDR respondents held a negative view, although some names were mentioned such as Csaba, Balcerowicz, Gaidar and Javlinskij of whom only the first will have been named purely because of his scholarly achievements. A majority of the Czech respondents answered in the positive. Their favourite newly emerged scholar, however, is V. Klaus which testifies to his high reputation among his former colleagues while his scholarly contributions in recent years by necessity had to be limited.

The impact of transformation upon the science of economics can also be read from the internationalization of scientific activity as it is revealed, for instance, in publication behaviour. So, we would like to report the results of a bibliometric research that, from a different point of view, summarize and corroborate the

findings of the interview study. Objective of the research was the occurrence and frequency of scholarly publications of East European authors in Western economic journals: how intensely did economists from Eastern Europe participate in the international scientific discourse? Using data of the databank *Social Scisearch*, one can give a general answer to the question. The limitations of the approach have to be kept in mind, however: the databank has an Anglo-American bias, it surveys preferentially English language publications, the identification of East European authors can be done only by their institutional affiliation, so errors as to the country of origin and the economic background of the author, wrong ascriptions and omissions are possible. Publications in books and edited volumes are not covered by the databank. The following results, therefore, can be interpreted only as a rough indication of publication behaviour. In order to catch as many publications as possible, we have chosen a rather broad list of 228 economics journals which include branch economics, operations research, and other technical subjects. From this long list, then, was taken a more restricted subset of 57 quality journals in which the advanced professional discussion is happening. The subset (reproduced in the Appendix) may still be considered large in view of theoretical innovation. But for any rank and file economist getting his work published in one of these 57 journals, exclusively publishing English language contributions, is a good achievement. In that sense the list is meant to represent normal science.

The overall picture is quite clear. Up to 1989 the GDR and the CSSR were very weakly participating in the international scientific discourse. Soviet economists were, as far as economics proper (the quality journals) is concerned, slightly more active till the middle of the 1980s. The appearance of the policy of *glasnost* after 1985 makes itself immediately felt in the table. The collapse of party control after 1990 obviously has induced a further intensification of scientific internationalization of which it is, at first sight, not clear whether it is a supply or a demand phenomenon. Polish and Hungarian economists communicated much more than the East Germans and the Czech. The frequency of publications originating from these two countries increased steadily, but not significantly, as far as the quality journals are concerned, after the demise of the communist regime. It would have let us too far, in this context, to analyze the individual contributions from the different countries. A quick view shows that Hungarians (Kornai, Bròdy, Bauer) were able to publish in core journals of high theoretical repute, while the few contributions from the GDR are rather to be found in 'niches' as operational research, economic history or agricultural economics.

Table 2

Publication Behaviour of East European Economists in the International Professional Journals, 1975–1995 (percentages of period totals in brackets)

<i>Period</i>	<i>Quality Journals</i>				
	<i>GDR</i>	<i>CSSR</i>	<i>Pol</i>	<i>Hun</i>	<i>SU</i>
75–79	11 (22.0)	–	6 (12.0)	19 (38.0)	14 (28.0)
80–84	7 (5.8)	5 (4.1)	53 (43.8)	41 (33.9)	15 (12.4)
85–89	14 (7.2)	9 (4.6)	77 (39.7)	59 (30.4)	35 (18.0)
90–94	5* (1.9)	26 (9.8)	74 (28.0)	65 (24.6)	94 (35.6)
Σ	37 (5.9)	40 (6.4)	210 (33.4)	184 (29.3)	58 (25.1)
	<i>All Journals</i>				
75–79	38 (11.7)	22 (6.8)	103 (31.8)	60 (18.5)	101 (31.1)
80–84	28 (7.9)	18 (5.1)	132 (37.2)	100 (28.2)	77 (21.7)
85–89	41 (8.4)	31 (6.3)	170 (34.8)	95 (19.4)	152 (31.1)
90–94	45* (4.7)	81 (8.5)	227 (23.8)	195 (20.5)	405 (42.5)
Σ	152 (7.0)	152 (7.0)	632 (29.1)	500 (23.0)	735 (33.9)

* documents for 1990–91 only.

If a further proof of the fundamental differences between the political and intellectual climate in the individual socialist countries of Central and Eastern Europe were needed, the results of the bibliometric research could be used for such a purpose. Even a quotation in a Western journal is said to have been dangerous for a GDR economist while it was considered as an honour in Hungary. One may conclude that the economists of Poland, Hungary and, in a very small group, also of Czechoslovakia were prepared for the new tasks confronting them after the turnaround that, however, had not been expected in the radical form in which it actually happened. Neither in Russia nor in East Germany liberal thoughts and Western micro- and macro-economics had found any wider circulation to prepare the minds for a new economic order. Yet, even in the more reform-minded countries it would be difficult to identify a 'Freiburg', i.e., a group of social scientists who deliberately were preparing the ideological and scientific basis of a new economic order as it happened at Freiburg University in the late 1930s and 1940s where the foundations of the

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West German social market economy were laid. One can only guess whether this was due more to the fear of still strongly felt political repression or to the imposing size and influence of the body of Western theory.

APPENDIX

List of the Quality Journals

Administrative Science Quarterly	International Journal of Social Economics
American Economic Review	International Journal of Urban and Regional Research
American Journal of Agricultural Economics	International Labour Review
Annals of Regional Science	Journal of Econometrics
Brookings Papers on Economic Activity	Journal of Economic Behavior and Organization
Business History Review	Journal of Economic Dynamics and Control
Cambridge Journal of Economics	Journal of Economic History
Cato Journal	Journal of Economic Literature
Columbia Journal of World Business	Journal of Economic Perspectives
Econometrica	Journal of Economic Theory
Economic and Industrial Democracy	Journal of Economics – Zeitschrift für Nationalökonomie
Economic Development and Cultural Change	Journal of Institutional and Theoretical Economics
Economic History Review	Journal of Mathematical Economics
Economic Inquiry	Journal of Optimization Theory and Applications
Economic Journal	Journal of Organizational Behavior
Economica	Journal of Political Economy
Economic Letters	Journal of Post-Keynesian Economics
Economist	Kyklos
European Economic Review	Lecture Notes in Economics and Mathematical Systems
European Journal of Operational Research	Operations Research
European Journal of Agricultural Economics	Oxford Economic Papers
Futures	Papers of the Regional Science Association
Harvard Business Review	
History of Political Economy	
International Journal of Production Economics	

Quarterly Journal of Economics	Scandinavian Journal of Economics
Review of Economic Studies	Weltwirtschaftliches Archiv
Review of Economics and Statistics	World Bank Economic Review
Review of Income and Wealth	World Economy

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SUMMARY

The paper results from interviews held among economists from Central and Eastern Europe. It tries to get an *inside view* on the profession under communist rule. As expected, the results depend upon period and country under analysis. Poland and Hungary did not lose contact with Western developments, while the Soviet Union and the GDR and also Czechoslovakia after 1968 isolated themselves completely. In Russia there was an own development in the sphere of optimal planning theory. In the GDR strict political control and adherence to dogmatism led to sterility. Reform thinking became stronger in the 1980s, with the exception of the GDR and Russia. The results are corroborated by the personal situation of the individual economist. Asked where they see the lasting contribution of economics under communism, most respondents are rather pessimistic: it is more the abortive practice of Soviet-type central planning which taught a lesson than the theoretical developments of the period.

ZUSAMMENFASSUNG

Die Studie ist das Ergebnis von Interviews, die unter Wirtschaftswissenschaftlern aus Mittel- und Osteuropa gehalten wurden. Sie sucht einen Blick von innen auf die Entwicklung einer Wissenschaft unter kommunistischer Herrschaft zu gewinnen. Das Resultat hängt von der jeweiligen Periode und dem jeweiligen Land ab. Polen und Ungarn haben den Kontakt zum Westen nicht verloren. Russland und die DDR, ebenso die CSSR nach 1968, haben sich dagegen vollständig isoliert. Russland kannte eine eigene Entwicklung in der Planungstheorie. In der DDR führten dagegen politische Kontrolle und Dogmatismus zur Sterilität. Mit Ausnahme dieser beiden Länder wuchs das Reformdenken in den 80er Jahren stetig an. Die Ergebnisse spiegeln sich auch in der persönlichen Situation der einzelnen Wissenschaftler wider. Nach dem bleibenden Beitrag der Ökonomie unter dem Kommunismus befragt, zeigen sich die Antworten eher pessimistisch: nicht die theoretischen Errungenschaften der Periode sind lehrreich, vielmehr aber das abschreckende Beispiel des sowjetischen Zentralplansystems.

RÉSUMÉ

L'article rend compte des résultats d'interviews réalisés auprès d'économistes des pays de l'Europe Centrale et Orientale. Il présente une vision de l'intérieur sur le développement de la science économique sous le régime communiste. Les résultats dépendent de la période et du pays analysés. La Pologne et la Hongrie n'ont jamais perdu le contact avec la science économique occidentale, tandis que la Russie, l'Allemagne de l'Est et, après 1968, la Tchécoslovaquie s'en sont isolés complètement. Avec la théorie de la *planification optimale*, la Russie a connu son propre développement. En RDA, le contrôle politique et le dogmatisme ont abouti à une stérilité théorique. A l'exception de ces deux derniers pays, la pensée réformatrice s'est renforcée continument au cours des années 80. Ces résultats se reflètent aussi dans la situation personnelle faite aux économistes. Quant à la contribution durable de la science économique sous le communisme, les réponses sont peu optimistes: ce ne sont pas tellement les développements théoriques qui survivront à la période soviétique, mais plutôt l'expérience avortée de la planification centrale de type soviétique.