

The decline of communist power: Elements of a theory of institutional change

ANDREW G. WALDER

Harvard University

There is considerable irony in the current search for the causes of the rapid political changes sweeping the communist world after 1988. In retrospect, it is not hard to single out a number of macrosocietal trends that led eventually to regime change: economic stagnation and consumer deprivation, deeply eroded commitment to official ideology and the growth of widespread cynicism, the corruption and weakening of the apparatus of rule, and the gradual enlargement of autonomous, self-organized spheres of social and intellectual life. It is ironic, however, that each of these macrosocietal developments, now the cornerstones of emerging explanations of rapid political change, were only recently treated as evidence of the remarkable comparative stability of communist regimes throughout the world in the last half-century. Economic inefficiency, consumer deprivation, and housing shortages were well evident in these societies for decades. The official ideology of these regimes was long met with public indifference and private derision. The party apparatus for decades operated as a collection of local political machines founded upon venality and patronage. Beginning as early as the mid-1950s, observers noted a gradual enlargement of tolerated private spheres of independent intellectual and political discourse: today's independent political groups are the descendants of yesterday's dissidents; and yesterday's dissidents are the descendents of yesterday's prison camp inmates. While today we can look back upon an inexorable cumulative crisis; a few years ago one could just as easily be struck by how little all of these deeply rooted problems seemed to shake these stable and stagnant regimes.

Explaining change in political institutions

Although many have perceived this paradox as a failure in scholarly imagination, and have offered widely, indeed wildly varying diagnoses of the causes of this presumed failure,¹ the intellectual challenge remains. This essay seeks to define that challenge, and suggest one way that explanations of these changes might fruitfully be framed and pursued. Along the way, I argue that a broad range of recent writings about the rise of citizen autonomy, a public sphere, informal influence, and the emergence of civil society offer well-defined insights, but only into one aspect of political change, and are not in themselves sufficient to explain even that one aspect.

What is the intellectual problem presented by the political changes of recent years? Let us begin with the paradox described above. Today, after so many regimes have fallen, the cumulating economic and political problems of past decades make regime collapse appear inevitable, and many wonder openly why so many were surprised by the collapse when it came. Yet these problems were evident for decades, while with notable exceptions (e.g., Poland), the political regimes remained remarkably stable – especially in comparison to other varieties of modern authoritarianism. Why did the end come as such a surprise? Precisely because the long-standing problems now credited with bringing down political regimes *were long-standing*: the regimes appeared to be tougher, more resilient than other varieties of authoritarian rule – and in fact they *were*. Put this way, it is evident that the question of why these regimes deteriorated is intimately connected to its opposite: how did they maintain their distinctive political order for so long? In short, before we can explain why communist power has faltered, we must be able to explain how it survived for so long.

Put slightly differently, a theory of political order is a necessary starting point for any theory of change. There *must have been* institutional mechanisms that served to maintain order in the old regime in spite of longstanding and obvious economic problems and political liabilities; and these institutions must have eroded in ways that we do not yet adequately understand. The current emphasis upon the triumph of “society” over “the state” tends to obscure the logically prior question of how such a triumph, if it is that, could occur. Only after we have specified the social processes that promoted the stability of the old regime will we know where to look for explanations of its demise. For what changed in these regimes in the last decade was not their economic dif-

faculties, widespread cynicism, or corruption, but that the institutional mechanisms that served to promote order in the past – despite these longstanding problems – lost their capacity to do so.

The institutional foundations of party power

What were these institutional mechanisms? How were they maintained in the past? What processes weakened them to the point where they could no longer serve to maintain the old regime? Essentially, these are questions about changes in the defining political and economic institutions of communism: the hierarchically organized, ruling Leninist party, which has a presence in every grass roots organization of any importance, and a command economy in which these party organizations exercised de facto property rights and monopolized decisions regarding production, investment, income, and careers.

Leninist party organization and Soviet-style central planning have been the two distinctive institutional pillars of communist rule. The ability of these parties to exercise property rights over most productive assets provided their ranking members with extensive privileges, as class theorists have stressed from the beginning.² But they also provided these regimes with an historically unprecedented degree of control over individual incomes and career opportunities – something used systematically to reward the loyal and punish the uncooperative.³ Just as departures from Leninist party principles – in the form of organized opposition within the party and without – would lead to extensive political change in these regimes, so would departures from central planning, by weakening the party's control over property and opportunity.

Since our subject is essentially one of institutionalized power, let us begin by distinguishing the two crucial settings in which such power must be exercised. The first is within the party-state apparatus itself. As in any state, leaders at the top must be able to enforce compliance and discipline among their agents within governmental organizations. One of the historically distinctive features of communist regimes is that such compliance and discipline has been relatively high. First through arbitrary terror, and then through elaborate and overlapping systems of surveillance, record-keeping, reward, and punishment, and further through an elaborate party appointment system through which rank, pay, material comfort, and privilege were elaborately graded and regulated, communist leaderships have aspired to, and to a considerable

extent achieved for significant periods of time, a relatively high level of discipline and compliance among its agents within the party-state.

The second setting is in social institutions – schools, factories, offices, collective farms – where officials exercise authority over citizens. One of the noteworthy features of communist regimes has been their extreme hostility to any organized political activity outside of party auspices, and indeed even to any public discourse that deviates from officially designated conceptions and categories. They have sought to ensure citizen compliance not only through an extensive internal security apparatus and monopoly ownership of all mass media, themselves carefully monitored. They have also created a distinctive pattern of monitoring, sanctioning, and rewarding citizen behavior within these social institutions, through party organizations that control career opportunities and many other rewards.⁴

In both these settings – within the party-state apparatus and between the lower rungs of this apparatus and the citizenry – party power has depended upon, and varied according to, the dependence of subordinates upon superiors for the satisfaction of needs (organized dependence), the capacity of superiors to obtain information about the activities of subordinates (monitoring capacity), and the capacity of superiors to reward or punish the political behavior or utterances of subordinates (sanctioning capacity).⁵

Organized dependence derives both from the ability of superiors to satisfy the needs of subordinates, and from the absence of alternative sources of need satisfaction. One of the noteworthy features of communist politics has been the relatively high degree of political and economic dependence of citizens. In both the settings distinguished above, such dependence was promoted by the scarcity, and in some cases virtual absence, of alternative sources of revenue, income, or career opportunities to one's current superiors. Central planning placed the preponderance of the means of production and almost all means of administration in the hands of party officials, and a single system of appointments for officials and job assignments for school graduates both reduced alternative opportunities for employment and income. An accompanying suppression of household and small-scale private production, and of private trade and retail markets, served to create consumer shortages, increase in-kind distribution through workplaces, put in place rationing, increase the reliance upon personal connections and influence in the allocation of goods and to reduce the importance

of money as a medium of circulation. All of this further served, for a considerable historical period, to reduce alternatives and reinforce dependence upon superiors for the satisfaction of needs.

Monitoring capacity depends upon the ability of superiors to obtain information about the politically-relevant activities and utterances of their subordinates. Historically, ruling communist parties have treated a rather broad range of activities and utterances as politically relevant, and they have employed elaborate and overlapping means to gather such information. Security police surveillance, workplace political dossiers maintained by party organs, networks of informers, organized small-group study and mutual criticism, and the creation of multiple party-controlled mass organizations (womens' federations, youth leagues, labor unions) are examples of the organized means employed by communist parties at various times and places to monitor politically relevant activities and utterances of subordinates. Monitoring capacity varies according to the degree to which such organized means of surveillance are maintained, and the motivation of officials to bear the costs in terms of time and effort to utilize them effectively and extensively.

Sanctioning capacity is the ability of superiors, given information about subordinate activities or utterances, to attach tangible rewards or punishments to subordinate behavior. Such sanctioning capacity, of course, is enhanced along with the degree of dependence of subordinates and the monitoring capacity of superiors. But it also varies independently according to the degree to which superiors have resources in their possession that subordinates genuinely value, and the extent to which superiors can reward or sanction political behavior or utterances without sacrificing valued ends other than political discipline. An example of the former is that when housing space is scarce and private apartments far from the norm, the assignment of a new government apartment is a valued reward; its denial a tangible punishment. However, when housing conditions improve to the point where most families live in relatively standardized modern apartments, the value of a new apartment as a reward is diminished. An example of the latter is the widely commented-upon dilemma of rewarding political loyalty when this reduces the ability to reward skill or performance, thereby hindering the effectiveness or productivity of an organization. To the extent that superiors are rewarded according to the performance of their organization (as opposed to maintaining political discipline in the ranks), and to the extent that they depend upon subordinates for the

supply of labor or special skills, their ability to reward according to political loyalty is constrained.⁶

Specifying the process of change

Let us review my reasoning to this point. Communist power has been founded upon a distinctive (Leninist) form of political organization, and a distinctive form of economic organization (the command economy, or Soviet-style central planning). This power has been distinguished by a comparatively high degree of political discipline and conformity within the party-state apparatus, and in the apparatus' relationships with ordinary citizens. Such compliance was promoted by a pattern of economic organization and job allocation that created a high degree of dependence upon superiors both for officials and ordinary citizens, by the development of extensive means to monitor the political behavior and utterances of subordinates, and by a correspondingly high capacity to reward or punish people accordingly.

If these are the institutional foundations of the historic stability of communist regimes – i.e., their ability for decades to maintain the party's monopoly on political power at all levels, and to suppress open political competition and formal bargaining among organized constituencies both within the party and without – then the erosion of communist power is likely to have been the result of changes over the medium to long term in these institutional features. Let me state clearly at the outset that when I refer to the “decline of communist power,” I am referring specifically to two kinds of changes. The first is a secular decline in the capacity of the central state to enforce discipline over its own agents in the party state hierarchy, or to put it differently, a rise in the ability of these agents to resist or even openly contest the directives of the center. The second is a decline in the capacity of party-state officials to enforce compliance over citizens in their places of work, study or residence, or to put it differently, a rise in the capacity of citizens to resist or even openly contest the decisions of officials in their organizations. An explanation of the decline of communist power might fruitfully be focused upon those developments that demonstrably served to change previously characteristic patterns of subordinate dependence, and the party's capacity to monitor and sanction political behavior.

I must stress that in specifying dependence, monitoring capacity, and sanctioning capacity as central to an explanation of stability and change

in communist regimes, I am not offering these as a new list of factors to be lined up alongside the usual suspects – economic stagnation, decline in the legitimacy of the official ideology, corruption, black markets and second economies, and economic reform. I am making a claim not about what factors or variables are important, but about how a logically coherent explanation of change might be constructed. It is relatively easy to develop a list of “causes,” but an explanation, or theory, must specify clearly the links – that is, the social processes or institutional mechanisms – between the suspected causes and the political outcomes they are thought to create.⁷ Many emerging explanations of the decline of communist power neglect these links, and therefore remain vague and difficult to evaluate. My claim is that the suspected causes will effect political change *to the extent that* they alter patterns of dependence or the party’s capacity to monitor and sanction its own agents and ordinary citizens. Different social processes could also be specified – e.g., cognitive or moral ones, or patterns of inequality and group formation – and these would form the core of a different explanation. Our understanding of these historical changes will be enhanced to the extent that we can move from discussions about what factors or variables are important to examinations of social processes and mechanisms that may or may not have served to bring about change.⁸

Economic stagnation and consumer hardship, the development of an urban and industrialized society, party privilege and the corruption of officialdom, a secular decline in adherence to the party’s original ideology, the emergence of black markets and second economies, attempts to reform the system of central planning by inserting market mechanisms – one can readily agree that all of these might have contributed to undermine communist party rule. But did they? If so, how? In the pages that follow, let me illustrate briefly the ways in which the latter two, second economies and economic reform, both of which constitute departures from the institutions of central planning, may have brought about political change by altering prior patterns of dependence and by reducing the party’s capacity to monitor and sanction the behavior of both its agents and ordinary citizens.

Departures from central planning as a source of political change

Departures from central planning have had two kinds of political consequences: first, they open up alternatives to the rewards and career paths formerly controlled by the party organization, or they shift the

balance of dependence more in favor of subordinates by increasing the dependence of superiors upon them for the supply of labor and income; and second, they weaken both the incentive and the capacity of local officials to monitor and sanction citizen behavior. Departures from central planning take place either by design, as part of an official program of economic reform, or by evolution, as countless individuals and institutions adopt strategies to satisfy their needs in ways that are not possible within the confines of the command economy.

The growth of economic alternatives

The first type of departure serves to create a sphere of economic activity and sources of need satisfaction separate from those under the control of party officials. One well-known instance of this is the gradual evolution, through a series of popular initiatives and tacit official concessions, of a sphere of activity referred to variously as a “second economy,” “informal sector,” “black markets,” or “moonlighting.” Eastern Europe’s “second economy” – primarily in agriculture, services, construction and repair, and commerce – has received considerable scholarly attention, and it is thought to have accounted for a large proportion of citizen income in Hungary and other countries.⁹

A second instance of this occurs when tacit official tolerance becomes explicit and legal, either through somewhat begrudging legal acceptance of “private plots,” as in the former Soviet Union, or when the regime not only legalizes, but encourages such independent initiatives in an effort to stimulate incomes and growth, as in China and Hungary in the late 1970s and early 1980s. The distinctive feature of these activities is that they are formally separate from public enterprise (though often interdependent with it) and are organized by households or partnerships. Well-documented examples include the rural “household” (China) or “cooperative” (Hungary) sector of family-owned service, transportation, manufacturing, and agricultural side-line enterprise,¹⁰ the sale or rental of public enterprise to private entrepreneurs in China, enterprise work partnerships in Hungary,¹¹ household in place of collective farming in rural China and Poland, and the legalized urban private service, commercial, and manufacturing (sometimes called “cooperative”) sectors of Hungary,¹² China,¹³ Poland,¹⁴ and the former Soviet Union,¹⁵ mostly in the 1980s.

A third instance is the opening up of national borders to foreign trade and investment, through the creation of alternative sources of investment capital, bank credit, or channels for sales and supply (and thereby of income). This opening can take place in a relatively centralized fashion, with national monopolies under the direction of central planners standing between enterprises and the outside world (e.g., Poland in the 1970s). Its political impact, however, will be greater to the extent that these alternatives are directly available to localities, enterprises, and households without mediation by planning agencies. Such alternatives became most widespread in China in the 1980s, with the emergence of a distinct sector of joint venture and foreign enterprise, often but not always set in local “special economic zones.” These alternatives, especially along the eastern coast, have penetrated deeply into urban and rural economies, and have created lucrative new sources of income for both public and private enterprise, and important new sources of investment capital.¹⁶

Political change through this type of departure from central planning would be created through five distinct mechanisms. First, the sectors themselves create alternative sources of income for the ordinary citizens who participate in them, and they will thereby be less dependent upon officials for the satisfaction of needs. Second, the sectors may make superiors more dependent upon their subordinates for income or career advancement. Third, the sectors may also create alternative sources of revenue, capital, credit, or personal income for party officials themselves, and thereby make them less responsive to political directives from their superiors, and reduce their incentive to monitor and enforce political compliance with central party directives among citizens. Fourth, these independent spheres of economic activity are not subject to the surveillance and monitoring capacities that these regimes build up through party organizations in public institutions.¹⁷ And fifth, the alternative sources of income and opportunity – for *both* officials and citizens – may lead to new group identities and interests that conflict with those of their superiors. In the case of local officials who partake of the new opportunities for revenue, credit, and income, this may involve resistance to, and evasion of, more orthodox and conservative policy emanating from the center; in the case of citizens, it may involve new conceptions of economic and political rights defined in opposition to party officials and the state.¹⁸ Whatever the way in which the political consequences make themselves felt, they shall be more extensive the larger the independent sectors and the more lucrative the incomes to be derived from them in comparison to the public sector.

Enterprise autonomy in the public sector

Departures of this type have become almost synonymous with “reform” in a state socialist economy. They have been fitfully discussed, debated, and implemented in a piecemeal fashion in almost all communist countries, beginning in the eastern bloc during the 1950s. In two countries – Hungary after 1968 and China after 1978 – they were implemented to a significant degree over a sustained period, and brought about marked changes in economic institutions.

“Enterprise reform” is intended to change the mechanisms of the centrally planned economy, and through this change the environment of the enterprise and the decisionmaking behavior of managers. In overall conception, it comprises of four separate kinds of reform; in practice, the mix and extent of each kind of reform varies considerably in each nation’s experience. The first is commercial reform: an end or sharp reduction to the purchasing monopoly of state commercial and planning agencies, and a reduction of guaranteed sales and supplies; the introduction thereby of sales competition through variety and quality of product; and the increasing determination of production decisions by the demand of enterprises and individuals. The second is price reform: a shift from prices set and readjusted by planning agencies to variable prices determined autonomously by buyer and seller. The third is financial reform: an end to state appropriation of enterprise surpluses in favor of annual revenue contracts or altered systems of taxation that allow enterprises firmer rights to increasing amounts of their surpluses. Accordingly, working and investment capital shall be allocated not through budgetary grants but through bank loans to be repaid with interest. The fourth is wage reform: more flexibility in enterprise wage bills; greater wage variation in response to enterprise and individual productivity; reduced employment and welfare guarantees and tightened labor discipline.

These reforms have been analyzed extensively, but almost exclusively from a policy perspective: i.e., in what ways does implementation fall short of the general principles of reform (it always does), what kinds of organizational interests and systemic inertia causes implementation to fall short, and have the changes implemented achieved their intended effects on productivity and if not, why not?¹⁹ Perhaps because political change is seen to flow largely from the first type of departure, this type of reform has not usually been examined for its political consequences. But they exist nonetheless, and may occur through several potential mechanisms.

The first mechanism is that the managers of public enterprise are no longer simply agents of their superiors expected to carry out detailed production and political directives from above. New rules for the division of revenues, and the creation of a strong enterprise interest in a favorable division, serves to create a class of enterprise managers who conceive of their relations with their bureaucratic superiors increasingly in financial terms. Careers are made, and promotions gained, not by strict compliance with detailed directives from above regarding production plans (from planning agencies) and political directives (from party committees), but by managerial performance and active bargaining over the terms of revenue division.²⁰

A second mechanism is that enterprise managers, due to the changes just enumerated, have a diminished incentive to enforce political compliance and indoctrination that may be demanded by their political superiors. This is true especially to the extent that this may require the allocation of production time for meetings, or to the extent that favoritism toward the politically loyal in pay and promotion may conflict with standards of ability and performance. The gradual undercutting of political rewards serves to weaken the morale and discipline of the party organization within the enterprise, and the systematic link between loyalty and political rewards of an earlier era enters a period of decline.²¹

A final mechanism is a change in labor relations toward an unorganized pattern of conflict and bargaining over matters of pay. The shift away from political rewards toward new forms of incentive pay leads logically toward more open contention over issues of pay, work rules, and working conditions. Managers' careers are now more closely tied to financial performance, and this heightens their interest in increased work effort. Workers' job tenure remains protected by law or custom, thereby making managers who are experiencing pressures to improve performance more dependent upon workers for the supply of labor internally, giving workers more leverage in bargaining strategies premised on soldiering or inattention to quality (or leaving the firm). The increased bargaining leverage of employees creates wage pressures and concessions that are perennially decried by reform-minded planners, and they constitute a policy problem.²² However, this heightened pattern of conflict and pressure from below serves further to reinforce managerial orientations toward the interests of their own enterprise rather than those of planning agencies or their political superiors.²³

Changes in revenue flows: Fiscal reform

A third type of departure from central planning is in the ways that revenues extracted from enterprises are distributed among levels of government. In the traditional practice of central planning, revenues extracted from enterprises flow into government coffers, and those revenues are divided among levels of government through an annual process of budgetary bargaining. Just as the financial reform of enterprises seeks to provide an enterprise with an incentive to earn higher profits by guaranteeing it rights to larger shares of increased profit, fiscal reform is designed to give local governments both the incentive and means to increase their revenue base by guaranteeing them the rights to larger shares of increased revenues.

China's fiscal system, for example, has moved from internal transfers of profits and tax payments to new kinds of negotiated tax "responsibility contracts," thereby strengthening the rights of localities to income from their assets, by limiting their revenue obligations to higher levels of government.²⁴ In many areas of the country, tax responsibility contracts have been extended down to the level of the township (a level between the county and the village). Responsibility for collecting taxes is delegated to the government jurisdiction (which has also earned new rights to add additional local taxes and levies of its own), and the jurisdiction is obligated to turn over a quota of tax revenues to the level of government above them. Revenues collected above that target level are shared according to a variety of formulae, and in extreme cases are kept entirely by the jurisdiction that collects them. In the same way that household contracting in agriculture reassigns rights to income from assets downward to the peasant family, tax quota contracting reassigns rights to income from assets downward to local governments.²⁵

These departures from the fiscal practices of central planning create political change in two ways. First, they weaken the fiscal leverage of higher levels of government over lower levels of government by making lower levels of government less dependent upon them for their revenues. Second, they heighten the importance of local investment and economic growth, in both the public and private sector, in the generation of revenue for local governments, and in so doing serve to orient local officials away from compliance with bureaucratic superiors and more toward those economic activities that enlarge their revenues.²⁶

Changes induced directly in state structures

While much recent work on the transformation of communist regimes has focused broadly upon the relationship between “state” and “society” (i.e., between official and citizen), relationships between superiors and subordinates within the party-state hierarchy are of equal theoretical importance. In many ways, officials within the party-state had fewer comparable alternatives and were more carefully monitored than ordinary citizens. Officials’ living standards were specified by rank according to *nomenklatura* standards: salary, mode of transportation, housing conditions, consumption patterns were all tied closely with rank. Appointments and career advancement were screened carefully by officials at the next higher level in the hierarchy. Political surveillance and loyalty screening affected officials more acutely than ordinary citizens; the mass campaign and purge served to reinforce this political dependence by eliminating suspected deviants in highly public ways. Official advancement depended upon fidelity and conformity in carrying out the party’s political line. It was precisely this structure of dependence and incentive that caused some of the greatest disasters of communism – e.g. the false reporting of output and overprocurement of grain that created the massive “collectivization famines” of 1929–33 in the Soviet Union²⁷ and of 1959–61 in China,²⁸ or the escalating search for, and elimination of, class enemies.²⁹ These and other disasters of communist rule were essentially phenomena of bureaucratic *overconformity*.

It has long been noted that after the initial phase of communist rule, purges and their associated uncertainties declined, and relations among officials evolved into a more secure period of stable bureaucratic administration.³⁰ While this reduced the insecurities that led to overconformity in the past, it did not greatly alter the dependence of officials upon their superiors for resources, evaluation, and career advancement. Departures from central planning served to alter these patterns of dependence in four distinct ways, and in so doing ensured not merely an end to overconforming bureaucratic responses, but increasing difficulty by the center in controlling the behavior of their presumed agents in localities.

The first change is in the creation of firmer property rights of local governments over their productive enterprises, especially with regard to their operation and the income to be derived from them. This has served to reduce local governmental dependence upon bureaucratic

superiors for government revenue and investment funds. In years past, assets developed by local authorities were subject to arbitrary expropriation by higher levels of government – that is, an arrogation of control rights and income rights by the higher level of government.³¹ In China, the end of these arbitrary seizures of revenue and income bearing property was accompanied by a more careful specification of the local versus the state share of revenues collected from local enterprise. These rights, in turn, gave rise to new monitoring and information problems, as local officials were both agents of higher levels of government and beneficiaries of increased local revenues. One symptom of these monitoring problems is the rapid growth of extrabudgetary funds – revenues collected from enterprises but not calculated into the revenue base of local government budgets that is the basis for dividing revenues between the locality and the state, a phenomenon that one scholar appropriately terms a “second budget.”³²

The second change – related but not identical to the first – is in the opening up of *new sources of revenue* that do not depend upon the largesse or permission of superiors. For local governments, these are to be found not only in the new rights to revenue from public enterprise, but also in the lucrative new sources of revenue to be derived from a rapidly growing private sector, foreign or joint sector enterprise, or from foreign investment and trade. One important manifestation of this is in the use of public property – e.g., buildings or equipment – for essentially “private” enterprise by state organizations.³³ Another is found in the selling of “political insurance” to firms in return for official designation as a “collective” in return for larger payments to public coffers.³⁴ For managers of public enterprises, these are to be found in the opening of “branch” or “collective” enterprises wholly owned by the public firm, by establishing joint ventures, or by increasingly lucrative dealings “outside the plan” either for products or materials.

A third change is in the creation of *new sources of personal income*, whether officially designated as “corruption” or not. We have observed this in the public officials who are made salaried partners of firms without making investments,³⁵ in the large salaries earned by rural officials who head village “corporations,”³⁶ in the officials who open their own businesses as “cadre entrepreneurs,”³⁷ in the reportedly widespread official predation upon private enterprise for payoffs or favors,³⁸ in the rents extracted by public officials for the exercise of their public duties in the realm of licensing and taxation of enterprise, and in the payoffs received from foreign business people and investors as a fee for official cooperation in facilitating local business operations.

A fourth change, independent of the above, is the changing *internal* criteria for advancement within the public bureaucracy. No longer can local officials succeed in their jobs merely by carrying out detailed directives from above. Increasingly, officials are assessed, rewarded, and promoted by their bureaucratic superiors (or are retained in office) for the creation of local prosperity.³⁹ And this is something that requires an enhanced orientation toward, and intimate involvement in, economic transactions locally.

All of these changes serve to open up alternative sources of revenue, income, and career advancement to officials *outside of* the hierarchies of the party and the command economy. As party-state officials are less dependent upon higher levels of government for these things, and more dependent upon new economic activities emerging locally, officials gradually become oriented more “downward” and less “upward” than at any time in the past. Success for local officials – whether measured in job performance, budgetary revenues, and local economic prosperity, or personal income, is determined increasingly by local activities and opportunities outside the traditional structures and practices of central planning. The greater the departures and alternatives, the greater the change in official orientation, and the weaker the claims of higher levels of government.

Changes in the local political community

As local communities become increasingly autonomous from higher levels of government through the processes I have just described, the nature of power and authority in this “local sphere” (not to be confused with the “public sphere” of a very different theory) begins to change in important yet complex ways. In some respects and over some kinds of activities, the power of officials clearly declines; yet clearly in other important respects official power within localities survives and even increases. In all cases, the exercise of official power changes in a qualitative fashion, in large part because local authority is based increasingly on new kinds of resources, alliances, and bargaining, and is often subject to increased contestation and resistance.

There are at least five identifiable trends in the “local sphere,” all of which appear to proceed at the same time. While in general it is impossible to state which trend predominates, the question of which best characterizes a locality or specific institutional setting is an empirical

question. The first trend is the active creation of vertical alliances, or at least enhanced mutual dependencies, between officials and entrepreneurs. The second is the trend toward “local state corporatism,” or the consolidation of local industrial empires based on public ownership and management.⁴⁰ The third is the emergence of new forms of bargaining around the enforcement of authority relationships. Within public institutions, this is seen in new patterns of “hidden bargaining” between managers and workers over questions of work and pay;⁴¹ in relations between officials and citizens this is seen in the complex tacit negotiations employed in dealings between local officials and private entrepreneurs over the enforcement of, and compliance with, tax and other regulations.⁴² A fourth trend is the emergence of new forms of collective contestation of authority and protest,⁴³ or the creation of new kinds of collective group identities and antagonisms. And the fifth trend is the formation of more institutionalized vessels for the expression of group sentiments or interests; for example, the formation of new kinds of trade associations⁴⁴ or the rising role of organized religion in the community life of private entrepreneurs.

With the proliferation of the new phenomena outlined above – all of which vary locally according to the extent and specific forms of departures from central planning – one simply cannot say whether local officials become “stronger” or “weaker” as a result of departures from central planning under party rule. This kind of ambiguity and uncertainty is quite evident in published writings that have faced the question head on. Szelenyi⁴⁵ originally argued that a shift toward market allocation would serve to offset the inequalities introduced by the biases of bureaucratic redistribution, yet later noted instead the emergence of a “dual hierarchy” in which inequalities based on market and redistributive principles coexisted, with officials at the apex of both hierarchies.⁴⁶ Similarly, Nee has argued that the transition to the market erodes cadre power and privilege,⁴⁷ and serves to “redraw the boundary between state and society” by freeing peasant entrepreneurs from official management.⁴⁸ Yet under conditions of “partial reform” something quite different may nonetheless occur, and instead a “cadre-entrepreneur elite”⁴⁹ or “hybrid property forms” may emerge with local officials still in charge.⁵⁰ What *can* be concluded is that the local political community can be transformed in striking ways and that local alliance building, bargaining, and contestation increase to a degree not seen earlier in the histories of these regimes. What *cannot* be concluded – based either on existing research or even extrapolation from observed trends – is that the dominant trend has been the emergence of horizontally based in-

terests and associations that challenge the vertical alliances or corporate formations that have also been striking consequences of departures from central planning under party rule. This raises a question to which I shall now turn – whether recent emphases on the revolt of “society” against “the state” may have diverted attention from more fundamental shifts among party-state officials and especially the defection of many officials to economic activities and alliances outside the command economy.

Changes in the structure of state and society

How might we characterize the changes that the growth of economic alternatives introduces into a communist polity? Since we began with a stylized image of a hierarchically organized and internally disciplined party state, let us specify in broader fashion the ways in which these structures of state and society change.

First, note the ways in which the processes just analyzed contrast with the ones specified in a wide range of recent writings about the emergence of an autonomous and self-organized “civil society” or “public sphere” out of the husk of totalitarian control. While this popular notion is expressed in many different ways, it is always composed of a cluster of attributes that are usually related to two concepts: 1) societal “autonomy” – social, economic, or political activity that is independent of and not effectively monitored or suppressed by party-state organs, and 2) self-organization – citizen-initiated and citizen-organized activities. Studies in this genre usually describe in detail the growth of various autonomous spheres, and treat them as a foundation for a subterranean contest between “society” and the “state” in which ordinary citizens are gradually able to widen their autonomy and push back party-state control.

There is, to be sure, little agreement over when such a thing as a “genuine” civil society has emerged, is emerging, or might emerge. There is greatest agreement that from the onset of the Solidarity movement, Poland had something that approximates what this term is meant to convey.⁵¹ There is less agreement that there was such a thing in Hungary in the 1980s.⁵² Elsewhere, “civil society” appears only to emerge relatively quickly, as part and parcel of a breakdown of or crisis in the party, or only after its fall.⁵³ And others are more impressed with the marked absence of elements of a civil society not only on the eve of, but *after* the collapse of the party state.⁵⁴

Despite these uncertainties, analyses of an emergent civil society usually imply two clear claims about the process of political change in a communist regime: 1) that the structure of state and society changes such that a relatively autonomous and self-organized “society” separates itself from, and opposes itself to, such structures of the “state” as the party and its public enterprises; and 2) that the key mechanism of change is resistance and opposition by elements of “society” that serve to roll back the power of the state. This latter mechanism is communicated in a number of arresting epigrams: “the power of the powerless,”⁵⁵ “the weapons of the weak,”⁵⁶ “the advantages of being atomized,”⁵⁷ the “society with a strategy” – “antipolitics”⁵⁸ and “the quiet revolution from below.”⁵⁹

These two claims clearly do characterize genuine aspects of change in some communist regimes; it is also clear that these aspects are more prominent in some countries than in others. Equally evident, however, is that these claims do not describe the only important structural change that takes place or the only causal mechanism that fosters change, and if we limit ourselves to this perspective, we will divert our attention from certain central processes of change that are themselves responsible for creating the conditions under which citizen resistance becomes effective.

Let me illustrate briefly the ways in which our own analysis yields a different statement about the process of change than “civil society” analyses. A theorist of civil society would stress the emerging autonomy of market-oriented enterprises and households from the “redistributive” power of party officials. Along with wealth, power would gradually shift to this relatively autonomous “societal” sphere vis-à-vis officialdom. As power and wealth gradually shift to this autonomous economic sphere, “society” gains the resources with which to resist, and it organizes itself to push further back the power of officials over the lives of citizens, thereby gaining more resources, etc. More concretely, if we were speaking of the emergence of a private sector in cities, we would argue that political change occurs because of the increasing wealth, political self-organization, and emergent demand-making by private entrepreneurs.⁶⁰ Note that the key causal mechanism here is resistance by ordinary citizens to official power.

In our view, this is indeed one path through which political change may occur – but it is only one of several possible paths that may lead to the same outcome. The analysis sketched in the first half of this essay sug-

gests in addition a theoretical argument that works through the interests and opportunities of local officials. As a separate and lucrative private sector emerges, officials find both that these sectors are important new sources of revenue (through rights to tax and impose levies) and also of personal income (by extracting incomes from the regulative powers of officials that affect the incomes of entrepreneurs). They therefore turn away from former allegiances to bureaucratic superiors in favor of new economic activities in their localities. In this account, there emerges a growing autonomy of lower level officials vis-à-vis their superiors in the national hierarchy; the mechanism of change is not resistance by ordinary citizens to “the state,” but a shift in sources of revenue and income for, and consequently the interests and orientations of, the party’s agents.

My claim is not that the kinds of structural changes and causal mechanisms inspired by questions about civil society are invalid or unimportant, but that citizen resistance – to the extent that it exists and is effective – is only part of a broader and more consequential set of changes set into motion by departures from central planning under communist party rule. To the extent that the kind of citizen resistance specified in writings about civil society became widespread under party rule, it required either a prior weakening of the internal discipline of the party apparatus or a reduction in the incentive and capacity of local state agents to monitor and sanction the political behavior of citizens. Economic change can induce important changes in political institutions directly, without the agency of citizen resistance, whether organized or not. These changes, in turn, are essential preconditions for the emergence of effective citizen resistance of the kind emphasized by theorists of civil society.

Conclusion: Toward a focus on the processes of change

The perspective on institutional change offered here is designed in response to one specific problem raised by the decline and fall of communist party rule: how did the many long term trends now often seen as causes of this decline actually bring about political change, especially since these regimes for so long seemed to be relatively unshaken by them? What processes served through time to make these regimes more vulnerable to disruption from these causes? There are other central questions which this perspective does not even attempt to address. One is how the strategies and preferences of national leaders may

change such that they decide to initiate change in their traditional political and economic institutions: market-oriented reform, greatly to reign in the use of political terror, or to experiment with new forms of political openness and electoral democracy.⁶¹ Another is the question of why the party's monopoly of power finally ends when it does and the way in which it does. This could include a separate range of theories about rapid, sudden, or short-term changes in political institutions quite different from the more gradual ones that I have attributed here to departures from the practices of central planning.⁶² The changes I examine in this essay serve to erode the political institutions of communism, thereby making them more vulnerable to subsequent rapid changes in constitutional arrangements. But what form the end of the party's monopoly of power will take, and how long it will take, depends only in part on the kinds of changes outlined here. The decline of party-state capacity highlighted in this essay is compatible with a wide range of final outcomes – coup, revolution, civil war, or even gradual evolution toward a multi-party system. For this reason, and others,⁶³ I wholeheartedly endorse the Szelenyis' argument in this issue that the collapse of 1989 was by no means inevitable.

In this essay I only trace the ways in which regime political capacity may be undermined by certain departures from central planning. I do not suggest that departures from central planning are the key "cause" of political change in these regimes, because it is evident that the extent of such departures under party rule has varied enormously. My central message is different: I have sought to frame one of the central theoretical problems raised by the decline of communist regimes and to suggest ways in which answers to this problem might successfully be pursued. By sketching some ideas about how changes in economic institutions alter patterns of dependence and the incentives or capacity to monitor and sanction subordinate political behavior, I have tried to elaborate one process whereby the internal cohesion of these regimes may erode and their heretofore formidable political control over the citizenry weakened.

These mechanisms are in fact implicit in many existing analyses of political change, both old and new. I suggest above that there is a long history of writing about development, modernization, economic performance, and hidden bargaining in economic institutions that depend implicitly upon institutional constraints on the party's capacity to sanction politically relevant behavior. The constraints take the form either of the economic costs incurred by poor individual or organizational

performance, or of citizen resistance. In either case, the party's capacity to sanction politically relevant behavior is weakened. To the extent that an explanation of institutional change relies solely upon variations in sanctioning capacity (whether the reasoning works through functional imperatives or informal bargaining) it is different from the one offered here. Such explanations, in my estimation, will not be adequate without simultaneous attention to variations in dependence and monitoring capacity.

I also argue that writings about the emergence of civil society specify one causal mechanism – resistance and bargaining – through which change may take place. However, the theory of change implied does not take into account changes induced directly into party-state institutions that are not the result of prior resistance and which make citizen resistance possible. The emergence of the much heralded struggle of “society” against “the state” itself depends on a prior change in citizen dependence and official capacity to monitor and sanction political behavior; the activity of resistance alone is not sufficient to explain change.

What distinguishes different explanations of change is not only the secular trend, series of events, or “variable” that is designated as causally important. Just as important is the kind of process or mechanism through which such trends or variables are thought to induce political change. Many of us have responded to the challenge of explaining the decline and fall of communist party rule primarily by staking out positions about which “factors” or “variables” – or combinations thereof – are causally important. We need to devote equal attention to explicit reasoning and evidence about the processes through which change is presumed to occur.

Acknowledgments

This article is based on oral comments presented at the panel “Theoretical Implications of the Demise of Socialism,” Annual Meetings of the American Sociological Association, Pittsburgh, 20 August 1992. It also draws on portions of the author's introductory essay to a collection of papers presented at the conference “The Political Consequences of Departures from Central Planning,” Arden Homestead, New York, 26–30 August 1992.

Notes

1. For example, Martin Malia attributes this failure to a recent generation's disenchantment with the original totalitarian model, which he claims made them too prone to think of communist institutions as changing and adaptable. See Martin Malia, "From under the rubble, what?" *Problems of Communism* 41 (January–April 1992): 89–106. Jean Fitzpatrick, on the other hand, a long-time adherent of that model, blamed it for lulling her into a sense of the regime's seeming invulnerability to challenge. See Jeane J. Fitzpatrick, "After Communism, what?" *Problems of Communism* 41 (January–April 1992): 7–10.
2. For example, Leon Trotsky, *The Revolution Betrayed: What Is the Soviet Union and Where Is it Going?* (New York: Pathfinder, 1972 [1937]); Bruno Rizzi, *The Bureaucratization of the World*, trans. Adam Westoby (New York: The Free Press, 1985 [1939]); Ivan Szelenyi, "The intelligentsia in the class structure of the state-socialist societies," *American Journal of Sociology* 88 (Supplement, 1982): S287–S326; George Konrad and Ivan Szelenyi, *The Intellectuals on the Road to Class Power* (New York: Harcourt, Brace, Jovanovich, 1979); Milovan Djilas, *The New Class: An Analysis of the Communist System of Power* (New York: Praeger, 1957).
3. See, e.g., Susan Shirk, *Competitive Comrades: Career Incentives and Student Strategies in China* (Berkeley: University of California Press, 1982); Andrew G. Walder, "Organized dependency and cultures of authority in Chinese industry," *Journal of Asian Studies* 43 (November 1983): 51–76; Jean C. Oi, "Communism and clientelism: Rural politics in China," *World Politics* 37 (January 1985): 238–266; Andrew G. Walder, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1986); and Jean C. Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989).
4. That the discipline and compliance actually attained were usually far from complete has long been a commonplace observation. The above paragraphs should be read not as a description of historical reality but as a characterization of political institutions. My objective is precisely to explain variation in the ability of these institutions to enforce discipline among party-state officials and compliance among citizens.
5. Those familiar with exchange theory and power-dependence theory will recognize the ways in which this analysis builds upon their notion of dependence in power relations: e.g., Peter M. Blau, *Exchange and Power in Social Life* (New York: Wiley, 1964); George C. Homans, *Social Behavior* (New York: Harcourt, Brace, and World, 1961); Richard M. Emerson, "Power-dependence relations," *American Sociological Review* 27 (February 1962): 31–41; and Arthur L. Stinchcombe, "Social structure and organizations," in James March, editor, *Handbook of Organizations* (Chicago: Rand-McNally, 1965), 142–193. My discussion here builds upon my earlier analysis of organized dependence and party authority in China (see note 3 above); here I restate and extend these arguments by making more explicit the information, monitoring costs, and sanctioning capacities highlighted in more recent work that blends power-dependence theory with agency theory, e.g., Michael Hechter, *Principles of Group Solidarity* (Berkeley: University of California Press, 1987).
6. This idea has been expressed perennially in writings about communism from the 1950s on, from Barrington Moore's early observations about party power and industrialization in the Soviet Union, to the projections of original theorists of to-

- talitarianism such as Carl Friedrich, to later writings about the dictates of modernization and the post-mobilization era by such analysts as Chalmers Johnson, and to more recent writings about hidden bargaining and power in socialist institutions of the kind exemplified in the work of Sabel and Stark. See Barrington Moore, Jr., *Terror and Progress, USSR: Some Sources of Change and Stability in the Soviet Dictatorship* (Cambridge: Harvard University Press, 1954); and idem., *Soviet Politics – The Dilemma of Power* (Cambridge, Mass.: Harvard University Press, 1950); Carl J. Friedrich, “The unique character of totalitarian society,” in Carl J. Friedrich, editor, *Totalitarianism* (Cambridge: Harvard University Press, 1954), 47–60. Chalmers Johnson, editor, *Change in Communist Systems* (Stanford: Stanford University Press, 1970); and Charles F. Sabel and David Stark, “Planning, politics, and shop-floor power: Hidden forms of bargaining in Soviet-imposed state-socialist societies,” *Politics and Society* 11/4 (1982): 439–475.
7. Edgar Kiser and Michael Hechter, “The role of general theory in comparative-historical sociology,” *American Journal of Sociology* 97 (July 1991): 1–30.
 8. Readers will note that my proposed explanation focuses upon the very same “economy of control” that is at the core of Janusz Reykowski’s article in this issue. My account, however, specifies a secular decline in the party-state’s capacity to exercise control; his specifies the inability of an economy of control to organize and motivate productive economic activity. Change for him works through a deterioration of economic performance, which in turn creates political change in an unspecified manner.
 9. See István Kemény, “The unregistered economy in Hungary,” *Soviet Studies* 34/3 (1982): 349–366; I. R. Gábor, “The second (secondary) economy,” *Acta Oeconomica* 22/3–4 (1979): 291–311; F. J. M. Feldbrugge, “Government and shadow economy in the Soviet Union,” *Soviet Studies* 36/4 (October 1984): 528–543; and Gregory Grossman, “The ‘Second Economy’ of the USSR,” *Problems of Communism* 5 (1977): 25–40.
 10. Ivan Szelenyi, *Socialist Entrepreneurs: Embourgeoisement in Rural Hungary* (Madison: University of Wisconsin Press, 1988); Jean C. Oi, “Commercializing China’s rural cadres,” *Problems of Communism* 36 (September–October 1986): 1–15; and idem, *State and Peasant in Contemporary China*; David Zweig, “Prosperity and conflict in post-Mao rural China,” *China Quarterly* 105 (March 1986): 1–18; and Victor Nee, “Peasant entrepreneurship and the politics of regulation in China,” in Victor Nee and David Stark, editors, *Remaking the Economic Institutions of Socialism: China and Eastern Europe* (Stanford: Stanford University Press, 1989).
 11. David Stark, “Coexisting organizational forms in Hungary’s emerging mixed economy,” in Nee and Stark, *Remaking the Economic Institutions of Socialism* (Stanford: Stanford University Press, 1989).
 12. Kálmán Rupp, *Entrepreneurs in Red: Structure and Organizational Innovation in the Centrally Planned Economy* (Albany: State University of New York Press, 1983).
 13. Thomas B. Gold, “Urban private business in China,” *Studies in Comparative Communism* 22/2–3 (Summer–Autumn 1989): 187–202; David Wank, *From State Socialism to Community Capitalism: State Power, Social Structure, and Private Enterprise in a Chinese City*, Ph.D. dissertation, Harvard University, Department of Sociology, 1993.
 14. Jacek Rostowski, “The decay of socialism and the growth of private enterprise in Poland,” *Soviet Studies* 41/2 (April 1989): 194–214; Anders Åslund, “The functioning of private enterprise in Poland,” *Soviet Studies* 36/3 (July 1984): 427–444.

15. Anders Åslund, *Gorbachev's Struggle for Economic Reform: The Soviet Reform Process, 1985–88* (Ithaca: Cornell University Press, 1991).
16. David Zweig, "Internationalizing China's countryside: The political economy of exports from rural industry," *China Quarterly* 128 (December 1991): 716–741; and Anita Chan, Richard Madsen, and Jonathan Unger, *Chen Village from Mao to Deng* (Berkeley: University of California Press, 1992).
17. Margaret Pearson, *Joint Ventures in the People's Republic of China* (Princeton: Princeton University Press, 1991); and idem, "Breaking the bonds of 'organized dependence': Managers in China's foreign sector," *Studies in Comparative Communism* 25 (March 1992): 57–77.
18. See Stark, "Coexisting organizational forms," and Nee, "Peasant entrepreneurship and the politics of regulation."
19. See, e.g., János Kornai, "The Hungarian reform process: Visions, hopes, and reality," *Journal of Economic Literature* 24 (1986): 1687–1737.
20. See Andrew G. Walder, "Factory and manager in an era of reform," *China Quarterly* 118 (June 1989): 242–264; and idem, "Workers, managers, and the state: The reform era and the political crisis of 1989," *China Quarterly* 127 (September 1991): 467–492.
21. See Yves Chevrier, "Micropolitics and the factory director responsibility system, 1984–1987," in Deborah Davis and Ezra F. Vogel, editors, *Chinese Society on the Eve of Tiananmen*, Harvard Contemporary China Series No. 7. (Cambridge, Mass.: Council on East Asian Studies, 1990); Heath B. Chamberlain, "Party management relations in Chinese industries: Some political dimensions of economic reform," *China Quarterly* 112 (December 1987): 631–661; Yasheng Huang, "Web of interests and patterns of behavior of Chinese local economic bureaucracies and enterprises during reforms," *China Quarterly* 123 (September 1990): 431–458; Walder, "Factory and manager in an era of reform," and idem, "Workers, managers, and the state."
22. See Sabel and Stark, "Planning, politics, and shop floor power," and Andrew G. Walder, "Wage reform and the web of factory interests," *China Quarterly* 109 (March 1987): 22–41.
23. See Walder, "Factory and manager in an era of reform."
24. Jean C. Oi, "Fiscal reform and the economic foundations of local state corporatism in China," *World Politics* 45 (October 1992): 99–126.
25. Andrew G. Walder, "Corporate organization and local government property rights in China," in Vedat Milor, editor, *Changing Political Economies: Privatization in Post-Communist and Reforming Communist States* (Boulder, Col.: Lynne Rienner, 1994), 53–66.
26. Oi, "Fiscal reform."
27. Robert Conquest, *Harvest of Sorrow: Soviet Collectivization and the Terror Famine* (New York: Oxford University Press, 1986).
28. Thomas P. Bernstein, "Stalinism, famine, and Chinese peasants: Grain procurement during the Great Leap Forward," *Theory and Society* 13/3 (May 1984): 1–38.
29. Robert Conquest, *The Great Terror: A Reassessment* (New York: Oxford University Press, 1989); Roy Medvedev, *Let History Judge: The Origins and Consequences of Stalinism*, revised and expanded edition, ed. and trans. George Shriver (New York: Columbia University Press, 1989).
30. Alex Kassof, "The administered society: Totalitarianism without terror," *World Politics* 16 (July 1964): 558–575; Richard Lowenthal, "Development vs. utopia in Communist policy," in Chalmers Johnson, editor, *Change in Communist Systems*

- (Stanford: Stanford University Press, 1970), 33–116; Alexander Dallin and George W. Breslauer, “Political terror in the post-mobilization stage,” in *ibid.*, 190–214; and Elemer Hankiss, *East European Alternatives* (New York: Oxford University Press, 1990).
31. David Zweig, *Agrarian Radicalism in China, 1968–1981* (Cambridge: Harvard University Press, 1989).
 32. Shaoguang Wang, “The rise of the second budget and the decline of state capacity in China,” paper presented at the conference “Political consequences of departures from central planning,” Arden Homestead, New York, 26–30 August 1992.
 33. Wank, *From State Socialism to Community Capitalism*.
 34. Yia-ling Liu, “Reform from below: The private economy and local politics in the rural industrialization of Wenzhou,” *China Quarterly* 130 (June 1992): 293–316.
 35. See Wank, *From State Socialism to Community Capitalism*.
 36. See Jean C. Oi, “Market reforms and corruption in rural China,” *Studies in Comparative Communism* 22/2–3 (Summer–Autumn 1989): 221–234; *idem.*, “Commercializing China’s rural cadres,” and *idem.*, *State and Peasant in Contemporary China*.
 37. Victor Nee, “Social inequalities in reforming state socialism: Between redistribution and markets in China,” *American Sociological Review* 56 (1991): 267–282, and Ivan Szelenyi and Robert Manchin, “Social policy under state socialism: Market, redistribution, and social inequalities in East European socialist societies,” in Gosta Esping-Andersen, Martin Rein, and Lee Rainwater, editors, *Stagnation and Renewal in Social Policy* (Armonk, N.Y.: Sharpe, 1987).
 38. See Oi, “Market reforms and corruption;” Zweig, “Prosperity and conflict.”
 39. See Oi, “Fiscal reform and the economic foundation of local state corporatism,” and Walder, “Factory and manager in an era of reform.”
 40. See Oi, “Fiscal reform;” *idem.*, “The Chinese village, inc.” in Bruce Reynolds, editor, *Chinese Economic Policy* (New York: Paragon, 1988), 67–87; *idem.*, “The fate of the collective after the commune,” in Deborah Davis and Ezra Vogel, editors, *Chinese Society on the Eve of Tiananmen*, Harvard Contemporary China Series No. 7 (Cambridge: Council on East Asian Studies, 1990), and Michael Burawoy and Pavel Krotov, “The Soviet transition from socialism to capitalism: Worker control and economic bargaining in the wood industry,” *American Sociological Review* 57 (February 1992): 16–38.
 41. See Sabel and Stark, “Politics, planning, and shop floor power;” David Stark, “The micropolitics of the firm and the macropolitics of reform: New forms of workplace bargaining in Hungarian enterprises,” in Peter Evans, Dietrich Rueschemeyer, and Evelyne Huber Stephens, editors, *States Versus Markets in the World System* (Beverly Hills: Sage, 1985); Walder, “Wage reform and the web of factory interests,” and *idem.*, “Factory and manager in an era of reform.”
 42. Wank, *From State Socialism to Community Capitalism*, and Ole Bruun, *Business and Bureaucracy in a Chengdu Street: The Ethnography of Individual Business Households in Contemporary China*, unpublished Ph.D. Dissertation, University of Copenhagen, Institute of Anthropology, 1989.
 43. See Elizabeth J. Perry, “Rural collective violence: The fruits of recent reform,” in Elizabeth Perry and Christine Wong, editors, *The Political Economy of Reform in Post-Mao China*, Harvard Contemporary China Series No. 2 (Cambridge: Council on East Asian Studies, 1985); *idem.*, “Rural violence in Socialist China,” *China Quarterly* 103 (September 1985): 414–440; and Nee, “Peasant entrepreneurship and the politics of regulation.”

44. Gordon White, "Chinese economic reform and the rise of civil society." Unpublished. Institute of Development Studies, University of Sussex, 1990.
45. Ivan Szelenyi, "Social inequalities under state socialist redistributive economies," *International Journal of Comparative Sociology* 1 (1978): 61–87.
46. Szelenyi and Manchin, "Social policy under state socialism."
47. Victor Nee, "A theory of market transition: From redistribution to markets in state socialism," *American Sociological Review* 54/5 (October 1989): 663–681.
48. See Nee, "Peasant entrepreneurship and the politics of regulation."
49. Nee, "Social inequalities in reforming state socialism."
50. Victor Nee, "Organizational dynamics of market transition: Hybrid forms, property rights, and mixed economy in China," *Administrative Science Quarterly* 37 (1992): 1–27.
51. Andrew Arato, "Civil society against the state: Poland, 1980–81," *Telos* 47 (Spring 1981): 23–47; Janina Frenzel-Zagorska, "Civil society in Poland and Hungary," *Soviet Studies* 42/4 (October 1990): 759–777; and Michael Kennedy, "The constitution of critical intellectuals: Polish physicians, peace activists and democratic civil society," *Studies in Comparative Communism* 23/3–4 (Autumn/Winter 1990): 281–303.
52. Elemer Hankiss, "The 'second society': Is there an alternative social model emerging in Hungary?" *Social Research* 55/1–2 (Spring–Summer 1988): 13–42; and Frenzel-Zagorska, "Civil society in Poland and Hungary."
53. See Vladimir Brovkin, "Revolution from below: Informal political association in Russia, 1988–1989," *Soviet Studies* 42/2 (April 1990): 233–257; Tomaz Mastnak, "Civil society in Slovenia: From opposition to power," *Studies in Comparative Communism* 23/3–4 (Autumn/Winter 1990): 305–317; David Strand, "Protest in Beijing: Civil society and the public sphere in China," *Problems of Communism* 39 (May–June 1990): 1–19; and Larry Sullivan, "The emergence of civil society in China, Spring 1989," in Tony Saich, editor, *The Chinese People's Movement: Perspectives on Spring 1989* (Armonk, N.Y.: Sharpe, 1990), 126–144.
54. Ivan Szelenyi and Szonja Szelenyi, "The vacuum in Hungarian politics: Classes and parties," *New Left Review* 187 (1991): 121–137, and Gail Kligman, "Reclaiming the public: A reflection on creating civil society in Romania," *Eastern European Politics and Societies* 4/3 (Fall 1990): 393–438.
55. Vaclav Havel et al., *The Power of the Powerless: Citizens Against the State in Eastern Europe* (Armonk, N.Y.: Sharpe, 1985).
56. Borrowed by many authors from the recent work of James Scott.
57. Istvan Rev, "The advantages of being Atomized: How Hungarian peasants coped with collectivization," *Dissent* (Summer 1987): 336–350.
58. George Konrád, *Antipolitics*, trans. Richard E. Allen (San Diego: Harcourt, Brace, Jovanovich, 1984).
59. Szelenyi, *Socialist Entrepreneurs*.
60. Thomas B. Gold, "The party versus society in China," unpublished manuscript, 1990; and Ole Odgaard, "Entrepreneurs and elite formation in rural China," *Australian Journal of Chinese Affairs* 28 (July 1992): 89–108.
61. Nee and Lian's article in this issue specifies stagnation in national growth rates under conditions of international political-military competition as the central factor in compelling leaders to initiate economic reform. Past analysts have generally taken these economic pressures as given, and have focused instead upon the generational changes and political processes that predict the choice of this response over others. See, e.g., Seweryn Bialer, *Stalin's Successors: Leadership, Stabil-*

- ity, and Change in the Soviet Union* (New York: Cambridge University Press, 1982); Valerie Bunce, *Do New Leaders Make a Difference? Executive Succession and Public Policy under Capitalism and Socialism* (Princeton: Princeton University Press, 1981), and Moshe Lewin, *The Gorbachev Phenomenon*, revised edition (Berkeley: University of California Press, 1991).
62. Timur Kuran, "Now out of never: The element of surprise in the East European Revolutions of 1989," *World Politics* 44 (October 1991): 7–48.
63. For example, Lieberman's argument about the inappropriateness of deterministic conceptions of causation often used to explain a small number of historical events. Theories can only be about underlying probabilities for observed events (e.g., revolutions, coups, etc.); chance and contingency – the random factors that are at the core of statistical theory – can loom very large when one analyzes only a very small number of cases. See Stanley Lieberman, "Small n's and big conclusions: An examination of the reasoning in comparative studies based on a small number of cases," *Social Forces* 70 (1991): 307–320. This is another reason why surprise about the events of 1989 to 1991 does not in itself indicate a flaw in scholarly understanding of these regimes (See also Kuran, "Now out of never."). When one seeks to make predictions about so small a number of cases (and it is hard to argue that the collapses of 1989 were causally independent events), predictions are highly vulnerable to random variations in the unfolding of events. Under such conditions, an accurate prediction is just as likely to indicate luck as sagacity.