

What does “change of system” mean?*

Introduction**

The inspiration to write this study came from some of the speeches held at demonstrations in Kossuth tér, in front of the Hungarian Parliament in Budapest, in the autumn of 2006.

According to one speaker, the aim was to be “a new change of system, a fourth republic”.

Similar passionate, angry demands were made in other speeches as well.¹

These words cannot be dismissed offhand, for an important problem is involved. What does the expression “change of system” mean? Has that change occurred, or has it perhaps not even started yet? This study sets out to answer these questions, in a calm and objective way.

The intention is not to convince the demonstrators in Kossuth tér or their spiritual brother-in-arms. There is a lot of disagreement among researchers in the social sciences and among a broader sphere of intellectuals interested in political affairs. One reason for this is confusion, misunderstandings and lack of clarification of concepts. The intention is to contribute to setting the conceptual apparatus in order.

Readers should be warned not to expect from this study a causal analysis of the fall 2006 demonstrations and disturbances, or political advice on government tasks in the months to

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** [I would like to express thanks to my colleague Noémi Péter, who helped me to review and process the theoretical literature on systems and system changes, and the political statements being heard nowadays. I thank Zdenek Kudrna and Eszter Nagy for their cooperation in the research on which the study is based. I am also grateful to Péter Gedeon, Gábor Halmai, László Kontler, Imre Kovách, György Kövér, Timur Kuran, Aladár Madarász, and Ákos Róna-Tas for their advice.

The subject of this study—clarification of the concepts of capitalism, socialism, democracy, and change of system, has concerned me for a long time. I first expressed my thoughts on this ten years ago in my article Kornai 1997. The title of the article I then published (“What change of system does and does not mean”) underlines that it was an intellectual parent of the similarly titled study that appears here. The experience of the next decade and research done in it have allowed me to present here my matured thoughts in a more substantial form. The article of ten years ago has not been included in this volume to avoid overlaps and repetition.]

¹ The source of the sentence: “158 éve nem volt ilyen árulás” (There has not been such treachery in 158 years) is *Magyar Nemzet Online*, October 7, 2006. Some other quotations: “Some of the speakers in Kossuth tér want a new constitution based on the doctrine of the Holy Crown, a constitutional national assembly, a new change of system” (Ibid., September 21, 2006). “The crowning of the anniversary and the real freedom and change of system will be the constitutional national assembly.” (“Kitartanak a Kossuth téri tüntetők” (The Kossuth tér demonstrators stick it out). *Figyelő*, October 16, 2006.) “They are already calling for a change of system, for according to the speakers, nobody ever consulted the people’s will about what form of state they wished to live under in Hungary” (“Rendszerváltást követeltek a Kossuth téren” (Change of system called for in Kossuth tér). *Magyar Nemzet Online*, October 5, 2006). “The two speakers emphasized that a new constitution, a new change of system, and a new penal code are required.” (Új alkotmány, új rendszerváltás kell (New constitution, new change of system needed). *Hírszerző* internet newspaper, November 14, 2006.)

come. The intention is to preserve a distance from day-to-day events in rethinking some fundamental problems of the post-socialist transformation.

Positive versus normative approach

Two approaches can be taken.

One is a *positive approach*. What observed and experienced social formations existing in history can be called a “system”? What observed and experienced changes occurring in history can be called a “change of system”?

The other is a *normative approach*. What changes are endorsed or condemned by those who take a position on this question? What changes delight or appall them?

Mention will be made of the normative judgments of others, but I will also present here my own position. There is much debate about whether this distinction can be made.² The positive approach is said to be illusory because the researcher’s choice of topic, the system of concepts he or she employs, and the emphases and omissions in that, are all based on value judgments. Let it suffice in this case to undertake to make the distinction as far as possible. How far it is possible to remain “value-free” in a positive approach is not the main issue here. The main issue is that the two approaches involve answering radically different questions.

A positive approach leads eventually to a positive statement—a conjecture, a hypothesis. The question to ask then is whether the statement is *true*. Can it be supported or confirmed? Is it in any case a statement that can be refuted, or can the criterion of true or untrue not be broached at all?

These questions cannot be put with a normative approach, which leads to a value judgment: do I consider that which I am judging to be *good*? The statement is value-dependent. It may rest on a conscious choice of values, or just on senses of prejudice, emotion, distrust, anger, or outrage, or conversely sympathy and trust. This leaves open a possibility of attempting, by scientific examination, to explore the unspoken, perhaps

² Unfortunately a further conceptual misunderstanding can be expected, notably from those unaccustomed to the positive/normative pair of opposites in the philosophy of science. It is quite frequent for a favorable judgment to be described as a “positive” opinion, and an unfavorable one as a “negative” opinion. Any crusade against this other meaning of “positive”, in the interests of clarification, seems doomed to failure. The author’s only endeavor here is to confine his use of the word “positive” to meaning the opposite of “normative”, while preferring such synonyms as “favorable” and “unfavorable” for value judgments. I recommend others, at least professional analysts, researchers, and advisers, to do likewise, although I do not hope that many people are like

unconscious system of values on which the judgment rests.

The distinction between the two approaches is well known. Yet much of the debate about the change of system has been marked by confusion between them. That distinction plays a key role in the argument about the change of system to be expressed here.

A positive approach to the change of system

What should be qualified as a “socialist system”? A normative response can be made. Some would say the name true “socialism” is not merited by the formation that came into being in the Soviet Union and then the other communist countries, that it was only an insult to the noble concept of socialism. It was incorrect to talk of existing socialism when what existed was not true socialism at all.

I have no quarrel with those who see the description “socialist system” as an honor to be won, for which the formations developed under Lenin, Stalin, Rákosi or Ceausescu fail to qualify. The epithet was also treated as an honor in the official rhetoric of the socialist countries, and by contrast with the previous interpretation, it was concluded that “existing socialism” had done well in its examination.

In a positive approach, the definition cannot be arbitrary; its starting point must be observation and analysis of reality. Let us take an analogy from the natural sciences. There are a great many breeds of dog. It seems almost incredible and unacceptable that a tiny Pekinese and a giant St. Bernard, so different in build, gait, coat, look, and character, should both be classed as domestic dogs (*Canis familiaris*). But it does not depend on the tastes of dog lovers or dog haters what breeds can or cannot be classed as dogs. Zoologists can describe precisely what dogs have in common and what positive criteria decide whether or not an animal belongs to the domestic dog (*Canis familiaris*) species.³ Not the sympathy or antipathy for dogs and cats, but the positive criteria are the deciding factor whether they belong to dog or to cat species. .

I employed a positive definition in my book *The Socialist System* (Kornai 1993). There were 26 countries in 1987 that official styled themselves a “socialist country”.^[4] What

to follow the recommendation.

³ The positive criterion is that individuals of the same species must be able to breed and produce fertile offspring.

⁴ [The 26 socialist countries appear in a table in my comprehensive work *The Socialist System* (Kornai 1993). This appears in an updated form at the end of Study 7 in this volume.

characteristics did they have in common? I was not trying to find as many similar traits as possible. On the contrary, I was trying to make the circle of characteristics as narrow as possible—but sufficient to distinguish clearly the countries that were within the socialist system from those that were not. To use the language of logic, what were the *necessary and sufficient conditions* for it to be possible to say plainly of a certain country at a certain time that it operated under a socialist system?

This calls for three necessary and sufficient conditions to be present concurrently.

1. A dominant role in ownership relations for public ownership, with private ownership present in at most a subordinate, auxiliary role.

2. A dominant role in the coordination of socioeconomic activities for centrally directed bureaucratic coordination, with market coordination present at most in a subordinate, auxiliary role.

3. A monopoly of political power for a Marxist-Leninist communist party, i.e. a party whose program it is to abolish capitalism based on private ownership and the market, in other words a party inimical to capitalism. The communist party will demonstrate by its actions that it is determined to implement such a program. This third characteristic precedes the other two in the succession of historical events. The communist party will carry out mass confiscation and large-scale elimination or containment of the market.

These three *primary*, absolutely necessary conditions will suffice for the system to develop numerous *secondary* traits in common—possibly after long delays. For instance, they will suffice for legislation conforming to the system to appear, for government and economic leaders to adopt a mode of behavior compatible with the system's requirements, for most citizens to undergo socialization in line with the system's demands, and so on.

The concept of a “socialist system” denotes a *family* of systems. The configuration of institutions in any country changes over time: Brezhnev's Soviet Union differed from Stalin's. Countries differed from each other in the same period: Honecker's German Democratic Republic differed from Pol Pot's Kampuchea. But what they shared—as was clearly demonstrable in practice—were the three characteristics mentioned before.

What necessary and sufficient conditions must apply before it can be said that the capitalist system applies in a specific historical formation? The answer is symmetrical with what has been said about the socialist system.

1. A dominant role in ownership relations for private ownership, with public ownership present in at most a subordinate, auxiliary role.

2. A dominant role in the coordination of socioeconomic activities for the market, with centrally directed, bureaucratic coordination present in at most a subordinate, auxiliary role.

3. No political power standing against capitalism, private ownership and the market. These institutions are either supported actively or, at least, treated in a benevolent, “friendly,” neutral manner.

It should be noted that the necessary and sufficient conditions do not include democracy. The capitalist system can operate in a tyrannical political structure that suppresses political rights and freedoms and whose leaders are not chosen by a parliamentary election system. All that is necessary for capitalism to survive is that the political regime should not be anti-capitalist. The problem of democracy is returned to later in the study.

The three conditions above were not picked from a set of candidate conditions, based on some arbitrary definition of capitalism. The road to a definition resembles the one taken with the socialist system. It starts from experience and from observation of the traits of real historical formations. Taking a largish group of countries widely agreed to be called capitalist countries, let us look at what they have in common. They are found to meet all three *primary* conditions just given, while they may differ in their *secondary* features, such as the legal system, the economic activity and redistributive role of the state, the religious affiliations of their peoples, and so on.

The concept of the “capitalist system” (as with the “socialist system” discussed before) denotes a *family* of systems. Again, the configuration of institutions in each country changes over history: it differed in the Britain of the nineteenth century from what it is today, and at a given point in time, the Sweden and Norway of today differ from the United States or New Zealand. But all showed the three mentioned characteristics of a capitalist country.

The dichotomy of “socialism *versus* capitalism” is not precluded by the variance within the system families. It is also compatible with the fact that there have existed and will exist specific formations that cannot be easily included in either family. Here are some exceptions.

- Pre-capitalist and capitalist forms may coexist for a long time in less developed countries.
- Unusual forms of ownership are found in countries where the influence of Islam is strong or even theocratic political and ideological rule has appeared. These forms cannot be called neither public nor private ownership. Furthermore, there are coordination mechanisms in which Islamic law and/or tradition durably constrains the customary operation of the market (Kuran 2004). So the actual system in these countries does not fit into the capitalist

family of systems and certainly cannot be called socialist either.

There is nothing here to unsettle analysts. It is possible to use classifications that prescribe strict delineating criteria, but acknowledge the existence of exceptional, ambivalent or vague cases that cannot be classified. For instance, the male/female dichotomy is workable despite the existence of hermaphrodites.

In contrasting *two* great systems I join an intellectual tradition pioneered by Marx, who brought forward the concept of *capitalism*. The capitalism/socialism pair is also used readily by others, including non-Marxists—Károly Polányi, Max Weber, Ludwig von Mises, and Joseph Schumpeter, for instance.⁵

This is not the only possible approach to clarifying the concept of the system. Some analysts reject this sharp opposition of *two* great systems and two families of models, emphasizing that all existing systems blend various elements. Public property and private, bureaucracy and market, democracy and dictatorship, and many other individual characteristics have been found in each country, but combined in proportions that differ between countries and periods. There exist a great many combinations, and various typologies can be introduced from many points of view (Pryor 2005 and 2006).

I would not rigidly exclude this approach. I gladly use it to distinguish specific historical realizations *within the same family of systems*. As noted before, Kampuchea differed from the German Democratic Republic, as do Sweden and Norway from the United States or New Zealand. Yet I still argue that this strong dichotomy has a powerful clarifying and explanatory power.⁶

We are now furnished with a conceptual apparatus for deciding when the change of system has been completed.

The change of system is over once the country analyzed no longer exhibits the three primary characteristics of a socialist system, and the three primary characteristics of the capitalist system prevail.

It can be stated, according to that positive approach, that the change of system has been completed in the ten new post-socialist member-states of the European Union, including

⁵ Concise reviews of the intellectual tradition that uses the capitalism concept and opposes the two great systems are found in Berend 2001 and Heilbroner 1980 and 1991.

⁶ Present-day social scientists differ in their use of these approaches. Clear examples are seen in two respected and widespread economics textbooks used in American higher education. Fischer and Dornbusch 1983 uses the capitalism/socialism pair of concepts, but Mankiw 2004 avoids it.

Hungary. (That is not to say it has only been completed in those ten countries, but my argument here does not call for clarification of whether the change of system has been completed in other countries or not.)

That is a positive statement, to be confirmed or denied by experience. I do not want to burden this study with a lot of statistics. I will confine myself to two tables from reports of the European Bank of Reconstruction and Development, drawing from them a few data on Hungary

- The first of the primary conditions has been met (*Table 6.1*). Eighty per cent of Hungary’s GDP derived from the private sector in 2004.
- The second of the primary conditions has been met (*Table 6.2*). The EBRD gives expert “transition indicator scores” to countries, for how far they have advanced in the post-socialist transition in terms of various characteristic features of the market economy. The best score is 4+, which Hungary received in the two indicators to do with coordination mechanisms: liberalization of trade and of foreign-exchange transactions. That reflects the market mechanism already has a dominant role in coordination.
- I will not support numerically the statement that the third condition has been fulfilled: Hungary’s political system and legislation protect private property and market institutions. The truth of that assertion can be checked by the reader.

Table 6.1. The share of the private sector in GDP, %

Country	1989	1990	1992	1994	1996	1998	2000	2002	2004
Bulgaria	10	10	25	40	55	65	70	70	75
Czech Republic	5	10	30	65	75	75	80	80	80
Estonia	10	10	25	55	70	70	75	80	80
Hungary	5	25	40	55	70	80	80	80	80
Latvia	10	10	25	40	60	65	65	70	70
Lithuania	10	10	20	60	70	70	70	75	75
Poland	30	30	45	55	60	65	70	75	75
Romania	15	15	25	40	55	60	60	65	70
Slovakia	5	10	30	55	70	75	80	80	80
Slovenia	10	15	30	45	55	60	65	65	65

Note: The calculations employed official (government) and unofficial sources. The proportion includes the official and unofficial activity of private firms. All firms in majority private ownership count as private.
Source: Based on EBRD (2006).

Table 6.2. Values for the EBRD index of transition to the market economy

Country	Trade	Price liberalization and foreign-exchange transactions
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Bulgaria	4+	4+
Czech Republic	4+	4+
Estonia	4+	4+
Hungary	4+	4+
Latvia	4+	4+
Lithuania	4+	4+
Poland	4+	4+
Romania	4+	4+
Slovakia	4+	4+
Slovenia	4	4+

Note: The indicator score ranges from 1 to 4+. 1 = no or hardly any appreciable change since the period of central planning. 4+ = conditions equivalent to those of the industrial market economies.

Source: EBRD (2005), Table 1.1.

A positive statement devoid of any value judgment has been made. *The change of system has occurred.* It is possible to rejoice over that or resent it. But there can be no debate between the rejoicers and the resenters about whether the ten new EU member-states have entered the family of capitalist systems or not, because the main systemic traits in this respect are similar to those in the other capitalist countries.

People have found it hard to take to the word “capitalism.” Public thinking underwent deep indoctrination in the decades of communist power, when newspapers, radio and television, schools, and universities, festive speeches and party seminars alike imbued people with the idea that capitalism was a hateful, reprehensible system. “Restoring capitalism” was not a goal even those put off by the existing socialist system. Nor did the radical opponents of socialism declare that they wanted a “capitalist system”—even in otherwise quite daring and forthright samizdat writings. Another reason why they did not do so was because they had not thought the matter through, or if they did support the restoration of capitalism, because they did not want to underline the fact for fear of alienating in their readers. Revealingly, politicians, political commentators, and social scientists continued to avoid the expression even after censorship and self-censorship had ceased.⁷ It is not found in the first manifestos of the parties founded after 1989, which preferred such euphemistic expressions as “market economy,” as more acceptable to a public attuned to anti-capitalism.

⁷ My colleagues and I searched the issues of the periodicals *HVG*, *Magyar Narancs* and *Hitel*, and only began to find the word “capitalism” appearing in articles in 1992–3. Not long ago, Péter György recalled his own prudish avoidance of it: “1989 denoted and promised a multiparty system, and hardly anybody spoke of capitalism. Government followed government, and each justifiably avoided acquainting the public with the reality of capitalism” (György 2006).

A positive approach to changing the political structure

Not only the ten new East European members of the European Union have fulfilled the minimum condition of ending monopoly power of the communist party, with its anti-capitalist, Marxist-Leninist ideology, so opening the way to joining the capitalist family of systems. Far more than that has occurred; the change has been much deeper. Dictatorship has given way to democracy, and political monopoly of the communist party to competition among several parties.

As underlined earlier, this political change is not a *necessary* condition for the change of system. Capitalism might equally have replaced socialism while one type of political tyranny was simply replacing another. Think of 1919 and the subsequent initial period in which red terror was replaced by white. Or recall the Pinochet coup. It was a stroke of historical luck that the two transformations—political and economic—coincided. It did not depend only on external conditions. Contributions came also from the movements and organizations of democratic opposition to the communist system, the process of intellectual enlightenment, and the ideological and moral commotion in the leadership of the communist party, i.e. *internal* forces. The role of internal forces was greater in some countries—perhaps Hungary and Poland most of all—and weaker in others, but it can hardly be denied that these internal forces were not decisively responsible for the collapse of the communist tyranny. Ultimately this was made possible by outside circumstances: changes in international power relations. The Soviet Union had managed to prevent Hungary in 1956, Czechoslovakia in 1968, and Poland in 1981 from leaving the socialist system, but it could no longer do so in 1989–90.

The word democracy has been used so far without explanation, but it needs defining, as conceptual clarification is the study's main purpose. Let me employ the same methodology as with the definitions of *socialism* and *capitalism*, though it is by no means a self-evident or exclusively accepted one. A positive, not a normative approach will be taken again. There are countries that are called democracies. Overseas countries like the United States, Canada, Australia, and New Zealand can certainly be included here alongside the older member-states of the European Union. What features do countries in this group have in common, and what distinguishes them from countries generally considered *not* to be democracies? As with the positively approached characterizations of socialism and capitalism, I am looking for the minimum set of characteristics, the necessary and sufficient conditions, the primary

distinguishing criteria.^[8]

Following Schumpeter (1942), the marks that distinguish democracy from other forms of government appear in its *procedural* characteristics. Taking a positive approach, a country's form of government qualifies as a democracy only if its leaders are elected by a well-defined procedure, whose main components are rivalry among political parties and repeated elections based upon this, as well as legislative activity by the Parliament so elected. Those who have been governing need not (and may not) be removed by demonstrations, mass pressure, insurrection, sedition, armed force, assassination, or conspiracy. They *can be removed* in a civilized way, by voting procedures at the next due elections. If the incumbent leaders are not re-elected, they hand over to the winners of the elections without resistance. These procedural characteristics can be considered the *minimum conditions* necessary and sufficient for democracy to apply.

I would like to underline what this description does *not* include.

a) It includes no statement on how mature or developed the democracy of the system in question is. It can fulfill the minimum conditions even if it is quite rough and ready otherwise, if government is insufficiently transparent, and if direct civil participation in political decision-making is weak.

b) The minimum conditions include no stipulations on the quality of government. A democratically elected government may be competent or incompetent, thrifty or wasteful, honest or dishonest, so long as the rules of democracy are kept in appointing its leaders.

c) The minimum conditions are not expressed in the conceptual apparatus of constitutional law. A country's constitution may already include the minimum condition of regular procedures for parliamentary elections and appointment of governments. But the form of government may still meet the minimum conditions if its constitution is vague on this. Britain, the pioneer of constitutional government, still has no codified constitution.

d) The minimum conditions say nothing about the *stability* of democracy. They allow a *test* of whether there is democracy in a country at a particular time. But they give no political advice on how to defend democracy. This is an important warning that I need to append to my earlier writings.

Hungary today has democracy, because the procedural rules for electing and dismissing leaders have been kept so far. Electoral losers have resigned power and handed it over to the

⁸ [Interpretation of the concept of democracy has already been addressed in Study 5. There is some inevitable

winners in a civilized manner. For the first time last year, in 2006, a government coalition was reelected—and it happened according to the procedural rules.

Yet the fact that this has happened so far is no absolute guarantee that it will happen hereafter. Fulfillment of the minimum conditions *today* is not a sufficient condition for the survival of democracy *tomorrow*. The minimum conditions must be respected time and again, day after day. If you have won, exercise your right to govern. If you have lost, accept the political defeat. It is not too hard to accept victory, but accepting defeat is the litmus paper that shows whether democracy is operating or not. If significant political forces fail to meet that minimum condition, democracy is in danger.^[9]

Let us return to the list of what the minimum conditions do not include.

e) It is important to the argument to emphasize that the positive definition presented includes no value judgments.^[10] It is possible to like or reject the democratic form of government that fulfills the minimum conditions. The discussion here is confined to whether or not there is democracy in a country at a particular time.

By the criteria of a positive approach it can be confirmed that democracy applies in Hungary (and the other nine East European EU member-states).

The reception of capitalism and democracy—a normative approach

Let us turn to a normative approach to the problems, treating them in two stages. First let us consider the arguments of those who do not dispute the positive statements that capitalism has replaced socialism and democracy has superseded dictatorship. They do not deny these; they are simply dismayed or appalled by what has developed since the changes.

I am fully aware of the fact that such discontent is widespread, but it does not betray its presence primarily in noisy demonstrations. More importantly, the public may grumble privately, rather than air their complaints in the street, but the dissatisfaction appears in

overlap between the two discussions, but this account raises some points not covered in Study 5.]

⁹ [It was emphasized in Study 3 that communists and social democrats are distinguished primarily by how they relate to the procedures of democracy. Communists are prepared to do away with those procedures, take power by force, and having obtained it, refuse to resign it again. They see democracy as something “formal”, an empty set of rules of a game. Social democrats, on the other hand, never place themselves above the procedural rules of democracy, seek to enter government by winning elections, and are prepared to resign power when electorally defeated.]

¹⁰ [Insistence of the democratic form of government features high in my own order of values. My normative statement of my view appears in Study 5.]

reliable surveys of public opinion and several painstaking, objective empirical studies (Ferge 1996, Vásárhelyi 2005, Sági 2006).

Although this study is not intended to analyze the manifestations or causes of public dissatisfaction, some remarks need to be made on certain views often expressed among intellectuals and in political discourse. This study sets out to discuss three groups of views.

The first group consists of expressions of support for *reforming* capitalism: the criticism is confined to some features of the system. I view this as useful and try to practice such criticism myself. It may go quite far and be quite sharp, for it is common to find agonizing, unjust, morally reprehensible features specific to the capitalist system. There are some well-known examples, such as offensively unfair inequalities of income, wealth, and knowledge, mass unemployment, and a low employment rate. These awkward or harmful features cannot be eliminated, but they can be substantially reduced.

Those who share this group of views are not advocating withdrawal from the family of capitalist systems. They recommend a different variant of the system from the present one. Their aim is not to overthrow capitalism, but to alter some of its institutions, legislation, and customs. It is fortunate that such criticism is quite widespread.

The second group of views consist is advocating some *third kind of system*. The *first system*, capitalism, is bad.¹¹ The *second*, which tries to replace it, socialism, is bad. So let there be a *third system* or *third way*, as it is sometimes called. Advocates of such views include some (yet not all) neo-Marxists, but similar opinions are held by people who have nothing in common with Marxism. Such views are found in Hungary and elsewhere.

Let the world be better and *different*, but where should the difference lie? It certainly must not resemble the ghastly system of Lenin and Stalin. But ask the advocates of such views what specific lessons should be drawn from the fall of the socialist system and the response is unconvincing. The typical reply is that its failure *per se* does not lead to any revealing conclusions. Lenin, Stalin and their followers did a bad job; it is now time for socialism to be done well. Asked how, they do not know or feel an obligation to pronounce on the matter. They feel intellectually and morally justified in rejecting an existing bad system even if they cannot outline a better one in a constructive fashion.

¹¹ The general criticism of capitalism today is closely bound up with protest against globalization, in which there are many, sometimes contradictory views involved. They consider the exploitation of poor, backward countries by rich ones to be outrageous, or conversely, they see danger in the competition less-developed countries bring to world trade, fearing for jobs at home. It would go beyond the scope of this study to examine these influential political and intellectual trends.

In my view, the type of response just outlined is irresponsible, despite its long history—it was the response made by Marx, who did not take the trouble to devise the rules of operation for a future socialist society, and even scornfully decried those who tried to do so: “Thus the *Paris Revue Positiviste* reproaches me in that, on the one hand, I treat economics metaphysically, and on the other hand—imagine!—confine myself to the mere critical analysis of actual facts, instead of writing receipts (Comtist ones?) for the cook-shops of the future” (Marx 1974, 26). Engels in his *Anti-Dühring* mocks a scholar who claims to have found “a new social order... constructed in his sovereign head, in his mind, pregnant with ultimate truths,” branding him “the epigone of the utopians” (Engels 1963, 363). Marx and Engels are suggesting it is “unscientific” to devise meticulously in advance how the future society will operate. A hundred million people have paid the heaviest price for their irresponsible omission, as the experiments to decide what the future society should be were done live, on them.

Capitalism has many repellent features indeed. I do not expect “the man in the street” or even writers presenting the dark side of the capitalist system in their works to recommend a better replacement. Nor do I expect constructive proposals from the rest of the intelligentsia unless research into social developments is their profession. But I think there are other requirements of economists, sociologists, political philosophers, or contemporary historians whose profession and vocation it is to study the processes of social transformation. Professional responsibility and intellectual honesty require them, having urged people to reject capitalism and carefully studied the historical lessons, to say what system to put in capitalism’s place. Let them come forward constructively with alternative plans for society, and examine conscientiously the feasibility of the system recommended. Have they accounted realistically for human nature? Have they reckoned with the present state of technology? If they wish to have a democratic system of government, have supporters of their plan any chance of winning free elections? Or are they proposing another form of government? If there were such plans, we could think about them and debate them. There is no worthwhile way to debate about empty slogans and utopias.

Finally, I place in a separate third group the views of those who preach *ambivalent populism*. These are some of the typical expressions in their rhetoric include: “hawkish capitalism”, “luxury profit”, “banker government”, etc. and many more. What kind of economic system would people who stir up feelings in that way like to see? What kind of rules could be used to turn their sloganized criticism into practical language? Would trading

licenses be granted only to dovelike capitalists and withheld from those with hawkish characters? Should there be profit, but not luxury profit? Should there be a capitalist economy operating, but no banks, as banks cannot expect the state's rule of law to protect their property any more or enforce their contracts?

Such rhetoric displays a lack of courage to reject capitalism and a want of intellectual power to advance feasible, useful ways of reforming it.

“Replacing the elite” and “dispensing justice”—a normative approach

That concludes the first stage of analysis of the normative approach, covering the views of those who acknowledge the fact of the change of system, but do not like its consequences.

The second stage is to examine the views of those who doubt whether there has been a change of system at all. This mixes up the positive criteria with the normative. (Of course I am not saying the holders of these views have recognized the *positive/normative* distinction or thought out the basis of their position at all. That is immaterial to what I have to say. In analyzing these points of view, any view can be categorized irrespective of that.)

Views that confuse the positive and normative approaches share the same structure. The argument begins with a formula: “I see the change of system as incomplete (or possibly, as a process that has not yet really begun), because I only count a change as a ‘change of system’ if it meets the following condition or conditions.” Then follow the normative condition or perhaps an ensemble of conditions.

A great many normative conditions were advanced earlier and still do so in the fuming political climate of the summer and fall of 2006. Some of the speeches made in Kossuth tér were quoted at the beginning of the study. These and similar contributions have been the source of several normative demands, of which six examples follow.

Example 1. We cannot talk of a change of system because the cadres of the old communist system still hold leading positions. A complete change of guard is essential to a change of system, i.e., in the language of social science, there must be complete or almost complete replacement of the earlier elite by a new one.

Example 2. We cannot talk of a change of system while those responsible for the crimes of the old system remain unpunished. Dispensing justice is essential to a change of system.

Example 3. We cannot talk of a change of system while the present constitution remains in force. This constitution is unacceptable and its faults cannot be patched and darned with

little amendments. We need a new constitution and in order to elaborate and accept it, a constituent national assembly is needed.

Example 4. We cannot talk of a change of system when the people have not been asked what system they want. We need a referendum to render the new system legitimate.

Example 5. We cannot talk of a change of system because real change has to tie closely to satisfaction of national demands. These demands range widely over revision of Trianon and restoration of the country's pre-1919 borders, or even introduction of racist regulations to counteract a perceived dominance by *non-Hungarians* or *not full Hungarians* or Jews.

Example 6. We cannot talk of a change of system while the present form of government remains. This resembles the form of republic customary in surrounding countries, whereas Hungary needs a very special form of state based on the doctrine of the Holy Crown. It is sometimes said that the country should not be a republic at all, but a kingdom.

All six views involve denying that a change of system has occurred, not for want of minimum conditions (the need for which is typically denied), but because normative conditions set by the speaker are not met.

This study is confined to the first two examples.

Replacement of the elite. Hungary and Eastern Europe changed from a socialist to a capitalist system at enormous speed. It is worth looking at some historical experiences in this respect. Mention can be made of the several hundred years that passed in England, the foremost country in the transition to capitalism, before pre-capitalist ownership was gradually superseded by capitalist. The power of monarchy gradually weakened, early signs of self-government and parliamentarianism appeared, then the weight of the electoral process and Parliament gradually increased until parliamentary monarchy and finally—in the latter half of the 19th century, the recent past in historical terms—democracy was in place. The change of economic and political system occurred in several stages over a long time. There were lengthy transitional periods with occasional standstills and temporary reversals or intervals of accelerated change. While the importance of the aristocracy in the elite gradually declined over the centuries, we cannot pick out any short period in the transformation process of this era when radical replacement in politics or in economics took place. (The one exception was a brief period in the mid-17th century followed by a rapid restoration.) The men of the old and the new systems lived side by side competing for power and wealth. There existed rivalry, struggle, and at the same time collaboration and cooperation among them in varying proportions (Kontler 1993, Rubinstein 1986, Stone 1993, Stone et al. 1984).

Hungarian history, after great delay (measured on historical scale), showed similar developments in the composition of the elite and the interactions within it in the second half of the 19th and first half of the 20th centuries. The composition of the political elite changed suddenly after the 1849 defeat in the war of independence, but the trend of continuity was resumed strongly again after the 1867 Ausgleich. The elite consisting of the various groups of the aristocracy, the great landowners, the gentry, the middle classes of civil service and the business world coexisted. Its composition had changed, but there was certainly no radical change of guard. The earlier elite—the aristocracy and great landowners—continued to hold important positions of political power and their influence extended into the business field. There was both rivalry and collaboration apparent among the various strata and groups within this heterogeneous elite (Kövér 2002, Lakatos 1942, Lengyel 1987, and 1989, Péter 1993).

The one great type of transformation to carry out a change of elite in a rapid and brutal way was the overthrow of the capitalist system and creation of the socialist system. It came first in Soviet Russia and then after communist takeovers in other countries.

What happened in Hungary in the most recent change of system? There have been some notable empirical studies that offer quite a clear picture. A radical hypothesis was raised at the beginning of the post-socialist transition, whereby the old elite would survive almost intact and the composition of the elite would hardly change, because a “*nomenklatura* bourgeoisie” would develop (Hankiss 1990) and “political capitalism” emerge (Staniszkis 1991). Though still widely held, this view has proved to be a gross exaggeration. Empirical researches have shown it did not even apply in the early period of transition (Böröcz and Róna-Tas 1995, Szelényi, Szelényi and Kovách 1995). In fact only a small proportion of the new political and economic elite held higher positions under the old regime (*Table 6.3*). Many advanced from lower levels of the old politico-bureaucratic strata, while many others were recruited from social groups outside the old elite.

Table 6.3.

Employment features of the Hungarian elite after the change of system (1993), proportions already holding such positions in 1988, %

Position held in 1988	All new elites	New economic elite	New political elite	New cultural elite
Cultural decision-maker	2.9	0.2	3.1	12.8
Economic leader	20.8	30.9	3.7	4.5
Party official	3.3	2.2	3.1	7.5
State official	5.6	1.6	20.5	2.3
Aggregate proportion	32.6	34.9	30.4	27.1

Source: Szelényi, Szelényi and Kovách (1995).

The general statements are further supported by data in *Tables 6.4 and 6.5*. Analysis of both rests on the assumption that continuity prevailed in the careers of members of the post-socialist elite if they had been members of the old Hungarian Socialist Workers' Party. This is a simplification, as many members of the old political and still more the old economic elite were not party members. However, there was certainly a strong correlation between elite membership and party membership; the criterion is a good proxy for continuity between the old and new elites. *Table 6.4* shows clearly that—although there was no drastic change of guard—partial dismissal of the old elite soon began. The trend continued, so that little more than a fourth of the new economic elite in 2001 had been a communist-party member (Csité and Kovách 1997, Csurgó, Himesi and Kovách 2002). The second of the studies just cited is the source of *Table 6.5*, which gives 2001 data for the political and cultural elites, as well as the economic. The trends are similar in all three segments: a clear, steady reduction in the proportion of former communist-party membership. Bearing in mind the findings of surveys conducted by different methods, it can be said that the proportion of the new elite consisting of members of the old elite is shrinking. (Other prominent contributions to the literature on the change in the Hungarian elite include Kolosi and Sági 1999, Kovách 2002 and 2006, Laki and Szalai 2004, Lengyel 1997, Kostova 1996, Spéder 1999, and Szalai 1996a and 1996b.)

Table 6.4.

The proportion of former communist-party members among the economic elite, %

1988	1993	1997	2001
83.3	66.1	49.8	26.8

Note: The same question was put in each of the four years and calculations made according to the responses.

Source: Csité and Kovách (1997), and Csurgó, Himesi and Kovách (2002).

Table 6.5.

Proportions of former communist-party members among the elites, %

	Cultural	Political	Economic
Never a member	71.2	64.3	72.2
Former member	25.9	32.9	26.8
No response	2.9	2.8	1.0
Total	100	100	100

Source: Csurgó, Himesi and Kovách (2002, 322.)

I admit that it also annoys me to see in leading positions people whom I know from personal experience did much damage while holding high posts under the old regime. To

translate that into the language of this study, I also take a normative approach and I am often enraged, but I try to control my feelings. To return to the positive approach, I maintain my earlier view that a change of elite is not a *necessary* condition for declaring a change of system is complete. The capitalist economy throws up its own leading stratum, adopting and absorbing people capable of playing the role, and soon sorting out those unfitted for it, even if they have started from an advantaged position. That strong selection mechanism is one of the secrets of the capitalist economy's success. So too does political democracy throw up its own leading stratum. There is selection among parties and movements, as there is in market competition. Those who prove unsuited are eliminated sooner or later. Nobody can say that the selection mechanisms in these two spheres work perfectly. Untalented or dishonest people may sometimes take control, while talented and honest people are squeezed out. But the selection on the whole is quite effective. As time passes, this selection process becomes increasingly reliable, even though faulty selections can still be expected.

Unfortunately, there is not full equality of opportunity. It can really be an advantage for a person or his or her family to have been high up under the old regime as well. (On the other hand, that can be a drawback initially, by giving rise to antipathy in one's surroundings.) But the advantage will wear out as time goes by. Certainly nobody will be guaranteed a job forever if incompetent to do it. The change of elite is driven by the system itself.

Dispensing justice. If this is taken to mean criminal proceedings guided by law and ending in a judicial verdict, there has hardly been anything of the kind. Even the one or two trials to do with volleys of fire on demonstrators in 1956 have ended in an equivocal way. The only other move has been to regulate against certain jobs being done by some groups of the old political elite.

There were sharp debates in the early 1990s about dispensing justice. Legislation to exact retribution for crimes committed under the old regime was submitted, but the bill was not approved by Parliament. Opinions were divided within the political parties of the time and among the participants of the public debate. There was no broad consensus on what legal action would be fair. Ultimately, no solution was found in Hungary or any neighboring country because society was deeply divided over the desire for justice in a historical sense, according to Péter Kende (2000). The debate gradually died down and efforts to take action were impeded by decisions of the constitutional court. The embers of the debate glowed

occasionally, but soon turned to ash again.¹²

Let me repeat that I too was indignant when suddenly, at a concert hall, I ran into a judge who had given my friends prison sentences after 1956. Petty thieves and pub rowdies are locked up, but those who actively and enthusiastically took part in the oppression go free. When the public were enraged about informers under the old regime, I sympathized with the grumblers: the focus was on people who were little cogwheels in the machinery of oppression; not a hair was touched on the heads of those who served as engines or large transmissions.

Yet I still hold the view I expressed in connection with a positive approach: punishing the criminals is not a *necessary* condition for stating that the change of system is complete. Let us examine strictly and accurately the attribute “necessary.” The new economic and political system can still operate if the guilty go unpunished.

The new system must be viewed without illusions, even if a higher morality would require the guilty to be punished. Neither the capitalist economic system nor parliamentary democracy is a triumph of pure morality. In one of the birthplaces of democracy, the United States, the first country to formulate and adopt a democratic constitution, there were at that historical juncture many million black people suffering slavery. Some of the founding fathers themselves kept slaves. With the change of system and the change in form of government that coincided with it in this country the *minimum* conditions came about for the capitalist system and democratic government. That in itself is a historic victory of huge historical importance. But nobody can consider it more than the minimum. It is the starting point, and it depends above all on the leaders and citizens of this country where we go from here.

Between these two demands (replacement of the elite and dispensing of justice) there is a link that is worth considering thoroughly.

The change of system that began in 1989 took place without bloodshed or violence. Not long ago, we marked the fiftieth anniversary of 1956, and it is timely to make a comparison with events at that time. Certainly the initial movements then did not proclaim a change of system to be their goal. But if outside forces had not crushed them, it would probably have led to one. And it would not have been a change of system of which anybody could have said later that it had gone through without violence. It began with an armed uprising, and initially, the leaders of the old regime sought to defeat the rebels by force of arms. Soviet tanks

¹² On the debates in Hungary and efforts to settle them, see Fogarassy 2001, Halmai 2006, and Rainer 2000.

appeared and fired shots in the streets of Budapest. Thousands died on both sides of the barricades. The intention took seed in the minds of many that those in charge under the old order be punished. There were many who sought revenge, and passions rose to the point of lynching in some places.

On this occasion, in 1989 and after, there was no sign of anything of that kind.¹³ It was a velvet revolution, as the Czechs so expressively put it. The reason for the lack of bloodshed was not that human nature had changed over three decades and a half. This transformation began with agreement and compromise, around the negotiating table. The script for the transformation was discussed point by point, with bargaining between the old and new leaders. Those who had previously exercised total power made no attempt to reach for their guns. Instead, they cooperated in developing democratic procedures and a capitalist economy. They did it with sour faces, but they did it. One reason why they cooperated was because they would not be excluded from political or economic activity—as long as they accepted the new rules of the game.¹⁴

“Would you have wanted a revolution?” That classic remark by József Antall, first prime minister of the new democracy, is often quoted when people pressed for a total change of guard and punishment of the guilty.

There are contradictory values juxtaposed here: on the one hand, the change of guard and dispensation of justice, and on the other, the demand for non-violence.¹⁵ According to a normative approach under my system of values, it is more important for great social transformations to take place without bloodshed, loss of life, or acts of violence, than for the old faces to disappear and justice to be done.¹⁶ But I know that not everyone subscribes to my system of values. Some people want the people of the old regime to be removed and punished, even if it means violence.

How the elite was changed and justice done is Hungary’s internal affair. There was no outside imposition of what should happen and what should be left out of the transformation

¹³ The exception among the new EU countries was Romania, where Ceausescu and his wife were executed at the beginning of the change of system.

¹⁴ No formal agreement was reached at the round-table discussions that would exclude the possibility of criminal proceedings against those responsible. (See Rainer 2000.) But the way that such judicial proceedings were omitted from events in subsequent years shows that there had been implicit agreement to do so on both sides.

¹⁵ [I return in Study 7 the problems of dispensing justice and freedom from violence, and the dilemma of choosing among the contradictory values associated with these.]

¹⁶ According to Kende 2000, Hungary may have gone too far in this respect in the early 1990s. It might still have been possible then to find procedures for dispensing justice compatible with the non-violent nature of the transition. It remains questionable, of course, whether these could still be employed today, 15–18 years later.

process, for we decided for ourselves. Yet it is worth noting the great international influence exerted by what has happened and continues to happen in Hungary and the other East European countries.

Here I would like to draw attention to only one international effect, and that is the influence on the great transformation of China.^[17] There is a change of system taking place in that vast country of 1.3 billion people. Will there be an uprising, bloody clashes, or a civil war claiming millions of victims? Or will it occur peaceably? So far the latter seems likely, for one reason, because the communist cadres do not oppose the spread of capitalism. On the contrary, they are seeking their share of the profits. Party secretaries appropriate some or all of the factory assets. Municipal firms fall under the control of mayors. Sons and daughters of generals study at expensive business schools to prepare them for high positions in business. This is all rather repulsive, but it has the advantage that the communist party becomes the quartermaster instead of the enemy of capitalism. It is an immoral process, but it disarms the resistance of the old lords to the new system, giving them an interest in its prosperity.

Chinese observers of Eastern Europe see it as though something of the kind occurred here as well. But what if they saw us stringing up from the lampposts old cadres thought responsible for the crimes of the old order, or if not lynching them, legally imprisoning them on a mass scale for old offences? What if those old cadres were excluded from business and political life? That could easily warn the Chinese communists away from peaceful transition. Then, instead of surreptitious introduction of capitalism, they might prefer unbridled oppression and resistance to the change of system.

It is no naïve exaggeration to say that people in China are observing what happens in Eastern Europe. They observed closely the Hungarian reform of 1968, which had strong influence on China's own reform measures. On the opposite side, they followed closely the actions of Gorbachev, seeing them as warning, lest China disintegrate as the Soviet Union did. They still monitor events in Eastern Europe and draw conclusions from them in their own way. Similar lessons are being drawn by Vietnam and Cuba. Those of us who have not become irrevocably provincial would do well to keep an eye also on the indirect and distant effects of East European transformation.

Concluding remarks

¹⁷ [China's great transformation is returned to in the Appendix to this study.]

The main purpose of the study has been to suggest a *means and method of approach*. How can one approach a *positive definition* of a social structure? How can positive and negative approaches be *kept separate* in theoretical analysis? These are by no means easy problems and solving them by no means a trivial task. I have tried to give examples of these theoretical tasks.

As mentioned in the introduction to the study, I am not engaging in debate with the demonstrators in Kossuth tér, nor with the commentators on domestic events seen every day in the press and on television. But I still hope that the ideas I have put forward on a quite abstract plane may contribute to further cool consideration and so to dampening passions.

When absorbed in daily events and assessing them, we all tend to lose our sense of perspective. We cannot see the wood for the trees. Recalling the *fundamental* facts of the change of system—and how the capitalist economy and parliamentary democracy came about—may help to distinguish the lesser experiences of daily life from the truly great historical transformation.

It has almost become fashionable to dismiss the last 16 years. I object! We have to recall the basic changes and defend ourselves from such irresponsible attacks in order to formulate a more balanced way of thinking.

I would also like to encourage readers to consider the relative weights of the requirements and conditions for the transformation. If I have convinced people there are minimum conditions for a change of system and democracy, they must give highest priority to defending those conditions.

[Appendix

The transformation of China

I was asked the following question several times after lectures I gave on interpreting the change of system that the Central Eastern Europe had undergone: How could the transformation of China be fitted into the scheme described here? Had there not appeared in China a third system that was neither socialism nor capitalism?

Transformation in China has been far slower than it was in the post-socialist countries of Eastern Europe. But slow though it has been, it is not true to say it has arrived at a new system

whose main features will remain unchanged for a long time. It is not permissible to confuse a slowly changing motion picture with one that has frozen into a still! China has undergone radical changes in the main characteristics of its system in the three decades since the death of Mao Zedong, and further changes are still occurring.

Table 6.6 shows how public ownership has dwindled and the share of private ownership has increased. The latter—according to the official Chinese classification used in the table—had reached 60 percent by 2003. It can be added here that what is termed “collective property” in the Chinese statistics covers not only assets under the classic state ownership of old, but some unusual hybrid structures. Most city or village “collective” enterprises include an ownership role for the local mayor, party secretary or enterprise director. Although I do not have fresh national statistics to hand, it appears from the interim reports that the expansion of the private sector relative to the publicly owned sector has continued since 2003. The first characteristic of capitalism—a dominant role for the private sector—either applies or is near to applying.

The bureaucratic coordination mechanism of the command economy has long since gone or applies only within a narrow sphere. The market mechanism has become the dominant coordinator of economic activity. This appears clearly from *Table 6.7*. By 2003, 87–97 percent of production (depending on the type of product) was for sale at market prices, not prices fixed bureaucratically. The second characteristic of the capitalist system—predominance of market coordination—clearly applies.

Table 6.6. Proportions of private and state sectors in China (% of value added, by form of ownership)

	1998	1999	2000	2001	2002	2003	Change
<i>Business sector less agriculture</i>							
Private sector	43.0	45.3	47.7	51.8	54.6	57.1	+14.1
State sector	57.0	54.7	52.3	48.2	45.4	42.9	-14.1
• direct state control	40.5	40.1	39.6	37.1	35.2	34.1	-6.4
• collective control	16.5	14.7	12.7	11.2	10.1	8.8	-7.7
Together (79% of GDP)	100.0	100.0	100.0	100.0	100.0	100.0	
<i>Business sector</i>							
Private sector	53.5	54.9	56.3	59.4	61.5	63.3	+9.8
State sector	46.5	45.1	43.7	40.6	38.5	36.7	-9.8
• direct state control	33.1	33.0	33.1	31.2	29.9	29.2	-3.9
• collective control	13.4	12.1	10.6	9.4	8.6	7.5	-5.9
Together (94% of GDP)	100.0	100.0	100.0	100.0	100.0	100.0	
<i>The whole economy</i>							
Private sector	50.4	51.5	52.8	55.5	57.4	59.2	+8.8
State sector	49.6	48.5	47.2	44.5	42.6	40.8	-8.8
• direct state control	36.9	37.1	37.3	35.7	34.6	33.7	-3.2
• collective control	12.7	11.3	10.0	8.8	8.0	7.1	-5.6

All (100% of GDP)	100.0	100.0	100.0	100.0	100.0	100.0
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Source: OECD (2005), 81.

As for the third condition, there is a difficulty here with discrepancies between word and deed, the loudly proclaimed rhetoric and the actual practice. There has been discussion of this in Study 3. While Marx, Engels, Lenin, and even Stalin have not been denied publicly by the communist party in speeches or in ceremoniously adopted resolutions, and fidelity to the ideas of Mao is emphasized, the communist party has long since rid itself of its anti-capitalism in governmental practice. At one time, it would have been inconceivable for a “capitalist” to be a member of a Bolshevik-type party, but now it is permissible under official party rules. There is increasing interpenetration of the leading stratum of the communist party and the owning and managing elite of the capitalist economy. This takes a number of forms. Party cadres, high officials and generals appointed by the communist party, engage in business activity. Conversely, the leading people in the business world, including possessors of enormous fortunes, may be “elected” members of national or local assemblies (i.e. the party picks them for the task), placed on the committees of party organizations, or even chosen as the top person of a party organization. The process of interpenetration is widened through family contacts. If the part functionary himself does not become a “capitalist”, his wife, sibling or child may do so, while the relatives of “capitalists” are building themselves into the communist-party machine. A new leading stratum of a special consistency is developing before our eyes—a stratum with a deep interest in spreading and maintaining the capitalist system (Qian 2003, Economist 2007).

To put it another way, the third, political characteristic of the capitalist system has been fulfilled. Or at least it can be said that China is advancing steadily in that direction.

Table 6.7. Proportions of transactions governed by market prices in China (% of total transaction values)

	1978	1985	1991	1995	1999	2003
<i>Production goods</i>						
Market prices	0	13	46	78	86	87.3
State-controlled prices	0	23	18	6	4	2.7
State-set prices	100	64	36	16	10	10
<i>Retail</i>						
Market prices	3	34	69	89	95	96.1
State-controlled prices	0	19	10	2	1	1.3
State-set prices	97	47	21	9	4	2.6
<i>Agricultural goods</i>						

Market prices	6	40	58	79	83	96.5
State-controlled prices	2	23	20	4	7	1.6
State-set prices	93	37	22	17	9	1.9

Source: OECD (2005), 29.

It has been pointed out in several studies in this book, including this one, that democracy is not a necessary condition for the existence of a capitalist system. There are also capitalist economies operating under conditions of tyranny. Central Eastern Europe had the exceptional historical good fortune to have both transformations—from the socialist to the capitalist system and from dictatorship to democracy—coincide. China has not been so blessed. The minimum conditions for democracy do not apply in China. There is nothing like a multiparty system, with competition and free elections between rival ideological and political trends. The state uses its power to crush any independent organization or movement promoting principles different from the official ones. In that respect the old regime still prevails (Economist 2005, Human Rights Watch 2007). While the hypocritical references to Marxism-Leninism become rather embarrassing during the economic transformation, the ideology of “proletarian dictatorship” fits in better with the emphasis placed on hardline state power that tolerates no independent statements of opinion.

To sum up, the transformation of China is not an “exception” that refutes the theory put forward in the study. It can be fitted without difficulty into the analytical scheme outlined in this volume, notably in this study. Furthermore, a still bolder statement can be risked: the analytical scheme provides a useful tool for analyzing the Chinese transformation in depth.]

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