



THREE PATHS TO CAPITALISM: AN AGENDA FOR RESEARCH

Ana Bela Nunes

Nuno Valério

Resumo

As economias capitalistas de mercado desenvolveram-se historicamente em três contextos distintos: i) a transformação gradual de economias tradicionais; ii) o dismantelamento de esquemas de economia de guerra; iii) o falhanço de tentativas de consolidar economias socialistas de direcção central. A primeira via para o capitalismo tem sido alvo de alargada discussão pelos fundadores da ciência económica e por historiadores económicos. As outras duas ficaram fundamentalmente à margem de análises teóricas. Defendemos que a comparação das três vias para o capitalismo deve tornar-se a principal agenda da investigação dos que estão interessados em estudar a emergência de economias capitalistas de mercado, ao proporcionar uma base sólida para o desenvolvimento de enquadramentos teóricos de compreensão desses processos de transição.

Abstract

Capitalist market economies developed historically in three different contexts: i) gradual transformation of traditional economies; ii) dismantling of war economy schemes; iii) failure of attempts to consolidate socialist centrally planned economies. The first path to capitalism has been the topic of extensive discussion by the founding fathers of economic science and by economic historians. The other two have remained largely untouched by theoretical analysis. We argue that comparison of the three paths to capitalism must become the main agenda for research of those interested in studying the emergence of capitalist market economies, providing a sound basis for developing theoretical frameworks for understanding these transition processes.

Contents

1. Introduction
 2. Gradual transformation of traditional economies
 - 2.1. The Smithian approach
 - 2.2. The Marxian approach
 - 2.3. Classical approaches until the mid-20th century
 - 2.4. Institutionalism
 - 2.5. Exogeneous suggestions in the Marxian camp
 - 2.6. Endogeneous ideas in the non-Marxian camp
 - 2.7. Neo-institutionalism
 - 2.8. An eclectic approach
 3. Dismantling of war economy schemes and failure of attempts to consolidate socialist centrally planned economies
 - 3.1. War economy schemes and socialist centrally planned economies as challenges to capitalism
 - 3.2. Similarities between the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies
 - 3.3. Differences between the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies
 - 3.4. The combined dismantling of war economy schemes and socialist centrally planned economies
 4. An agenda for research
 - 4.1. A generalized Marxian approach
 - 4.2. Market *versus* capitalism ?
 - 4.3. A generalized Smithian approach
 - 4.4. Final remarks
- References

1. Introduction¹

Capitalist market economies developed historically in three different contexts: i) gradual transformation of traditional economies; ii) dismantling of war economy schemes; iii) failure of attempts to consolidate socialist centrally planned economies.

The first path to capitalism has been the topic of extensive discussion by the founding fathers of economic science and by economic historians. Section 2 surveys the main theoretical approaches to these analyses.

The other two paths to capitalism have remained largely untouched by theoretical analysis. Section 3 surveys the main factual analysis and theoretical insights already presented about these processes.

As a conclusion, we argue that comparison of the three paths to capitalism must become the main agenda for research of those interested in studying the emergence of capitalist market economies, providing a sound basis for developing theoretical frameworks for understanding these transition processes.

2. Gradual transformation of traditional economies

According to Brenner, 1987, classical analyses of the transformation of traditional economies into capitalist market economies may be divided into two main types, which may be labelled, according to two of the founding fathers of economic science, as the Smithian and Marxian approaches.

2.1. The Smithian approach

The Smithian approach corresponds to the views predominating in the intellectual environment of the 18th-century enlightenment. A good summary of this approach may be found in Adam Smith's *Wealth of Nations*, namely in Book III, chapter IV. He maintains that, when subjected to the appropriate exogenous stimuli, viz. the growth of commerce (and manufacture), landlords, acting as rational self-interested individuals, performed actions conducive to the development of capitalist property relations. The growth of urban centres and of its crafts-produced manufactures created a social division of labour that was crucial for improving the rural economic performance and simultaneously changed the rural property relations that characterized pre-capitalist structures. Eager to increase their consumption of manufactures,

¹ Paper presented at the conference "Transition in historical perspective: what can be learnt from the history of economics", Krakow, 1998 = revised version.

landowners reduced their unproductive expenses, namely by relinquishing their military retinue and their peasant serfs, who became market-dependent tenant farmers and wage-labourers. As a consequence, landlords raised their incomes to meet their consumption needs and lost their means of coercion and judicial authority while simultaneously transforming social and political structures.

The main weakness of this Smithian approach is obvious: the transformation of the traditional economy is propelled by exogenous stimuli, and this implies that a capitalist market economy, or at least an embryo of its structures, must exist before the transition process starts. Of course, this leads to the unending search for the origins of these embryonic structures. The usual solution, which is fully developed in the mainstream neo-classical vision, is to assume that the capitalist market system is the natural state of human economies, and that any departures from this are artificial consequences of particular historical situations — as an example of such an argument, from an Austrian perspective, Friedrich Hayek's Nobel lecture may be mentioned.

2.2. The Marxian approach

The Marxian approach corresponds to the much more historicist and evolutionist intellectual environment of the 19th century. A good summary may be found in Karl Marx's Das Kapital, namely in Volume I, section VIII. According to the theory of historical materialism, market capitalism was a new institutional framework needed to overcome the inadequacy of the pre-capitalist institutional framework, namely feudal property relations, for the development of productive forces. The separation of the workers from the means of production, especially in the rural world through the enclosure movement in Great Britain, and the primitive (an inadequate term according to Marx) accumulation of capital are the key elements in the birth of this new institutional framework.

This approach avoids the difficulty of introducing trade and manufacturing as exogenous elements to the process, but does not avoid introducing the trend towards the improvement of productive forces as a kind of *deus ex machina* that provides an endogenous factor for the transformation of traditional economies.

2.3. Classical approaches until the mid-20th century

It may be said that the Smithian and Marxian approaches dominated the study of the transition to capitalist market economies until the mid-20th century, the Smithian approach prevailing in the non-Marxian field, especially in the mainstream schools, and the Marxian approach prevailing in the Marxian field and in some historicist and institutionalist schools. Pirenne, 1933 and Dobb, 1946 are good examples of this situation.

2.4. Institutionalism

Some new insights into the nature of the endogeneous factors that may propel the transformation of traditional economies were nonetheless presented, by several authors of the institutionalist school. Sombart, 1902-1928 and Weber, 1904-1905 argued that cultural factors played a role that was just as important as the one assigned by Marxists to the improvement of productive forces. Werner Sombart underlined the 'spirit of capitalism', which sacrifices immediate reward in order to obtain long-term gain. Max Weber evoked the development of a 'capitalist ethic', linked to rather particular religious experiences (viz.. Calvinism), which succeeded in influencing the values of a much larger number of people than their adherents. Both, however, stressed the need for an exceptional combination of technological opportunities, the political situation (the formation of national states) and cultural elements to produce the unique transformation of traditional economies into capitalist economies. On the other hand, Polanyi, 1944 identified the role of the institutional changes promoted by the state as the decisive factor in what he called the 'great transformation', that is to say the quite unnatural submission of all social life to market mechanisms.

Although it is impossible to classify him as an institutionalist, Schumpeter introduced another interesting perspective along the same lines. Schumpeter, 1942 stressed the role of exceptional individuals — the entrepreneurs — who introduced the technological, organizational and geographical innovations needed to trigger the transition process.

2.5. Exogeneous suggestions in the Marxian camp

Paul Sweezy's critique of Maurice Dobb from a clearly stated Marxian perspective was to introduce the first significant breach in the uniformity of the Marxian camp. Sweezy's interpretation of the analysis of the transitional process made in Karl Marx's Das Kapital, namely of volume II, section V, chapter XXIII, on this matter led him to emphasize the increase in long-distance trade, an element outside the feudal society, as the cause of the decline of feudalism. Long-distance trade and the development of towns gave rise to a system of production for exchange that, when compared to the old system of production for subsistence, would show the economic inefficiencies of the latter and the inability of the feudal ruling class to continue to control and over-exploit the labour force. These outside factors gave feudal lords the opportunity to obtain commodities and gave the serfs either the possibility of fleeing their masters or gaining concessions both in terms of looser extra-economic coercion and by transforming feudal obligations into money rents. According to Sweezy, the period between the end of feudalism and

the beginning of capitalism represents a different specific system, which he defines as the system of the pre-capitalist production of commodities.

The work of Maurice Dobb and Paul Sweezy led to a protracted Marxian debate over the transition from feudalism to capitalism. Its main texts may be found in Sweezy et alii, 1976.

2.6. Endogeneous ideas in the non-Marxian camp

Meanwhile, the search for an endogeneous explanation for the transition from pre-capitalist to capitalist systems continue in the non-Marxian camp. Hicks, 1969 is perhaps the most fruitful example of such a development. According to Hicks, transition is basically the process of transforming pre-capitalist property relations, namely through the creation of the markets of production factors. According to him, such a transformation is mainly a response to financial rather than trading opportunities, and while, for Marx, capital and labour markets were decisive, for Hicks the creation of labour and land markets are the key. In specific circumstances it proved to be in the lords' rational self-interest (or else the consequences of unconscious actions by lords and peasants — Brenner, 1987) to free their peasants instead of increasing their extra-economic coercion. The peasants thus became either free landless tenants or wage labourers. In either case, the direct producers were free from the lords' institutionalized relationship of domination and also became fully separated from their means of subsistence. Tenants became competitive producers (innovating, investing) for exchange, and consequently market-dependent farmers, ultimately employing wage earners contracted in labour markets and eventually, in the long run, depending on capital markets. As for the landlords, either they became an entrepreneurial class of direct producers for exchange or they reorganized and equipped their farms to compete for the best (capitalist) tenant farmers. Hicks, 1969 (chapter 7) emphasized that, as long as the acknowledgement of the fundamental feudal property rights of lords and peasants remains only relevant for themselves, with there being no other interested actor involved, property rights can be defined according to tradition. Financial development made it possible, and increasingly appealing for the landowner, to borrow money. However, credit would be easier if the landlord could mortgage his properties as a warranty for his loan, but consuetudinary rights were a poor guarantee. Being aware of this, the landlord had a rational self-interest in converting his property rights in line with the property concepts of merchants, bearing in mind that the value of his property depended on securing (scarce) labour.

2.7. Neo-institutionalism

Neo-institutionalist views on the matter may be seen as an interesting development along Hicksian lines. According to North, Thomas, 1973, the transition from feudalism to capitalism is

basically the reorganization of institutional structures towards the development of efficient property rights guaranteeing sustained economic growth through the creation of “an incentive to channel individual economic effort into activities that bring the private rate of return close to the social rate of return” (p. 1). These views would be developed along more theoretical lines in, for instance, North, 1990.

It is interesting to note that both Hicks and the neo-institutionalists underline the important role of the national state in this process, mainly as a guarantee of property rights.

2.8. An eclectic approach

At the same time, an eclectic approach was provided by the work of Fernand Braudel and Immanuel Wallerstein, namely in Braudel, 1979, Wallerstein, 1976 and Wallerstein, 1974, 1979, 1990. Two main aspects of this eclectic approach must be underlined. Firstly, contradicting all the other classical and modern analyses, capitalism and market are not seen as different sides of the same coin, but as distinct, and even opposite facts. Thus, Wallerstein could entitle one of his texts on Braudel “Le capitalisme ennemi du marché” (Wallerstein, 1986). Secondly, the process of transition from traditional economies to capitalist (market) economies is examined in a plurality of relevant spaces — local economies, national economies, and world-economies. We believe that this aspect of this eclectic approach is crucial for overcoming the awkward endogenous / exogenous dilemma, at least in part.

In an admittedly simplified view of Braudel and Wallerstein’s analyses, several different situations need to be taken into account when considering the transition from traditional economies to capitalist (market) economies:

- a) The case of the endogenous transformation of traditional economies of the feudal type at the core of the Euro-Atlantic world-economy.
- b) The case of the partly endogenous, partly exogeneously induced, transformation of traditional economies of different types on the periphery of the Euro-Atlantic world-economy.
- c) The case of the partly endogenous, partly exogeneously imposed, transformation of traditional economies of different types in other world-economies.
- d) The case of the exogeneously imposed transformation of traditional economies of different types in either world or local economies.

Case a) corresponds to what Wallerstein described as the key process in the successful transformation of a redistributive world-system (feudalism or a feudal mode of production in the relevant European historical context) into a capitalist world-economy (the modern Euro-Atlantic world-economy in the same historical context). Wallerstein explains this transformation mainly along traditional Marxian lines.

Case b) corresponds to what Wallerstein described as another aspect of the same transformation of a redistributive world-system into a capitalist world-economy. The main

difference in relation to case a) lies in the fact that the systemic interaction with the core of the modern capitalist Euro-Atlantic world-economy transformed along the lines of case a) led to specific characteristics — such as the absence of a strong national state and a strong native bourgeoisie, or the use of unfree (serf or slave) labour — that were traditionally (and wrongly, according to Wallerstein) taken as a sign of an imperfect or delayed transition to capitalism.

Cases c) and d) correspond to what Wallerstein described as the incorporation of additional external areas into the capitalist world-economies. In case c), redistributive world-systems were able to respond, at least in part, to external challenges — Japan and Russia would appear to be the most relevant examples. This ensured an evolution to regulated capitalism and later to market capitalism, consistent with a successful take-off into modern economic growth. In case d), either redistributive world-systems, or what Wallerstein calls mini-systems, were unable to provide any significant response to external challenges. This led to formal or informal colonization by the core of the capitalist system, and to significant difficulties in triggering a modern economic growth process.

Moreover, Wallerstein emphasises the increasing proletarianization of labour and the commercialization of land within the expanding capitalist world-economy as an additional element in the consolidation of the modern world-system. This allowed the capitalist world-economy to become a genuine world economy in the late 19th century. During the 20th century, it faced some challenges, most of which correspond to the so-called war economy schemes and to the attempts to consolidate socialist centrally planned economies that will be dealt with in section 3. Nowadays, these challenges seem to have been overcome, and the contemporary world economy is engaged in a deepening of its internal relationships through what is usually called the globalization process.

3. Dismantling of war economy schemes and failure of attempts to consolidate socialist centrally planned economies

The dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies, as transition processes, have remained largely untouched by theoretical analysis, especially if we are looking for broader approaches than the discussion of specific issues concerning the current economic theories of the market (see, for instance, Brezinsky, Fritsch, 1997 and Hoen, 1998).

3.1. War economy schemes and socialist centrally planned economies as challenges to capitalism

War economy schemes and attempts to consolidate socialist centrally planned economies may be considered as challenges to the contemporary capitalist market economy both as a

capitalist system and as a world system. They challenged the contemporary capitalist market economy as a capitalist system, because they replaced the market coordination of economic plans and the free enterprise of economic agents with the *ex ante* state coordination of economic plans and the state control of economic agents. They challenged the contemporary capitalist market economy as a world system, because they implied a division of the world economy into separate blocks, although this division was seen as transitory. In the case of war economy schemes, the division was seen as transitory, because war would not last for ever, and afterwards the capitalist world economy would be restored as before; in the case of socialist centrally planned economies, the division was seen as transitory, because the remaining capitalist economies would not last for ever, and would be replaced by a socialist world economy.

In the long run, it may be said that both challenges have been unsuccessful. As a matter of fact, the contemporary capitalist market economy has survived to this day, both as a capitalist economy and as a world economy. This means that transition processes to capitalism in the context of the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies have always taken place against the solid background of the contemporary capitalist market world economy.

3.2. Similarities between the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies

It is possible to point out a few crucial similarities between the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies. Both processes of transition involve restoring the market coordination of economic plans and the free enterprise of economic agents.

Restoring the market coordination of economic plans implies abolishing *ex ante* state coordination of economic plans. The crucial problem in this context is the inadequacy of the initial prices as a guide by which economic agents could make correct economic decisions, and the consequent distortion of the allocation of resources (especially those relating to the stock of physical capital and highly specialised human capital). According to the optimistic mainstream view, once prices are no longer controlled by a central planner, they tend to move quickly to equilibrium levels, and any consequent distortions of the allocation of resources tend to be corrected. However, experience seems to show that there are important viscosity phenomena, and that inflation tends to distort the whole process. This means that attempts at macroeconomic stabilization, especially those relating to the balancing of the state budget and foreign payments, must play an important role in the process.

Restoring the free enterprise of economic agents implies abolishing the state control of economic agents. The crucial problem in this context is the existence of a huge state-owned sector. According to the optimistic mainstream view, once this state-owned sector is privatized,

the necessary institutional reforms will be introduced. However, experience seems to show that economic liberalisation may be disturbed by the lack of sufficient private capacity to take over public enterprises and further distorted by the absence of what may be called the 'exchange culture' (Granovetter, 1985). This means that deeper (and slower) social transformations may be needed to secure an efficient transition to capitalism.

Of course, the problems of viscosity, inflation, the lack of sufficient private capacity to take over public enterprises and the absence of an exchange culture are much more serious in transitions from socialist centrally planned economies than in transitions from war economy schemes. This means that differences between the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies must also be borne in mind.

3.3. Differences between the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies

The key difference may be summarised by saying that, while war economy schemes were seen as a transitory device to facilitate the fighting and winning of a war, socialist centrally planned economies were seen as the starting point for the implantation of a new socialist world system. Two implications arise from this difference. Informal institutions such as the already mentioned exchange culture, which take a considerable time to become established and allow for an important reduction in transaction costs, were hardly touched during the course of war economy schemes, but were severely destroyed during attempts to consolidate socialist centrally planned economies. On the other hand, the dismantling of war economy schemes always took place within the context of a relative social consensus about the transitory character of war economy schemes (even if significant sectors of the society might support the idea of converting war economy schemes into the building of socialist centrally planned economies), while the failure of attempts to consolidate socialist centrally planned economies took place within the context of the obvious absence of any social consensus about the transitory character of socialist centrally planned economies. These two implications have significant consequences for the credibility of the transition process. Needless to say, this means that the dismantling of war economy schemes was an easier processes in both the institutional and cultural fields than was the dismantling of socialist centrally planned economies.

On the other hand, the expectations raised by transition processes may have had some influence on the process. In the cases of the dismantling of war economy schemes, short-run expectations were usually low, while medium and long-run expectations were high. On the contrary, short-run expectations during the dismantling of socialist centrally planned economies were usually high, at least as far as the increase in the standard of living was concerned. This

certainly increased the pressure in terms of achieving immediate results, and contributed to the disturbance of already difficult processes.

3.4. The combined dismantling of war economy schemes and socialist centrally planned economies

Mention must be made here of a few cases in which the dismantling of war economy schemes and socialist centrally planned economies have combined in a simultaneous process.

It is even possible to find cases in which this combined dismantling of war economy schemes and socialist centrally planned economies has also included the restoration of links with the world economy, which had previously been severed by war. For a discussion of a situation of this type see Fontoura, Valério, 1994.

4. An agenda for research

We argue that comparison of the three paths to capitalism must become the main agenda for research of those interested in studying the emergence of capitalist market economies, providing a sound basis for developing theoretical frameworks for understanding these transition processes.

We will try to illustrate this idea with a further discussion of a few of the topics raised in the previous sections.

4.1. A generalized Marxian approach

According to the traditional Marxian approach, market capitalism was a new institutional framework needed to overcome the inadequacy of the pre-capitalist institutional framework for the development of productive forces. Marxist doctrine claims that centrally planned socialism is also a new institutional framework needed to overcome a similar inadequacy of the institutional framework of market capitalism. However, the failure of attempts to consolidate centrally planned socialist economies seems to disprove such claims. We believe that it is possible to go further and suggest that market capitalism seems to be the most appropriate institutional framework for complex economies, except in rather peculiar circumstances.

Let us start from the typology of economic spaces presented in Wallerstein, 1976 — local economies, redistributive world-systems, and capitalist world-economies — and from the typology of economic systems presented in Hicks, 1969 — routine economies, command economies (with the variants of simple command economies and centrally planned economies), and market

economies. Local economies were quasi-self-sufficient small economic spaces. Their economic system was a mixture of a routine economy (for the bulk of economic activity) and a simple command economy (for exceptional circumstances, such as crises originating in the natural or inter-society context). Redistributive world-systems were large conglomerates of relatively open small economic spaces, linked together by an imperial authority. Their economic system was a complex mixture of centrally planned command (for the activities that involved the imperial authority), routine (for the activities that only mattered to the small economic spaces), and market (for any residual exchanges among these small economic spaces). Capitalist world-economies have always been large inter-related economic spaces. Their economic system is a mixture of market (usually for the bulk of inter-state and intra-state economic activity) and centrally planned command (usually for economic activities where market failures are evident, and exceptionally for the bulk of intra-state economic activity — centrally planned economies — and some inter-state economic activity).

According to Wallerstein, there were many false starts of capitalist world-economies along the history of mankind, but only one succeeded: the Euro-Atlantic world-economy in the 16th century, which survived and was gradually transformed into the present-day world economy. We shall not engage here in the discussion of this proposition. This means that the market was absent or played only a residual role in the economic life of mankind, until the development of what Wallerstein calls the modern world system. In other words, only a large integrated economic space without a central imperial authority needs market capitalism as its economic system. Conversely, the modern world system has developed such a complex economic life that the market, no matter how tarnished by state intervention, has become the only economic system which is able to cope with its complexity. This echoes the well-known theoretical discussion opposing the Austrian and Marxian schools on the feasibility of a centrally planned economy (see Mises, 1920 and Lange, 1936-1937). A centrally planned economy is certainly feasible (several countries lived under such a system for decades), but inefficient in the long run (see Kornai, 1992).

The peculiar circumstances that favoured the increase in the importance of central planning may be described as special situations that simplified the social welfare function for a brief while. In the case of war economy schemes, this is quite obvious: winning the war became a crucial social goal, and it was impossible to rely on the market to achieve this. Thus, command, in the form of state control of the economy, was used as a transitory mechanism for supplementing the market. In the case of attempts to build socialist centrally planned economies, two important social goals may be considered as the cause of the shift away from a market economy. One is socialism itself, because the suppression of market anarchy, together with the end of exploitation and an improvement in the standard of living of the masses, were basic topics in the early 20th-century socialist blueprint. The other was industrialisation and economic growth. Actually, countries attempting to build socialist centrally planned economies were not highly developed countries (as one would expect from the socialist doctrine of the early 20th-century). From a Rostowian

perspective (see Rostow, 1960), they ranged from pre-take-off to immature industrialized countries.

4.2. Market versus capitalism ?

Of course, Immanuel Wallerstein would deny that capitalism implies a market economy. Perhaps he would even stress that, slightly paraphrasing his own words, 'le capitalisme est l'ennemi du marché'. However, we do not agree with his idea. Let us briefly explain why.

Firstly, centrally planned capitalism (that is to say, a centrally planned economy in which most economic activities are under private ownership), and market socialism (that is to say, a market economy with most economic activities under state ownership) were conscious experiments of the 20th century. Nazi Germany (see Bettelheim, 1971 and Temin, 1991), and the experiment of self-management in the former Yugoslavia (see Brus, 1986), are perhaps the main cases to be mentioned, respectively. However, these were ephemeral experiments, even more so than the attempts to consolidate centrally planned socialist economies, confirming Kornai, 1991 (see Nunes, 1997).

Secondly, Wallerstein's (and Braudel's for that matter) arguments are based on the idea that a market economy must be strictly competitive, that is to say, it must avoid both monopoly and state intervention. However, it is meaningless to say that monopoly is not a market, and state intervention confined within certain limits is not only compatible, but even inevitable, in a market economy, to compensate for market failures. Of course, to a certain extent, this is a purely semantic issue, but even in this case, we do not believe there is much to be gained by too strict a definition of a market economy.

4.3. A generalized Smithian approach

It is also possible to present some generalizations along the traditional Smithian lines. External stimuli for the development of market capitalism were certainly present in the transformation of traditional economies (with the only possible exception being the core North-Western European countries in the early stages of the formation of the Euro-Atlantic economy, according to Wallerstein's eclectic approach presented in section 2 above). External stimuli for the development of market capitalism were certainly present in the transformation of war economy schemes and previously centrally planned economies. It is even possible to say that the external stimuli came from the same ultimate source, the capitalist world-economy in all cases.

4.4. Final remarks

To sum up our proposal for an agenda for research, it may be said that, for understanding the processes of economic and social transition to capitalist market economies, the historical perspective shows the importance of taking into account two inter-related facts: the increasing economic complexity of human societies and their increasing economic integration, which in turn leads to the on-going globalization process. However stubborn the (social) resistance of any (partial) society may be to these processes, in the long run they will become apparent, albeit at different speeds. Thus, the relevance of the distinction between spontaneous transitions to capitalism (viz. the gradual transformation of traditional economies) and government sponsored transitions to capitalism (viz. the dismantling of war economy schemes and the failure of attempts to consolidate socialist centrally planned economies) may be questioned, even if the roles of doctrines, theory and policy seem to have been different in each case.

Market capitalism has proved to be the most efficient economic system for sustaining the increasing economic complexity of human societies and their increasing economic integration in the long run. Centrally planned command economies were quite efficient, probably more efficient, in accomplishing a narrow range of human activities in a relatively short time (see Allen, 1998). However, the inevitability of both a more complex economy and a higher degree of economic integration showed how difficult it was for centrally planned systems to keep pace with innovation and to build an increasingly complex economy. In any case, endogenous inefficiencies in terms of increasing the complexity of the economy and exogenous stimuli within an imposing capitalist world economy have always fuelled for the transition processes to market capitalist economies.

Of course, this does not mean the 'end of history' proclaimed by Fukuyama, 1992. We even believe that it is meaningful to ask if technological changes or collective needs (e. g. those relating to the environment) will cause planning to play a more important role at a global level in the future, in a replay of Polanyi's 'double transformation'.

References

- Allen, Robert , 1998, *Capital accumulation, the soft budget constraint and Soviet industrialisation*, in European Review of Economic History, vol. 2, part 1.
- Berend, Ivan (editor), 1994, *Übergang zur Marktwirtschaft am Ende des 20. Jahrhunderts*, Südosteuropa-Gesellschaft, München.
 - Bettelheim, Charles , 1971, *L'économie allemande sous le nazisme*, Maspéro, Paris.
 - Braudel, Fernand , 1979, *Civilisation matérielle, économie et capitalisme XVe-XVIIIe siècles*, Armand Colin, Paris (3 volumes).
 - Brenner, Robert, 1987, *Feudalism*, in Eatwell, Milgate, Newman, 1987.
 - Brus, Włodzimierz, 1986, *Histoire économique de l'Europe de l'Est (1945-1985)*, La Découverte, Paris.
 - Brezinsky, Horst; Fritsch, Michael (editors), 1997, *The emergence and evolution of markets*, Edward Elgar, Cheltenham-Lyme.
 - Dobb, Maurice, 1946, *Studies in the development of capitalism*, Routledge & Keagan Paul, London.
 - Eatwell, John; Milgate, Murray; Newman, Peter (editors) , 1987, *The New Palgrave. A Dictionary of Economics*, Macmillan, London.
 - Fontoura, Paula; Valério, Nuno, 1994, *From self-sufficiency and planning towards a market economy in Angola – a case study on Africa*, in Berend, 1994.
 - Fukuyama, Francis , 1992, *The end of history and the last man*, Hamish Hamilton, London.
 - Granovetter, Mark, 1985, *Economic action and social structure: the problem of social embeddedness*, American Journal of Sociology, 6.
 - Hayek, Friedrich , 1976, *The pretence of knowledge – Nobel lecture delivered in 1976*. In *Economic freedom – Basil Blackwell, Oxford*.
 - Hicks, John, 1969, *A theory of economic history*, Oxford University Press, London.
 - Hoen, Herman , 1998, *On the theory of economic transformation*, in Hoen, 1998.
 - Hoen, Herman (editor), 1998, *The transformation of economic systems in Central Europe*, Edward Elgar, Cheltenham-Lyme.
 - Kornai, Janos, 1991, *The affinity between ownership and coordination mechanisms. The common experience of reform in socialist countries*, WIDER (United Nations University).
 - Kornai, János, 1992, *The socialist system: the political economy of communism*, Clarendon Press, Oxford.
 - Lange, Oskar, 1936-1937, *On the economic theory of socialism*, Review of Economic Studies. Reprinted in Nove, Nuti, 1972.
 - Marx, Karl, 1867-1885-1893, *Das Kapital*, first German edition: 1867 (volume I), 1885 (volume II), 1893 (volume III). English translation: *Capital*, International Publishers, New York, 1967.

- Mises, Ludwig von, 1920, *Die Wirtschaftrechnung in sozialistischen Gemeinwesen*, Archiv für Sozialwissenschaft und Sozialpolitik. Reprinted in English translation in Nove, Nuti, 1972.
- North, Douglass; Thomas, Robert, 1973, *The rise of the Western World. A new economic history*, Cambridge University Press, Cambridge.
- North, Douglass, 1990, *Institutions, institutional change and economic performance*, Cambridge University Press, Cambridge.
- Nove, Alec; Nuti, D. M., 1972, *Socialist economics*, Penguin, Harmondsworth.
- Nunes, Ana Bela, 1997, *O modo de organização e funcionamento das economias nacionais no século XX*, Estudos de Economia, vol. XVI-XVII, no. 3.
- Pirenne, Henri, 1933, *Histoire économique et sociale du Moyen Age*, Presses Universitaires de France, Paris. English translation: *Economic and Social History of Medieval Europe*, Harcourt Brace & Co., New York, 1937.
- Polanyi, Karl, 1944, *The Great Transformation — the political and economic origins of our time*, first edition. Modern edition: Beacon Press, Boston, 1957.
- Rostow, Walt, 1960, *The stages of economic growth — a non-communist manifesto*, Cambridge University Press, Cambridge.
- Schumpeter, Joseph, 1942, *Capitalism, socialism and democracy*, first edition. Modern edition: Allen & Unwin, London, 1974.
- Smith, Adam, 1776, *An inquiry into the nature and causes of the wealth of nations*, first edition. Modern edition: Clarendon Press, Oxford, 1976.
- Sombart, Werner, 1902-1928, *Der modern Kapitalismus* — first German edition: Leipzig, Duncker & Humblot, 1902 (volume I + volume II), 1928 (volume III). Castilian translation: *El apogeo del capitalismo*, Fondo de Cultura Económica, Mexico, 1946.
- Sweezy, Paul; *et alii*, 1976, *The transition from feudalism to capitalism*, Left Books, London.
- Temin, Peter, 1991, *Soviet and Nazi economic planning in the 1930s*, Economic History Review, 44 (4).
- Wallerstein, Immanuel, 1974-1979-1990, *The modern world-system*, Academic Press, New York (3 volumes).
- Wallerstein, Immanuel, 1976, *From feudalism to capitalism: transition or transitions ?*, Social Forces, volume 55:2.
- Wallerstein, Immanuel, 1986, *Le capitalisme, ennemi du marché ? Réflexions sur la thèse de Fernand Braudel*, Revista de História Económica e Social, no. 17.
- Weber, Max, 1904-1905, *Die protestantische Ethik und der Geist des Kapitalismus*, Archiv für Sozialwissenschaft und Sozialpolitik. English translation: *The protestant ethic and the spirit of capitalism*, George Allen & Unwin, London, 1978 (2nd edition).