Conservative Political Philosophy and the Strategy of Economic Transition*

Peter Murrell

Social science, especially economics, does not center its efforts on the processes of socioeconomic change, for its concern traditionally has been on end points: how to achieve the first-best Pareto efficient outcome rather than deciding which problem to solve first; the implications of behavior under rational expectations rather than the study of learning processes. This lack of emphasis on change has become increasingly apparent as scholars apply existing theories to the most momentous economic changes of our times—the Eastern European economic revolutions.

There are a few scholarly traditions that have placed the analysis of change at the center of concern.[1] Important among these is a set of works that might be grouped under the rubric "conservative political philosophy" or, perhaps more appropriately in the present context, "principles of democratic social reconstruction." The leading works are Burke, Popper, and Oakeshott.[2] They offer lessons of conservative political philosophy applicable to the process of economic change in Eastern Europe.

The immediately ensuing pages lay out the central assumptions of

* I thank the Wilson Center and the Center for Institutional Reform and the Informal Sector (IRIS) at the University of Maryland for support in the writing of this paper, and Norbert Hornstein for his key suggestions that led me into the literature on conservative political philosophy.

1. In economics, there are the sets of somewhat related theories called evolutionary economics, Schumpeterian economics, and Austrian economics. Peter Murrell, "Evolution in Economics and in the Economic Reform of the Centrally Planned Economies," in Christopher C. Clague and Gordon Rausser, eds. *Emerging Market Economies in Eastern Europe* (forthcoming). examines the implications of evolutionary economics for the design of policies in the Eastern European transition.
2. Edmund Burke, *Reflections on the Revolution in France* (1790); Karl Popper, *The Open Society and Its Enemies* (Princeton, 1971); and Michael Oakeshott, *Rationalism in Politics and Other Essays* (New York, 1962). In classifying these three authors together, there is no implication that there are not important differences between them. However, the similarities are obvious when one reads these works in the light of developments in Eastern Europe and particularly in contrast to the current works on the changes in that region.

East European Politics and Societies, Volume 6, No. 1, Winter 1992.

philosophical conservatism and explore the important distinction, due to Popper, between utopian and piecemeal social engineering. Then I use this distinction to examine policies for the Eastern European economic transition in two important areas: the place of workers' management in the transition and the relative properties of different schemes for privatization. The analyses of these two policy areas are provided as examples of the application of the conservative philosophy of reform, which can in principle be brought to bear on all the major policy decisions in the economic transition from socialism.

A central concern of conservative political philosophy is the way societies use the knowledge that is available to them, a concern arising from two inter-related assumptions. First, there is the view that a large part of socially useful knowledge is acquired in the context of the prevailing set of socio-economic arrangements and is usable only in a narrow domain of that set. Second, there is the hardly controversial notion that politico-economic systems are vastly complicated constructs, especially when viewed in the light of limits on human intellectual capacities.

In almost all societies, the socio-economic framework has been built up in a gradual process of accumulating small changes.[3] As each new institution arises, it is fitted into a larger pre-existing structure, and the functioning of each institution cannot be understood as an isolated phenomenon. One might be able to understand and predict the effects of small changes or the marginal consequences of the presence or absence of a particular institution, but one cannot hope to break down the major elements of a society's socio-economic processes into separate components and then understand how the whole society works.

A society's institutional structure is an organic whole—the result, in successful societies, of a long historical process. The human capacity for understanding is small in relation to the complexity of such organisms, and in political matters, "we can never walk surely but by being sensible of our blindness."[4] According to Popper, "it is not reasonable to assume that a complete reconstruction of our social system would lead at once to a workable system."[5]

3. Moreover, it is assumed that this gradual process of change has been the case in *all* successful societies, as discussed later in the paper.
4. Edmund Burke, *Burke's Politics: Selected Writings and Speeches of Edmund Burke on Reform, Revolution, and War*, Ross J. S. Hoffman and Paul Levack, eds., (New York, 1949), p. xiv.
5. Popper, *Open Society*, pp. 167–168.

At the center of conservatism is an extreme skepticism concerning the workability of any blueprint for a new society. Implicit in this view is the assumption that a vast number of rearrangements of society's institutions would produce worse outcomes while only a few would result in improvement. Since the present state of knowledge on socio-economic processes is so limited, policy-makers are not able to discriminate between workable and disastrous theoretical blueprints for new social systems. This might be called the "bad bet" argument against radical change.

The preceding argument requires the assumption that the existing structure of society has been built by a process that selects those arrangements that, at least partially, take into account social welfare. If today's arrangements are randomly chosen—or worse, inimical to welfare—then a bad bet on a new blueprint might still be one that is worth taking. But this is a minimal requirement. This assumption does not imply that the present arrangements are anywhere near first best; the insistence is solely on some attention to human welfare in existing arrangements. This minimal amount of attention to the functional needs of society is unlikely to be present in a society that results from the implementation of a blueprint.

A distinct, but related, argument for conservative change begins with observations on the nature of a society's stock of knowledge and especially on the association between this knowledge and existing socio-economic arrangements. Following Oakeshott, one might distinguish between two types of knowledge.[6] The first is technical knowledge, the set of explicit rules and articulable procedures that are used in undertaking an activity. This is the type of knowledge that can be conveyed by lecturers and systematized in textbooks, the type of knowledge that knows no borders and no boundaries.

In contrast, one has practical, or personal, knowledge, that inarticulate knowledge that is required in the effective performance of any activity and that can be acquired only by direct acquaintance with the

6. Oakeshott, *Rationalism*, pp. 7–8; The distinction between the two types of knowledge has been offered by many authors, most notably Michael Polyani, *Personal Knowledge: Towards a Post-Critical Philosophy* (Chicago, 1962). It is also the basis of much economic theorizing on the nature of organizations, see, e.g., Richard Nelson and Sidney Winter, *An Evolutionary Theory of Economic Change* (Cambridge, Mass., 1982) and Oliver E. Williamson, *Markets and Hierarchies, Analysis and Antitrust Implications: A Study in the Economies of Internal Organization* (New York, 1975).

activity. It is the knowledge of the scientist who has an instinct for the correct experiment to make; it is the knowledge of the experienced businessman who senses opportunities through a cloud of disparate facts. Because personal knowledge is acquired through activity, it is inherently specific to particular contexts. It can be communicated between individuals only by the sharing of experience and activity, as, for example, in apprenticeship.

All activities—whether science, art, politics, or economic policy-making—use both types of knowledge. To the extent that one type of knowledge is missing or inappropriate, the resulting outcome will be that much poorer. This point is hardly worth stating for the first type of knowledge; we all know, for example, that it would be inadvisable to have judges and lawyers who have not studied the law. But the value of the second type of knowledge is often overlooked. It is frequently suggested, for example, that legal codes can be transferred between countries, replacing existing codes and practices wholesale. What this suggestion fails to recognize is the practical knowledge that is essential to the interpretation and use of a legal code. Without this practical knowledge, which exists only in the working arrangements of a set of lawyers and judges, there is no reason to suppose that the transplanted legal code will have positive value.

Practical knowledge—of an economy, of legal arrangements, of a political system—is always acquired in a particular institutional context. Hence, the knowledge possessed by a society is most fully applicable within that society's present context. Practical knowledge loses much of its value when applied far from the framework of activity in which it was acquired. It is hardly likely to be productive in deliberating the consequences of implementing some radical blueprint for a new society.[7]

Recognition of the existence of personal knowledge suggests that the productivity of small changes will be much greater than that of large changes. The ability of policy-makers to identify good policies decreases rapidly as those policies move society further from its existing position. Moreover, the nature of personal knowledge suggests that societies cannot quickly acquire the knowledge required to implement

7. For those preferring a somewhat mundane example of this principle, the variance of forecast error of regressions increases with the distance from the mean of present observations.

a blueprint. Many years of practice and, in the meantime, poor and very costly decisions are required to acquire the practical knowledge that is needed if the plan is to be implemented.[8] Thus, we have reached a second argument for conservative change—this might be called the "use of knowledge" argument.

The distinction drawn by Popper between utopian and piecemeal social engineering is helpful here.[9] Utopian social engineering begins most often with a radical critique of the existing arrangements of society, a denial that there is anything worth preserving in these arrangements, and a picture of what a better world would be like. The driving force of utopian policies is a vision of the end state of society, which usually has little in common with present arrangements. Policy measures en route are always framed in terms of this destination, rather than as departures from the initial situation, which contains nothing of worth. Since the existing institutions of society are so different from, so incompatible with, those that are in the target blueprint, and since these existing institutions are presumed to have no value, the initial phases of utopian engineering always center more on destruction than on creation.[10]

Of course, there can be some institutional construction at the beginning of reform, but the sheer complexity of creating workable social arrangements argues that the whole blueprint cannot be created quickly. Moreover, implementation of the blueprint is in principle impossible due to its inevitable inaccuracy and imprecision. Those

8. The use of foreign advisers, who are experienced in the workings of a society similar to that envisaged in the blueprint, might seem to be one way to solve this problem of implementing the blueprint. There are reasons why this is not possible, however. First, the number of policy decisions is much too great compared to the number of foreign advisers that would be available. Second, many of the existing institutional arrangements will remain before the blueprint is implemented. The foreign advisers suffer from lack of the practical knowledge of these arrangements in much the same way that the domestics lack the knowledge of the blueprint society. Therefore, foreign technical assistance must be implemented through a meeting of the minds of foreign experts and domestic policy-makers.
9. It is interesting to note here that Popper did not shrink from the use of the phrase "social engineering" when discussing the types of reforms that should be implemented in a democratic society. He does not argue against social engineering *per se*, but rather against specific types of social engineering. In particular, his arguments are addressed against reforms based on a utopian ideal.
10. There is one philosophy in which destruction is all that is needed. This is the philosophy that derives from primitive economics—perfect competition, with a dash of the Coase theorem—emphasizing that the market is simply the freedom to engage in the propensity to truck, barter, and trade. That is why a belief in a crude laissez-faire doctrine interacts most unfortunately with the utopian approach.

positive measures that occur in the early phases of a utopian project will inevitably involve planting in place one of the pieces of the jigsaw, even though the remaining pieces are not yet to be found.[11]

This emphasis on final destination and the willingness to throw away existing arrangements lead to policies that are inevitably irreversible. In the utopian approach, reversible policies are harmful. For those with faith in both the blueprint and the ability of a society to implement it, the tenacity and intrinsic worthlessness of the old mean that irreversible policies have much benefit. Policy-makers must ensure that society can never go back because that island in the storm is simply a temptation not to advance to more fertile shores.

A conservative perceives grave dangers in the utopian approach to social change, for the "use of knowledge" argument stresses that a radical move destroys much of the valuable knowledge in society. Dependent as it is on a specific configuration of society's arrangements, practical knowledge is only useful for judging the effects of small changes. Hence, individual policy-makers will have little ability to construct new arrangements that will lead society reliably to the destination laid out in the blueprint.[12] In the process of trying to get to get to the destination quickly, one destroys the knowledge of how to get there certainly. Then the "bad bet" assumption becomes relevant—unanticipated consequences become a major determinant of the outcome and there is every probability of finishing up in a worse position than at present.

The following are the main ways in which the critique of the utopian approach can be challenged: 1. One might believe that existing arrangements really have no utility (presumably compared to those that can be easily established at the beginning of a move to a final blueprint), an argument that was made very strongly by socialist revolutionaries in the early parts of this century and is heard frequently in today's Eastern European context. 2. It might be claimed that we really do have a good understanding of how societies work and that this understanding is relevant outside the specific historical context in which it was acquired.

11. A perfect example of this occurs when reforming countries implement currency convertibility under the assumption that a working private sector will follow quickly from privatization. This assumption shows all signs of being incorrect for two reasons. First, the privatization process is obviously a very slow one. Second, privatized firms will not necessarily behave in the fashion of classical private sectors, which have been created in an evolutionary process.
12. The use of knowledge argument also implies that the blueprint itself will inevitably be flawed.

In the present context, this means that economists really do know how capitalist societies work and that this knowledge is relevant outside developed capitalist countries. Keynesian economists—the majority in the 1960s—of course frequently used this argument against their conservative critics. 3. One might maintain that these understandings can be communicated quickly to the policy-makers who will be implementing the new policies, the Eastern European banking officials, legislators, politicians, and the like who can be relied upon to acquire quickly the skills that are relevant to their new roles in the market economy.

Suppose, though, that one believes that these three claims are incorrect. Utopian social engineering will then be unproductive at best and thoroughly dangerous at worst. What alternatives are there? Popper advocates piecemeal social engineering. In this approach to "democratic social reconstruction," the emphasis is not on a blueprint for the end state, but rather upon identifying the worst problems of the existing set of arrangements. Intellectual efforts are primarily focused on solving these problems in the specific institutional context in which the solutions will be implemented.

Piecemeal social engineering places an emphasis on reversible changes, to the extent that these are possible, since one cannot necessarily expect society's limited knowledge of socio-economic processes to produce even small changes that are necessarily beneficial. Finally, there is a preference for policies that have been used in a similar institutional context or for widening the scope of experiments that have worked on a smaller scale within the existing system.[13] The risks in the introduction of the new are then minimized.

The emphasis is on gradual change for a variety of reasons. First, the larger the number of institutional changes that are implemented simultaneously, the harder it is to design a workable set of arrangements. Second, reversibility is enhanced by making changes slowly. Bad policies can be stopped midstream. Third, with gradual change, society can accumulate practical knowledge of the new arrangements as this knowledge is needed. There is a chance to experiment on a smaller

13. Interestingly, this is a characterization of what is arguably the most successful reform that has yet been implemented in countries moving from central planning. The Chinese reforms began, not with a grand plan on the part of the leadership, but rather with the leaders validating and spreading experiments that had been conducted under the initiative of the leadership of some localities.

scale and to provide usable feedback about which policies work and which do not.

The arguments in the distinction between utopian and piecemeal engineering are summarized in Table 1. These arguments for gradual change are offered in the present context not with any sense that they are obviously correct, but rather with the suggestion that they are worth considering in the context of the massive changes in Eastern Europe. They do derive from an important tradition—one that has given insights into the problems caused by massive socio-economic changes in the past.

Perhaps the best capsule summary of the arguments is provided by Oakeshott who lists the implications of the conservative temperament for matters of innovation and change:

> First, innovation entails certain loss and possible gain, therefore, the onus of proof, to show that the proposed change may be expected to be on the whole beneficial, rests with the would-be innovator. Secondly, [the man of conservative temperament] believes that the more closely an innovation resembles growth (that is, the more clearly it is intimated in and not merely imposed upon the situation) the less likely it is to result in a preponderance of loss. Thirdly, he thinks that an innovation which is a response to some specific defect, one designed to redress some specific disequilibrium, is more desirable than one which springs from a notion of a generally improved condition of human circumstances, and is far more desirable than one generated by a vision of perfection. Consequently, he prefers small and limited innovations to large and indefinite. Fourthly, he favours a slow rather than a rapid pace, and pauses to observe current consequences and make appropriate adjustments. And lastly, he believes the occasion to be important; and, other things being equal, he considers the most favourable occasion for innovation to be when the projected change is most likely to be limited to what is intended and least likely to be corrupted by undesired and unmanageable consequences.[14]

This summary leads us to one final observation, that the term "conservative" is much misused in many parts of the reforming socialist world. This term does not denote those who are against change itself, as seems to be assumed in the Soviet Union, for conservatism is about types of changes, not their existence. Nor does the term apply to those who advocate radical measures to implement capitalism overnight, as is the case in Czechoslovakia, for conservatism eschews ideological blueprints. Nor is there any necessary association between conservatism and the various positions that one might take on such matters as the proper size of government, the role for income redistribution, and so forth. One can be a liberal in the American sense or a liberal in the European sense and still be a conservative, for conservatism is about how societies should change, not about where they should finish up.

14. Oakeshott, *Rationalism*, p. 172.

On Piecemeal Privatization Versus Mass Privatization

There seem to be two basic models for the privatization of large state enterprises in Eastern Europe.[15] The first model is one of piecemeal actions: waiting for groups of interested parties to arise with sufficient funds; seeking out foreign buyers; constructing ad hoc lease-purchase arrangements; and perhaps giving away some enterprises when there is only one potential "buyer" at a zero price. Above all, this approach to privatization is signified by patience, a heavy emphasis on traditional forms of the market mechanism to exchange ownership rights, and the search for traditional types of owners. These three features are of course interrelated. The need to wait arises from the search for a variety of arrangements for privatization, each identifying a buyer willing to risk his or her own resources in undertaking ownership.

The alternative model stresses the need for speed, a large number of privatizations carried out simultaneously using a single method. Because privatization on such a mass scale has not been accomplished before, this method requires the creation of wholly new procedures and institutions (voucher trading schemes, new mutual funds, and the like). Not only are these institutions and procedures new to the country in question, but there are no close models from other countries on which to base their design. The foundation of this mass privatization method is pure theory, and the builders of the huge institutional structure are primarily technocrats, whose stake in this process is necessarily trivial compared to the amount of resources that their schemes affect. In contrast to the usual mechanisms of markets or pluralistic

15. Of course, this is a gross simplification, again for expositional purposes. See David Stark, "Privatization in Hungary: From Plan to Market or from Plan to Clan?" *East European Politics and Societies* 4:3(Fall 1990), pp. 351–392 for an excellent discussion of the various dimensions of privatization.

democracies, the mass of the population and important economic interests have limited influence on this process.

The critique of the two methods of privatization is given in summary form by using the structure of Table 1 to contrast the two schemes. The resultant comparison is provided in Table 2.

On Workers' Management in the Transition

It is common to find the argument that there cannot be a third way—between capitalism and socialism—in the transition. Most notably this argument is targeted at those who advocate some form of workers' ownership of enterprises during the transition to a market economy. This argument is ultimately end point based. When emanating from Western economists, it is usually driven by two familiar pieces of logic. The first is the theoretical analysis that implies that several perversities result from workers' ownership in a competitive economy. The second element in the argument is the observation that there are few successful economies in which workers' management has been prominent, and given that this ownership form was perfectly legal in most developed economies, its lack of use shows its inefficiency.

I do not take issue with either the theory in the first line of argument or the empirical interpretation in the second. Moreover, I would agree that these arguments, especially the second, imply that it is unlikely that there will be workers' management at the end of a very long transition. But this does not mean that these two pieces of logic sustain the conclusion that workers' management cannot begin the transition. This conclusion relies too much on the notion that initial policies should be guided by the target blueprint, the utopian view.

The piecemeal approach would first ask a series of questions about the importance of workers' management in the economy undergoing reform. It would ascertain whether the principle of worker's management, and its organizational embodiment, is a deep part of the country's tradition. If the answer to that question is in the affirmative, then the short-term productivity of society's practical knowledge will be intimately tied to the continuation of workers' management. In such a situation, the knowledge of how to organize enterprises is contingent on the existence of workers' management, as is the intuitive knowledge that policy-makers possess about the economy's responses to exogenous

Table 1: *Characteristics of Utopian and Piecemeal Approaches to Policy*

Utopian	*Piecemeal*
1. *End point driven.* Choice of initial policy determined by the goal for the final outcome of the process.	1. *Focus on Immediate Problem.* Identifies worst problems, trying to solve them largely ignoring the effects of today's decisions on some long-run equilibrium.
2. *Clean the Slate.* Emphasizes the inter-relatedness of society's problems and therefore the need to make a decisive break with the past, with the necessity of institutional destruction in the first stages.	2. *Use Existing Institutions.* Recognizes that new structures can be created only slowly and accepts that existing institutions are usually better than either none or hastily constructed alternatives.
3. *Large Leaps.* To make a decisive break from the constraints of the past, advocates bold policy steps that involve packages of many new institutions.	3. *Small Steps.* Emphasizes the risks from going too fast and the impossibility of successfully creating a network of inter-related institutions anew.
4. *Faith in the New.* Willingness to trust in theoretical reasoning as the primary input for the design of society's new arrangements.	4. *Skepticism.* Search for existing models and methods to help in the formulation of institutional changes.
5. *Irreversibility.* In the weak form, willingness to accept large irreversible changes. In the strong form, emphasizes the need for them.	5. *Reversibility.* Advocates policies that facilitate feedback on their effects and that can be stopped or even reversed.
6. *Design and Theory.* The most important intellectual resource for policy-makers is the knowledge held by theoreticians and technocrats.	6. *Judgment and Practice.* The most important intellectual resource is the practical experience accumulated in the context of a particular set of institutional arrangements.

Table 2: *Characteristics of Two Privatization Approaches*

Large Scale	*Gradual, ad hoc*
1. *End Point Driven.* Attempt at immediate implementation of ultimate goal of reform—capitalist economy.	1. *Focus on Immediate Problem.* Unclear property rights can be solved without immediate privatization; solution to lack of competition necessarily lies outside the existing enterprise structure (in the creation of an environment where entry of new firms is easy).
2. *Clean the Slate.* As soon as possible, erase all non-capitalist ownership forms.	2. *Use Existing Institutions.* Validate and strengthen some existing property rights; rely on state control during the lengthy period before all enterprises can be privatized.
3. *Large Leaps.* Many privatizations handled simultaneously.	3. *Small Steps.* Each privatization is an individual decision involving different actors.
4. *Faith in the New.* Theoretical reasoning establishes the nature of the voucher schemes, the new forms of mutual funds, and new managerial incentive schemes.	4. *Skepticism.* Rely on the tried and tested features of market processes.
5. *Irreversibility.* Once the scheme is launched new property rights are issued, the revocation of which would destroy the whole reform.	5. *Reversibility.* Each separate privatization is, of course, not reversible. However, the general policy can be amended and changed easily.
6. *Design and Theory.* Relies on the skills of technocrats and standard intellectual approaches for the design of new institutions.	6. *Judgment and Practice.* Uses decentralized judgments of many participants on the forms and scale of privatization and the post privatization structure of ownership and corporate control.

events and to policy changes. A quick move away from workers' management would destroy this practical knowledge, which cannot be replaced even by the instantaneous and complete acquisition of formal knowledge of the new system. Consequently, the productivity of enterprises and the effectiveness of policy-makers would be reduced greatly by the destruction of an existing system of workers' management.

In those societies in which workers' management is important, the piecemeal approach would then seek to determine whether workers' management is the principal cause of the society's problems. Such a determination could not rely on theoretical strictures concerning the behavior of a worker-managed economy compared to an idealized system, since that idealized system is exactly the one that reforming economies will not have in the near future. Obviously, then, ascertaining whether workers' management is really one of the crucial problems of the economy is not an easy matter. But that becomes a crucial point, since a conservative approach would require burden of proof to be the duty of the zealous reformer, when scrapping large elements of both society's institutional capital and society's stock of knowledge.

The preceding discussion implies that the decision on the role of workers' management in the transition must begin with a series of questions about the nature of the existing system in a specific country. I have some guesses concerning the answers to these questions and know that these answers vary between countries. In most cases, the answers would depend upon deep contextual knowledge about the country in question. This is perhaps the most important point to be made. That point makes it obvious that the blanket dismissal of workers' management as an element of transition policy is totally unsustainable, except in an approach that assumes that the institutions of a new economic system can be designed and reliably implemented instantaneously.

In countries such as Yugoslavia, and perhaps Poland, it is plausible that workers' management is deeply embedded in the existing economic fabric. In that case, there seems to be little justification for eradicating it at the beginning of the process of transition. This does not mean that workers' management is expected to survive the transition, nor, especially, that it should be helped to survive the transition. There will surely be rapid growth of the capitalist sector over the next few years. It is clear that fair competition between this sector and the

workers'-management sector must be a vital element in the transition process. Competition for survival—the most important missing element under socialism—should determine the end state of the reform, not ideas about the ultimate nature of good societies that are applied at the beginning.[16]

Conclusions

The above analysis ultimately rests on a distinct vision of the way in which successful socio-economic systems are created and the way in which some of the mostly costly socio-economic experiments of history were generated. Those living in Central and Eastern Europe, above all, should need no reminding of the huge costs that can befall societies when utopian blueprints are implemented. It is surely no coincidence that Popper's distinction between utopian and piecemeal social engineering was developed in the 1930s and 1940s. (And indeed no coincidence that Burke's most famous work was written in 1790.)

The vision of socio-economic progress presented above emphasizes that successful socio-economic systems have seen their institutions build up slowly in a succession of relatively small changes. Revolutions against an existing system, intending to destroy it, invariably result in excess in another direction and failure in some other way.[17] Of course, in the present context, it is perhaps fruitless to hope that either East European policy-makers or their Western advisers would take the lessons of Burke, Popper, and Oakeshott seriously. Therefore, I do not hope to offer the above analysis as a normative exercise relevant to the development of East European policy. Rather, it is a predictive exercise for the events of the 1990s. The successes and the failures of Eastern Europe in the economic transition *from* socialism will provide a test of the applicability of a political philosophy that last had a burst of energy in reaction to the transition *to* socialism.

16. Peter Murrell, *The Nature of Socialist Economies: Lessons from Eastern European Foreign Trade* (Princeton, 1990) argues that the absence of competition for survival among economic units was the most important problem of Eastern European economies.
17. Those tending to disagree with this statement would, I presume, most readily cite the English revolution of 1688 and the American revolution of 1776 as counter examples. This is not the place to discuss interpretation of history. But it must be noted that Burke, for example, interpreted both events as situations where a monarch was overstepping the bounds that had been created in a long period of historical development. Therefore, the majority of "revolutionaries" were in fact quite conservative in intent, as later events indeed showed.