

chapter, which reads very much as a postscript, written before the collapse of Communism, with all its implications for Germany's relations with its eastern neighbours.

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Shmelev, Nikolai and Popov, Vladimir. *The Turning Point: Revitalizing the Soviet Economy*. Translated from the Russian by Michele A. Berdy. Preface by Richard E. Ericson. I. B. Tauris, London, 1990. xvii + 330 pp. Charts. Index. £16.95.

THIS book is by two Soviet economists working at the Academy of Sciences Institute for the Study of the USA and Canada. Shmelev, the senior of the pair, is already well known as a reformist thinker and is an elected member of the Congress of People's Deputies. Amusingly illustrated by quotations from *Alice in Wonderland*, their book is a readable exposé of fundamental Soviet economic problems and presents a good brief for a radical, market-based economic reform; it has something for everyone — the historian, the statistician, the economist, the political thinker.

The authors' main historical themes are the wasteful character of Stalinist industrialization; the useful precedent of a mixed economy in the 1920s, needlessly destroyed by Stalin's forcing of the pace towards the industrial future; and the present exhaustion of the Stalinist economic model. These appear in the early chapters, with an intervening (but necessary) discussion of Soviet official indices of price and output trends. Two muck-raking chapters then cover the relationship between central planning and shortages, and the systemic waste of both current and capital resources. The book then presents the case for a radical market reform, based on real economy-wide markets, not the flea market at Malakhovka, supplemented pragmatically by a little bit of indicative (occasionally directive) planning. As for foreign trade, full rouble convertibility (coupled with a pragmatic resort to import tariffs), and export promotion should reap new gains from trade. The main obstacle to progress is an entrenched self-serving bureaucracy which successfully frustrated the 1987 reform and now needs urgently to be pushed aside. This is pictured as no less than a revolution from above and below at the same time: 'The "top" can't rule any more and the "bottom" no longer wants to live in the old way', but the direction of change and the degree of success still hang in the balance.

This is not a manifesto to satisfy the purists. The commitment to a market reform, truly radical by the standards of the 1980s, is tempered by too much readiness to compromise. The authors' willingness to countenance elements of discretionary government regulation from indicative plans to selective tariffs; their recognition of the Keynesian critique of *laissez-faire* capitalism; their belief that there is no one perfect allocative mechanism; their awareness of oligopoly problems and acceptance that the market carries costs as well as benefits: these are not calculated to win favour at the Adam Smith Institute. The market they support should remain a socialist one, in the sense that

companies may issue shares but the workers should remain majority shareholders in their own companies; and workers' propensity to award themselves excessive labour incomes paid out of company profits should be controlled, again, by more government regulation. The authors do not support the privatization of land, which is not even mentioned. And even the authors' advocacy of NEP as a suitable precedent in economics, if not in politics, seems at odds with the current perspectives of those Soviet historians who now evaluate the market economy of the Tsars more enthusiastically than that of Lenin.

Thus, at the end of the day this is a book for pragmatists. The book's pragmatic flavour also means that it seems very much written for the moment, which was perhaps early in 1989; it is hard to guess where the authors' analysis would lead them to stand today, when much harder choices and more radical alternatives appear to be on the agenda.

In terms of intellectual structure, the book presents a similarly mixed, eclectic picture. In terms current among Western students of Western statistics, economics and socio-political issues, the analysis is sophisticated (as one would expect from such an intellectual background). At the same time, it does not show much awareness of the depth of Western or even East European thinking about Soviet economic problems; for example, the theoretical insights of major contributors like János Kornai (on the origins and correlates of shortage phenomena) or Eugene Zaleski (on the components of equilibrium in the administered economy and the sources of disturbance) are unrepresented.

The book could not be accused of being too detailed. Its picture of economic development under NEP seems excessively rosy. It blurs over the contribution of restored capacity utilization to rapid industrial growth in the 1920s; Western economic historians would also not accept the optimistic assessment of the degree to which pre-war levels of GNP had been bettered by 1928. A positive aspect of this section is the clear, coherent analysis of the 1923 scissors crisis, a subject apparently beyond the grasp of most aspiring and many established historians. The book also retails the kind of estimates of the inter-war GULAG population which were, and remain, widely accepted among those who should have known better, but which now seem likely to have been highly exaggerated in the light of recent archival studies.

This book will serve many who want detailed, up-to-date information about the Soviet economy and a lively account of what progressive Soviet economists think in general terms. It presents a general perspective on what is desirable, but does not map any detailed path out of the Soviet economy's unfolding predicament.

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Los, Maria (ed.). *The Second Economy in Marxist States*. Macmillan, Basingstoke and London, 1990. xiv + 241 pp. Bibliographies. Tables. Notes. Index. £37.50.

RESEARCH on the second economy in Communist regimes often bears an anecdotal character, based upon the assumption that this is a by-product of