

A Paradigm Destroyed. On the Opportunity of Revising Theories of Institutional Transformation

Helmut Wiesenthal

1. Introduction

Is there a paradigm of institutional transformation? As *János Kornai* (in this volume) convincingly put it, to speak of a "transformational paradigm" would appear to be inaccurate. Vis-à-vis the wholesale transformations undergone by socialist countries, there is good reason to employ the system paradigm as it would seem to be the most adequate framework for the analysis of what, at its core, is nothing less than the manifestation of system change.

System change, if the concept is taken seriously, implies a peculiar relationship between the factors of continuity and change. Whereas systems consist of non-arbitrary types of relations between their elements, their eventual shortcomings and "dysfunctional" features will not be overcome without a change in the system's "identity". In other words: Given that minor changes of single parameters tend to endanger the system's stability and performance, another acceptable state of performance can only be achieved if many parameters become readjusted: simultaneously and in a coordinated way, i.e. through "large-scale" intentional change.¹

Having substituted the notion of system change for the notion of transformation, it is however possible that an appropriate theoretical framework for the analysis of what happened in former socialist countries during the process of wholesale societal change could be seen as lacking. Neither an accurate assessment of the features of the socialist system, nor a proper analysis of the prerequisites of pluralist democracy and market

¹ This follows from the "theory of second-best" (Lipsey/Lancaster 1956/57).

capitalism map out the paths available to move from one system to the other. It is the movement itself, or the process of change, that lies at the root of what is meant by notions such as change, transition, or transformation. From this perspective, the series of system changes in Central and Eastern Europe provide an extraordinary opportunity for the investigation of change processes that until today had been restricted to single case studies not suitable for comparative analysis.

The aim of this paper is to examine the gap that appears to exist between theoretically based skepticism, on the one hand, and obvious indications of successful transformations in terms of the establishment of democracies and market economies in former socialist countries, on the other. To begin with, the "impossibility theorem of holistic reform" will be identified as some sort of hidden paradigm of post-war political science (section 2). The subsequent section (3) will provide a closer look at the peculiar problems associated with the departure from socialism that might even enhance what is assumed to be the problem load of "ordinary" system change. This will be followed by a brief look in the opposite direction, namely at those features of socialist demise that would alleviate the task load (section 4). The final section (5) will sum up the division of labor that emerged in the competition between economists and social scientists in their roles as both participants and analysts of wholesale social change. In addition, an attempt will be made to assess how social research institutions responded to the opportunity of studying the series of exceptional change in light of the fact that a theoretical focus would yield information of general value about both the opportunities and the limits of achieving thoroughgoing reforms.

2. A Hidden Paradigm of Political Science

Because of the simultaneous occurrence of thoroughgoing changes in the economy, and the social and political systems, the present instances of so-called transformation provide an unique opportunity for social research. Its attractiveness is due not only to the fact that the transition to democracy and a market economy resembles the kind of change that *Karl Marx* envisaged when predicting that capitalism would eventually be substituted by communism. Furthermore, this opportunity holds the potential of becoming a major source of social scientific knowledge because it consists of a series of (about 20) simultaneous cases that are open to comparative research. The overarching question of research would refer to the outcomes achieved at different points in time, the different pathways of change, their inherent obstacles as well as the prerequisites for (at least partial) success. This amounts to

nothing short of the question of how complex societies might improve their adaptive capacity vis-à-vis the social and natural environment made up of large-scale problems such as overpopulation, malnutrition, insufficient water supply, soil erosion, climate change and irreversible environmental damage. Although social change is an ubiquitous phenomenon, instances of change are extremely rare in which political planning and conscious decision-making appear to deliver the exact goods at which they aim. Thus, the non-arbitrary way in which political actors as well as ordinary citizens in socialist countries have organized transitions resulting in consciously chosen circumstances of a different kind could reveal a great deal about the "possibility of rational politics" as put by *Jon Elster* (1987).

Paradoxically, real thoroughgoing system change contradicts the common knowledge that up to 1990 had been associated with "state of the art" political science as far as it was concerned with voluminous intentional reforms. Nothing less credible and sensible about which to seriously theorize existed – perhaps except the idea of a legitimate world government or an encompassing global religion. The idea of consciously redesigning an entire society was deemed a genuinely unconvincing one. That is has not been taken seriously also has something to do with the bitter experiences endured under socialist institutions and Soviet attempts to construct a communist social order. It is not by chance, but is an effect of the enormous social costs that the people in the socialist world had to bear during a former attempt at wholesale social change that an overwhelming majority again embarked on the course of system change. The enormity of the task not only comes close to what the Leninist avant-garde once attempted to achieve, it also outdoes all major changes experienced in 20th century Europe: from the collapse of monarchies and autocratic regimes, the introduction of state-governed social welfare or the "war-far" regimes of WW2 up to the post-war reconstruction periods (including West-Germany's "economic miracle") and European integration.

Part of the common understanding of Western political scientists before 1990 – as far as there was an opinion about wholesale social reforms – was a "negative" paradigm associated with what might be called "the impossibility theorem of holistic reforms". The latter's epistemic foundations were already in place before 1980. Various empirical and theoretical insights amounted to a body of knowledge that in subsequent decades strongly impacted on theoretical politics as well as political theory. Its basic skepticism – or the postulated "impossibility of holistic reform" – evolved at the crossroads of some different, however complementary if not converging findings such as the public policy analyses of *Charles Lindblom* (1959), the research findings of the *Carnegie Mellon School's* studies on decision-making in organizations (Simon 1976; March/Olsen 1976), the empirical studies of the implementation process of public policies (Pressman/Wildavsky 1973) and, last but not

least, the resulting consequences as formulated in terms of the non-governability of democratic systems (Crozier et al. 1975).

The aforementioned findings triggered converging interpretations within a particular framework of social theory and epistemic reasoning. Major components are the well-founded anti-historicism and critical rationalism of *Karl Popper* (1972), as well as *Herbert Simon's* approach to the "bounded rationality" of social actors of any kind. In Germany, the anti-holistic skepticism found strong support in the writings of *Niklas Luhmann* whose sociological theory of social systems draws as extensively on the empirical findings of *Herbert Simon* and his collaborators as it is inspired by *Talcott Parsons* and the cybernetic brands of general systems theory (Luhmann 1981). Fortunately, several authors succeeded in advancing their skeptical vision of policy-making by politicians through such concise phrases as "the science of muddling through" (Lindblom 1959), "the garbage can" model of decision-making (Cohen et al. 1972), the exclusive option of "piecemeal technologies" (Popper 1972), the utopian option of abstinence² (Offe 1986) or "the tragedy of the empty hands"³ (Luhmann 1989).

The systematic skepticism about any demanding policy-making approach as exemplified by well-known phrases appears to be based on some plausible theories and axioms. One major pillar is founded on significant insights into the limits of forming rational beliefs and acting according to the rules of normative rationality (to which a proper cue is "bounded rationality"). Another pillar consists of what is known about the problems collective actors are confronted with when trying to keep individuals from free-riding (a proper cue is *Mancur Olson's* "logic of collective action"). A third pillar that appears quite solid is the body of knowledge associated with the term public policy (amounting to serious problems of collective or "social choice"). Finally, a fourth pillar is to be seen in the well-known impossibility of constructing a notion of an inclusive (all-encompassing) system rationality (due to positive value pluralism as well as limits on information). In accordance with this view, several hypotheses were developed that claim to circumscribe the peculiar risks of a politically guided departure from socialism.

² A literal translation of the original German phrase would be "the utopia of the zero option".

³ Translation from German provided by the author, HW.

3. The Peculiar Obstacles of Transformation

As we are taught by historians, Western democracies with their well-established market economies emerged in a certain temporal order: the market – or capitalism – came first after the individual's liberation from feudal rule in a segmented society. Given that the collapse of socialism had its take-off in the political sphere, the current transformations in the political and economic spheres obviously follow a reversed temporal order. As a consequence, the process of system change is subjected to certain risks and problems that appear extremely difficult to be dealt with successfully.

3.1 The dilemma of simultaneity

In an influential paper entitled "The necessity and impossibility of economic and political reforms" *Jon Elster* (1990) outlines the genuine problematics of simultaneously establishing the institutions of representative democracy and a market economy. What later on was named the "dilemma of simultaneous reforms" (Offe 1991) points to a problem that was even more fundamental than the controversy between radical and gradualist reformers. The dilemma theorem maintains that an unavoidable blockade of the reform process results or that tremendous costs of transaction are incurred when crucial decisions over the allocation of property rights have to be made after the introduction of universal suffrage and "responsive" democratic governments. Because democratization involves the effective extension of opportunities for political participation as well as the sensitizing of politicians to popular feelings and demands, the result of the social costs of economic change will be an inevitable backlash against the agenda of reforms. If a parliamentary opposition eager to gain office already exists, it will become the "natural" protagonist of "anti-reformism", i.e. the parliamentary arm of those segments of the electorate that appear unwilling to bear the transitory costs of change. Thus, it is assumed that almost any attempt by a democratic government to engage in long-term projects of institutional change but unable to deliver the fruits of their labor before a certain period of time, is bound to fail.

3.2 The limits on society's capacity for "institutional learning"

There is a reasonably solid assumption that the simultaneous implementation of numerous interdependent new institutional rules might expect too much of a society's capacity to adopt new ways of behavior and social coordination. This does not mean that the capacity of individual or collective actors is restrained by obsolete beliefs and traditions such as the often mentioned "socialist legacies". Instead, the argument points to the sheer volume of altered facts, norms and social expectations that actors have to take into consideration when choosing a course of action. Evidence of a limited capacity to adapt to environmental change is provided, again, by consolidated democracies. In many instances of reform, the latter appeared capable of adapting to only minor portions of intended change. Given the high level of institutional inertia and widespread vested interests, even moderate projects of reform turned out to be too demanding. The reproach of "holism" as effectively pursued by critical rationalism (Popper 1972) zeroes in on the same phenomenon: political intention overshooting the complex and opaque features of social reality. Moreover, there is hardly a project imaginable that would meet the demands of information quality and design complexity associated with thoroughgoing reforms and the limited "learning" capacity of existing societies. Arguments raised in favor of gradualism as opposed to the notorious shock therapy typically draw on the capacity problem (see e.g. Brada 1993).

3.3 The inadequacy of institutions introduced upon the basis of arbitrary decisions

Another objection frequently raised by the "gradualists" refers to the peculiar mode of institution building after a revolutionary turmoil. Under such circumstances, (new or changed) institutions do not emerge in an evolutionary process of random variation and subsequent selection according to the criterion of transactional efficiency. Rather, institutions are created by "*fiat*", i.e. as the outcome of deliberative processes which aim at making a final choice, perhaps by majority vote. If, however, the acceptance and efficacy of institutions depends on their appearance as unique and highly legitimate solutions to current problems, their recognition might be hampered. Common rules and norms that apparently come into effect by discretionary decision-making bear an air of contingency or even arbitrariness. Because they obviously were not the only option possible, people might doubt their value and undermine their validity by reasoning "they could well have chosen a rule that better suits my own situation!". It has to be acknowledged that the discretionary

weakness of new institutions resembles the problem inherent in the holistic approach to reform. The more things come under scrutiny and the more they are changed through a once-and-for-all strike, the more the procedure resembles an act of sheer arbitrariness. Or, to put it the other way around: The more changes the agents of reform wish to effect simultaneously, the less social acceptance and institutional validity they may count on.

3.4 The lack of cultural prerequisites

One of the objections raised most frequently against a wholesale change of the institutional order and a first-hand explanation of institutional failure refers to a mismatch of cultural givens and the functional prerequisites of institutions. It is said e.g., that the core institutions of a market economy such as private entrepreneurship, contractual law, market prices and competition must rely on certain individual habits and collective values that the citizens of socialist countries were denied the opportunity to adopt. These habits and values could only emerge during an extended period of practical experience and situational learning. It is said, the same situation would also exist in the political sphere. In his often cited study on the different political cultures in Italy, *Robert Putnam* (1993) discusses certain virtues and dispositions that are said to be at the root of a (partly) self-governing civil society. Among them are the readiness to participate in public debate as well as associate with like-minded people. Again, these symptoms of "social capital" were extremely rare under socialism. Accordingly, insiders lament the deficit in public spirit, the prevalence of pre-modern feelings of community and a common lack of political culture (e.g. *Ekiert* 1991). *Piotr Sztompka*, a Polish sociologist, even claims that the emergence of a civic culture in post-communist societies is badly endangered by a legacy of "civilizational incompetence" (*Sztompka* 1993).

3.5 The functional deficits of imported institutions

An implicit assumption of almost all efforts made by the internal as well as the external participants of transformations is that unambiguous ends and means are given in form of Western models. However, on closer inspection, this assumption might turn out a heroic simplification. Shifting the focus of attention to the debates on public policy and institutional reforms in Western democracies, one might recognize numerous doubts about the adequacy and performance of institutions that, without exception, were invented at the end of the 19th century or during the first half of the 20th century. Inherent in these

institutional "legacies" would not appear to be the most efficient solutions to current problems. Two possible consequences have to be mentioned. First, because of their disputed character, it might be difficult to implement the imported institutions in a "foreign" context. Second, given that imported institutions are implemented with maximum precision, they will probably display the exact same shortcomings which attracted criticism in their original context.

Some evidence of the functional inefficiencies and shortcomings of Western institutions can be found by looking at the parliamentary debates on social policy reforms, deregulation and destatization in e.g. Britain, Italy or Germany. Even before governments felt pressed to adapt to the changed global conditions, the political-economic institutions of "disorganized capitalism" (Offe 1985) were put into question. So, why should they guarantee to the transitional countries of today the exact advantages they gave to other countries several decades before? If politicians and policy advisers maintain that the new democracies need precise copies of the 19th century basket of institutional innovations to upgrade them to the rank of their western neighbours, "everything somehow seems a bit out of focus" (Pusic 1993:9), as the editor of a special issue on social sciences in Eastern Europe put it.

3.6 The unacceptable social costs of institutional innovation

Competitive representative democracy is prone to inconsistent decision-making and the risks such entails. Individual citizens, ruling parties and even an entire society may choose to embark on a difficult and demanding project of institutional reforms and, at the same time, claim they will be spared all the risks and costs the chosen policy would necessarily entail. In fact, only in the very beginning did the citizenry of transiting countries appear willing to accept a "blood-sweat-and-tears" strategy of change. When after a two or three year period the fruits of change were seen as insufficient, popular support for thoroughgoing reforms plummeted. Only for a short period of time did the recently won "negative" freedom of true democracy appear to be an adequate compensation for the "positive" freedom of guaranteed incomes (irrespective of individual performance) lost over the course of the system change (Bauman 1994).

3.7 The counter-intentional effects of simultaneously introduced institutions

Whereas the objection to holism refers in a very general way to the lack of calculability of grand designs, some facts of limited importance became visible that illustrate very clearly

the inherent risk of large-scale reform. A good example is provided by a comparison between the newly established political parties and interest associations which emerged following the political turmoil. Even after almost a decade, all post-socialist countries show the same pattern: while political parties succeeded in establishing themselves as major actors in the political system, interest associations (be they trade unions or business and professional associations) have as yet failed to gain significant influence as pressure groups or providers of sectoral information and assistance within the process of policy implementation.¹

There is good reason why parties proved superior under conditions of increasing competition over individual and public resources for collective action (Wiesenthal 1996). Parties profit from a high level of public attention as well as from their function as gatekeepers to governmental and public positions. Because elections are fixed-sum games, parliamentary representation as such remains immune from the organizational capacity of parties, the nature of political cleavages and even voter turn-out: whatever the state of the political system, there will always be a sufficient number of representatives. As for interest associations, there is nothing resembling the comparative advantage of parties. Their development depends exclusively upon individual expertise and contributions for collective action. Furthermore, because of the well-known problem of free-riding, there are either limits to growth or an inclination to depart from collective goals in order to secure the organization's survival through selective incentives and/or the fabrication of community feelings. As a consequence, it is not possible for government and administration in new democracies to relieve themselves of the heavy burdens of actively regulating nearly everything by delegating responsibility to "private" interest governments (as described by Streeck/Schmitter 1985).

4. Facilitating Factors in the Transformation Process

The list of obstacles and risks to purposeful transformations as outlined above is in no way complete and conclusive. However, it may serve as an indication of the peculiar problems that add to the standard problem load which is assumed to account for the impossibility theorem of holistic reform. Fortunately, after almost a decade of thoroughgoing change in former socialist countries, one no longer feels compelled to rely on general theories or

⁴ This failure is all the more significant as post-socialist political systems are constructed after the model of West European democracies with a particular "corporatist" style of integrating extra-parliamentary "functional" interests (Ehrlich 1968; Berger 1981; Streeck/Schmitter 1985).

fortune telling in order to assess the outcomes of the system change. Even a regular glance in the newspapers might provide a realistic impression of what has happened in recent years in Central and Eastern Europe. Taken altogether, there seems to be little ground for maintaining the skeptical position as recommended by the impossibility theorem. There are significant indicators of success. With the exception of countries that formerly were part of the USSR, there is literally no one country that could not claim to have made some progress. Of course, there are huge differences among the sample. Countries differ with respect to the level of democratization reached (Beichelt 1999) as well as the degree to which their economy has been restructured (Hellman 1998).

Surprisingly, among current studies of post-socialist transformations, this point of view is given very little attention. Instead, there is widespread ignorance of both the presence of a theoretical corpus that suggests systematic skepticism, and of the mere fact that the outcomes of transformations contradict a hidden paradigm of political science. At present, it is only the increasing variance of the paths and outcomes of transformations that seems to attract attention beyond professional economic analysts.

As a step to a more differentiated and empirically testable set of assumptions on the possibility of large-scale reforms, one has to give credit to those positions that claim to name some alleviating factors of change. Even proponents of the impossibility theorem might wish to highlight features that contradict the subsuming of the recent cases of system change under the rule of a general theory. In light of the theory of scientific discovery (Kuhn 1964), these features might indicate the presence of includable (and in principle explainable) anomalies.

On the one hand, there are factors that appear to be self-explanatory when correctly stated. First, one has to mention the absence of an articulated socio-economic cleavage in the largely egalitarian socialist society. Above all, this factor contributed to a low level of strain in government formation and parliamentary decision-making. Secondly, almost everywhere broad popular support for the project of installing a market economy has been enjoyed because of the myth (or false belief) that pluralist democracy guarantees an immediate rise in the standard of living. Third, in several countries governments very early on created tripartite commissions of interest articulation and compromise that called upon trade unions and employers' association to enter into binding agreements on wage restraint with government officials. Although these commissions lost influence over the process of consolidation, they at least worked as a kind of "preemptive strike" that indirectly contributed to a low level of industrial conflict.

On the other hand, certain courses of action chosen by strategic actors might be seen as adequate responses to problems that the founders of the impossibility theorem had assumed unresolvable. The most prominent example is the so-called shock therapy of

economic change. Although the catalogue of measures prescribed by economic advisers (e.g. Sachs 1989; Fischer/Gelb 1991) wasn't implemented completely and ideally anywhere, it had a positive impact wherever it served as a guideline to economic reform (see Hellman 1998).¹ Since transition costs are expected to increase over the course of economic transformation, shock therapy in its ideal form aims to minimize the total costs of transition. At the same time, but for different reasons, shock therapy worked as a kind of insurance against political failure by concentrating all painful interventions at the start of the transition. This enabled reform governments to persevere despite the opposition provoked by harmful results. The pattern of policy implementation based on a compact timetable turned out to be superior to a sequence of individual reform policies that are evaluated separately without taking into account their aggregate effects. From this perspective, the logic of shock therapy is twofold. On the one hand, it relies on the consistency of a set of functionally interdependent measures.¹ On the other hand, it offers protection to political actors against retreating from their reform commitment or, in other words, against their temptation to behave opportunistically. Once the entire package of reform measures has been implemented, it probably might be more costly to revise them than to stick to the chosen course of action. Since the catalogue of measures might have been based on both profound theoretical and empirical knowledge, it fortunately lacks the informational deficits of less solidly designed approaches. In a theoretical perspective, this bundle of measures appears to mark the distinction between "utopian" and "imitative" holism (see Ellman 1997).

Contrary to the skeptical assumption that the new institutions might be lacking in the necessary prerequisites, there is evidence of an opposite cause-effect relationship in the process of new institutions gaining validity. Even if insufficiently based on a proper functional understanding in the early stage of implementation, new social and legal rules could well become effective through their "educational" impact. This process resembles the emergence of democratic political cultures in different societies. The most prominent example is provided by *Alexis de Tocqueville* (1956) in his famous work on early democracy in North America. A similar case is the development of democracy under the rule of the Western allies in post-war West Germany. It was only after the emergence of a public sphere constrained by formally democratic institutions that citizens became aware of the opportunity to articulate their interests and associate with other people. Doing so helped them to recognize that they were not alone: both the need to find collaborators and the logic

⁵ Poland, where a shock therapy with only minor revisions was employed early on by *Leszek Balcerowicz*, the finance minister of the first democratic government, is the only country today that has already achieved a higher level of economic performance than under socialism.

⁶ Of course, this feature of shock therapy is in the general neighborhood of the holistic approach.

of the public arena usually work as incentives to acknowledge collective interests and public affairs beyond one's egoistic volitions. As a consequence, acting in a lively public sphere exerts some influence on the individuals' identity by urging them to "launder" their preferences (Goodin 1986).

5. How Social Sciences Responded to the Opportunity to "Learn"

Although the aforementioned factors might have effectively undermined the validity of the impossibility theorem, strictly speaking, they cannot serve as a theoretically based explanation. Whether they had an equal impact in all the countries, whether there were substitutes and functional equivalents, or how much influence has to be attributed to all of them if compared to the complicating factors (as mentioned in section 3) remains uncertain. Thus, both lists of complicating and alleviating factors can only serve as indications of the degree of complexity involved in the processes of transformation. Any significant progress in understanding why things happened as they did, including an explanation of how they became possible at all, can only be achieved through systematic comparative research.

Of course, there exists a steadily growing body of social scientific knowledge about the transformations in Central and Eastern European countries, the conditions for takeoff, the pathways chosen, e.g. for privatization, and the outcomes achieved thus far. However, the largest share is comprised of country and area studies, with more or less detailed descriptions of what has happened. A considerable, however minor part of research concentrates on comparative research in specific fields of interests, among others: the outcomes of constitutional and legal reform (e.g. Elster et al. 1997), the party and parliamentary systems that emerged (e.g. Kitschelt 1995 and Agh 1998), the modes of interest representation (e.g. Agh/Ilonszki 1996), the composition of the new elites (e.g. Higley/Burton 1998), the level of democratization achieved (e.g. Beichelt 1999), the policies of privatization and economic restructuring (e.g. Anderson et al. 1997 and Collier/Levitsky 1997), the levels of economic performance (e.g. Hellman 1998), the impact of "socialist legacies" and "path dependence" (e.g. Stark/Bruszt 1998), and the relationship between democratization and economic performance (e.g. Ishiyama/Velten 1998).

Interestingly enough, investigations that explicitly and with a normative impetus focus on the final goal of establishing an institutional system completely analogous to that of consolidated democracies necessarily end up with results stressing the indications of deficits and failure, instead of the available proof for the approximation of intended aims.

This hints at a certain lack of theoretical orientation. Instead of employing the impossibility theorem as the framework assumption, the studies in question seem to subscribe to the optimistic beliefs of political practitioners. However, if the overly optimistic point of reference of the latter is chosen, the diagnoses must be negative: there is definitely no case without some sort of fault or imperfection. Little or almost nothing is known about the other side of the coin: How could reform strategists in a by and large successful manner cope with the risks and intricacies of such a grand project like the wholesale of society's institutional structure?

At the same time, there happens to have been a remarkable exchange of perspectives on reality between the disciplines of social science on the one hand, and economics, on the other. Whereas economists took on the task of becoming advisors and agents of change, sociologists and most political scientists concerned with transformation retreated to remote observation posts. Many of them specialized in the new field of transformation critique. There is ample evidence of this: there is no sociological or political scientific counterpart to the economists' concepts for reforms such as the detailed "Plan for Poland" produced by *Jeffrey Sachs* (1989). Sociologists with a critical stance towards wholesale social reforms either stressed the significance of "post-socialist crises" (Müller 1998) or even denied that a thoroughgoing simultaneous change of society's institutional order was possible at all. Instead of planned interventions and institutions imposed from above, they argued in favor of emergent change driven by multiple grass-root initiatives.¹ Because a full-fledged system change was declared impossible government actions pushing for wholesale change of the institutional order were denounced irresponsible given the tremendous social costs assumedly involved. The alternative of gradualism appeared to be associated with only few social costs and was therefore considered to be a superior option.

Obviously, the critical position to transition that was taken by social scientists, in contrast to economists, was not based on sympathy for the obsolete socialist system. Rather, the reserve had to do with a change in the professional identity of social scientists over the last decades. Having been a home for self-declared change agents in the late sixties and the "neo-keynesian" seventies, the social sciences seem to have become more deeply influenced by the subsequent era of "postmodernist" thinking than social scientists themselves were aware of. Over the same period, the field of economics moved in the opposite direction. Having always been a body of knowledge suitable for counseling and political advice, it gained an even greater reputation and economists in turn more self-respect through the advancement of microeconomics in the seventies and eighties. Thus, while sociologists and political scientists became baffled by the complexity, irrationality

⁷ See e.g. Murrell (1993), Pickel (1993) and the discussion between Pickel and Wiesenthal in Pickel/Wiesenthal (1997).

and impenetrability of social processes in modern society, economists felt strengthened by even more solid axioms and, therefore, even more capable of advising politicians who were uncertain as to what to do. Furthermore, the social sciences of today appear highly fragmented and, at the same time, deprived of the prospect to prosper under the umbrella of a common paradigm, a set of basic axioms or an encompassing theoretical approach (Becker/Rau 1992; Wolfe 1992). Such a miserable situation, one might suggest, could well provide a strong incentive to make the best possible use of new opportunities such as the series of societal transitions that allow for the test of theories and paradigms. Therefore, in the remainder of this section, the response of institutionalized research will be mentioned in brief.

Again, we are confronted with a surprising picture. Although the series of societal transitions provides historically unique data for comparative research, this opportunity was of very little consequence for mid-term and long-term programs of social study. In the arena of research institutions, the upheaval in reality failed to trigger awareness of the unforeseen opportunity to investigate the structure of "political possibility". Although the author lacks sufficient knowledge about all the ongoing programs of social research, he does not feel reckless when accounting for the situation in what follows.

Of course, researchers at universities and institutions in the USA who make up the largest part of the world's research capacity recognized early what was going on in Central and Eastern Europe. Their studies of change in particular countries and social or economic spheres of society yielded a lot of important insights, some of which are even being connected to theory in an exemplary fashion. However, the comparative studies of change of *polity*, *policy* or *politics* in transiting countries paid little attention to topics beyond the standard canon adhered to by the community of social researchers. Questions with some philosophical air such as that of how to assess "political possibility" in the fresh light of theoretically unexpected phenomena remained untouched. Quite the same has to be said about social research undertaken at West European universities and institutions.

In Germany, the social sciences seem to have received a strong impulse from the system change in the neighboring Central European countries and in East Germany in particular. This incentive was felt quite strongly by those scientists who had been appointed to the restructured universities of East Germany. On closer inspection, there are only very few signs of a departure from established topics and perspectives of research. The vast majority of area and sectoral studies were confined to weighty descriptions typically leading to a normative conclusion of failure and imperfect results. Accordingly, Germany's contribution to the body of "calamity research" is quite large.

There were of course also several endeavors which went far beyond mere description and hasty verdict. This is particularly true for two institutes of the publicly financed *Max*

Planck Society. The Cologne-based Institute for Social Research undertook comparative studies of the transformation of national systems of scientific research and the Berlin-based Institute for Educational Research concentrated on the study of East German biographies and the mechanisms of social integration before and after the collapse of the GDR.

The fact that research on the consequences of unification achieved a remarkable quality and magnitude was due to decisions made by the government. The Federal Ministry for Science and Education not only provided the *Deutsche Forschungsgemeinschaft (DFG)*⁸ with sufficient resources for a special program of transformation studies, but founded a well-equipped temporary social research institution as well: the Commission for Investigation into the Social and Political Change in the New Länder, the so-called *KSPW*.⁹ The series of studies organized by the *KSPW* and published in six volumes provides by far the most reliable and significant information on what happened in East Germany after 1989.¹

Long before the end of the decade, the research program of the *KSPW* as well as the special funding program of the *DFG* were shut down. Since 1997, none of the research funds that the *DFG* offers to the humanities and social sciences have gone towards projects concerned with transformation studies. Only in the East German border town of Frankfurt/Oder does a so-called *Innovationskolleg* exist which focuses on the (social and economic) transformation processes in nearby Central Europe. All other ongoing social research, the topics of which appear to be related to system change or transformation, are limited to two-years studies (usually undertaken by one post-doctoral researcher and one post-graduate student). Lastly, even the focal program of the *Volkswagen-Stiftung* (a semi-public funding foundation) which concentrated on transformations of economic, political and social systems closed its doors at the end of March 1999. Taken altogether, in Germany neither the primary funding institutions nor the specialized research institutes outside the university system seem to have recognized the opportunity for systematic research into the nature and limits of large-scale reforms.

Of course, social research took "a great leap forward" in former socialist countries. Understandably, there is no difference between transformation research as such, on the one hand, and mainstream social research on present phenomena, on the other. One should also not overestimate the impact of the numerous instances of cooperation between Western and Eastern academics.

⁸ Literally "German Community for the Funding of Research" (at universities).

⁹ Literal translation of the German title *Kommission für die Erforschung des sozialen und politischen Wandels in den neuen Bundesländern*.

¹⁰ See e.g. Kaase et al. (1996).

6. Conclusion

Future attempts to deal with the gap between opportunities opened and actions taken will probably produce some paradoxical observations. The following may rank high among them:

1. In the nineties, i.e. during the presence of a multitude of thoroughgoing changes, the term "transformation" was employed only to denote some unexpected phenomena and the processes of social change as such. In no way could the term "transformation" direct attention to the surprising fact of the by and large successful steering of institutional changes in a magnitude that up to then was deemed impossible.
2. The response of the well-established social sciences to the unexpected phenomena was exclusively opportunistic and defensive. All the single disciplines open to empirical research rushed to incorporate the new phenomena into their respective canon of problems and routine themes of research. By doing so, they avoided to subject the stock of theoretical knowledge to all the available information on institutional change. With respect to the high level of success in intentional institution-building, the discrepancy between the available data on the one hand, and the contradictory theoretical reasoning on the other, is not yet recognized.
3. To date, the opportunity to undertake comparative research on the procedural phenomena that contributed to transformational success has not been taken advantage of in more than a superficial manner. Thus, little is done for developing (or improving) differentiated and empirically tested theories of intentional governance of large-scale reforms, the creation of complex institutional orders or the dimensions and delineation of the space of "political possibility".

To look at it more positively: What is badly needed is a series of comparative studies on the procedural aspects of institutional change and innovation in Central and Eastern Europe. In contrast to most of the research results already accomplished, the studies to be done should focus not so much on the institutions as such, but on the process of how they came into being. This means focussing on social and political actors, as well as the choices they have made. It also means examining the ways in which actors experience (and interpret) the consequences of their choices and decisions as these become the source of information used to inform subsequent choices. Such studies will not, of course, enrich our knowledge about regional phenomena and history. Neither would the aim be to measure the distance between normative goals of action and the factual outcomes. However, the most valuable return may consist of more precise theoretical assumptions and notions about how to draw a distinction between the politically possible, the politically improbable but possible and the

huge spectrum of sheer impossibilities. Or should modern societies well do without such moderate progress in self-understanding?

References

- Agh, Attila/Ilonszki, Gabriella (eds.) (1996), *Parliaments and Organized Interests. The Second Steps. Budapest*, Hungarian Centre for Democracy Studies.
- Agh, Attila (1998), *The Politics of Central Europe*, London: Sage.
- Anderson, Robert E./Claessens, Stijn/Djankov, Simeon/Pohl, Gerhard (1997), "Privatization Effects in Central and Eastern Europe", *MOST. Economic Policy and Transitional Economics* 7 (3), pp. 137-162.
- Bauman, Zygmunt (1994), "After the patronage state: a model in search of class interests", in: Christopher G.A. Bryant/Edmund Mokrzycki (eds.), *The New Great Transformation?* London/New York: Routledge, pp. 14-35.
- Becker, Howard S./Rau, William C. (1992), "Sociology in the 1990s", *Society* 30, pp. 70-74.
- Beichelt, Timm (1999), *Bedingungen der Nichtkonsolidierung der jungen Demokratien in Osteuropa*, Frankfurt/Oder: Europa-Universität Viadrina (mimeo).
- Berger, Suzanne (ed.) (1981), *Organizing Interests in Western Europe. Pluralism, Corporatism, and the Transformation of Politics*, Cambridge: Cambridge University Press.
- Brada, Josef C. (1993), "The Transformation from Communism to Capitalism: How far? How Fast?", *Post-Soviet Affairs* 9 (1), pp. 87-110.
- Cohen, Michael D./March, James G./Olsen, Johan P. (1972), "A Garbage Can Model of Organizational Choice", *Administrative Science Quarterly* 17, pp. 1-25.
- Collier, David/Levitsky, Steven (1997), "Democracy with Adjectives: Conceptual Innovation in Comparative Research", *World Politics* 49 (3), pp. 430-451.
- Crozier, Michel J./Huntington, Samuel P./Watanuki, Joji (1975), *The Crisis of Democracy. Report on the Governability of Democracies to the Trilateral Commission*, New York: New York University Press.
- Ehrlich, Stanislaw (1968), "On Functional Representation", in: Friedrich, Carl-Joachim/Reifenberg, Benno (eds.), *Sprache und Politik*, Heidelberg: Schneider, pp. 326-339.
- Ekiert, Grzegorz (1991), "Democratization Processes in East Central Europe: A Theoretical Reconsideration", *British Journal of Political Science* 21, pp. 285-313.
- Ellman, Michael (1997), "The Political Economy of Transformation", *Oxford Review of Economic Policy* 13 (2), pp. 23-32.
- Elster, Jon (1987), "The possibility of rational politics", *Archives Européennes de Sociologie* 28 (1), pp. 67-103.
- Elster, Jon (1990), "The Necessity and Impossibility of Simultaneous Economic and Political Reform", in: Piotr Ploszajski (ed.), *Philosophy of Social Choice*, Warsaw: IFiS Publishers, pp. 309-316.

- Elster, Jon/Offe, Claus/Preuss, Ulrich K. (1997), *Institutional Design in Post-Communist Societies. Rebuilding the Ship at Sea*, Cambridge: Cambridge University Press.
- Fischer, Stanley/Gelb, Alan (1991), "The Process of Socialist Economic Transformation", *Journal of Economic Perspectives* 5 (4), pp. 91-105.
- Goodin, Robert E. (1986), "Laundering Preferences", in: Jon Elster/Aanund Hylland (eds.), *Foundations of Social Choice Theory*, Cambridge: Cambridge University Press, pp. 75-101.
- Hadas, Miklós/Vörös, Miklós (eds.) (1996), *Colonisation or Partnership?. Eastern Europe and Western Social Sciences*", Budapest (replika, Hungarian Social Science Quarterly Special Issue).
- Hellman, Joel S. (1998), "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions", *World Politics* 50 (2), pp. 203-234.
- Higley, John/Burton, Michael (1998), "Elite Settlements and the Taming of Politics", *Government and Opposition* 33 (1), pp. 98-115.
- Ishiyama, John T./Velten, Matthew (1998), "Presidential Power and Democratic Development in Post-Communist Politics", *Communist and Post-Communist Studies* 31 (3), pp. 217-233.
- Kaase, Max/Eisen, Andreas/Gabriel, Oscar W./Niedermayer, Oskar/Wollmann, Hellmut (1996), *Politisches System. Berichte zum sozialen und politischen Wandel in Ostdeutschland, vol. 3*, Opladen: Leske + Budrich.
- Kitschelt, Herbert (1995): "Formation of Party Cleavages in Post-Communist Democracies. Theoretical Propositions", *Party Politics* 1 (4), pp. 447-472.
- Kuhn, Thomas S. (1964), *The Structure of Scientific Revolutions*, Chicago: University of Chicago Press.
- Lindblom, Charles E. (1959), "The Science of Muddling Through", *Public Administration Review* 19 (Spring), pp. 79-88.
- Lipsey, R.G./Lancaster, K. (1956/57), "The General Theory of Second Best", *Review of Economic Studies* 24, pp 11-32.
- Luhmann, Niklas (1984), "Soziale Systeme. Grundriß einer allgemeinen Theorie", Frankfurt/M.: Suhrkamp.
- Luhmann, Niklas (1989), "Politische Steuerung: Ein Diskussionsbeitrag", *Politische Vierteljahresschrift* 30, pp. 4-9.
- March, James G./Olsen, Johan P. (1976), *Ambiguity and Choice in Organizations*, Bergen: Universitetsforlaget.
- Müller, Klaus (ed.) (1998), *Postsozialistische Krisen. Theoretische Ansätze und empirische Befunde*, Opladen: Leske + Budrich.
- Murrell, Peter (1993), "What is Shock Therapy? What Did it do in Poland and Russia?", *Post-Soviet Affairs* 9 (2), pp. 111-140.
- Offe, Claus (1985), *Disorganized Capitalism. Contemporary Transformations of Work and Politics*, Cambridge: Polity Press.
- Offe, Claus (1986), "Die Utopie der Null-Option. Modernität und Modernisierung als politische Gütekriterien", in: J. Berger (ed.), *Die Moderne*, Göttingen: Schwartz, pp. 97-117.

- Offe, Claus (1991), "Das Dilemma der Gleichzeitigkeit. Demokratisierung und Marktwirtschaft in Osteuropa", *Merkur* 45, pp. 279-292.
- Pickel, Andreas (1993), "Authoritarianism or Democracy? Marketization as a political problem", *Policy Sciences* 26 (3), pp. 139-163.
- Pickel, Andreas/Wiesenthal, Helmut (1997), *The Grand Experiment. Debating Shock Therapy, Transition Theory, and the East German Experience*, Boulder, CO: Westview Press.
- Popper, Karl R. (1972), *The Poverty of Historicism*, London: Routledge & Kegan Paul.
- Pressman, Jeffrey L./Wildavsky, Aaron (1973), *Implementation. How Great Expectations in Washington Are Dashed in Oakland*, Berkeley: University of California Press.
- Pusic, Vesna (1993), "Intellectual Trends, Institutional Changes and Scholarly Needs in Eastern Europe", *East European Politics and Societies* 7 (1), pp. 1-13.
- Putnam, Robert D. (1993), *Making Democracy Work. Civic Traditions in Modern Italy*, Princeton: Princeton University Press.
- Sachs, Jeffrey D. (1989), "My Plan for Poland", *International Economy* 3 (Dec.), pp. 24-29.
- Sachs, Jeffrey D. (1991), "Crossing the Valley of Tears in East European Reform", *Challenge* 34 (5), pp. 26-34.
- Simon, Herbert A. (1976): "From Substantive to Procedural Rationality", in: Spiro J. Latsis (ed.), *Method and Appraisal in Economics*, Cambridge: Cambridge University Press, pp. 129-148.
- Stark, David/Bruszt, László (1998), *Postsocialist Pathways. Transforming Politics and Property in East Central Europe*, Cambridge: Cambridge University Press.
- Streeck, Wolfgang/Schmitter, Philippe C. (1985), "Community, Market, State – and Associations?", *European Sociological Review* 1 (2), pp. 119-138.
- Sztompka, Piotr (1993), "Civilizational Incompetence: The Trap of Post-Communist Societies", *Zeitschrift für Soziologie* 22 (2), pp. 85-95.
- Tamás, Pál (1995), "The Hedgehog and the Scrubbing Brush: Sociology and Social Experience in the New Eastern Europe", *Review of Sociology* (Special Issue), pp. 155-179.
- Tocqueville, Alexis de (1956), *Democracy in America*, ed. by Richard Heffner, New York: Mentor.
- Wiesenthal, Helmut (1996), "Organized Interests in Contemporary East Central Europe", in: Attila Agh/Gabriella Ilonszki (eds.), *Parliaments and Organized Interests. The Second Steps*, Budapest: Hungarian Centre for Democracy Studies, pp. 40-58.
- Wolfe, Alan (1992), "Weak Sociology/Strong Sociologists: Consequences and Contradictions of a Field in Turmoil", *Social Research* 59, pp. 759-780.