

The revival of comparative economic systems research

Reflections inspired by the recent publication of the collected works of Domenico Mario Nuti

LÁSZLÓ CSABA^{1,2*}

¹ Department of International Relations, Central European University, Quellenstraße 51, 1100 Wien, Austria

² Corvinus University of Budapest, Budapest, Fővám tér 8, H-1093 Hungary

Received: December 1, 2023 • Revised manuscript received: December 7, 2023 • Accepted: January 21, 2024



© 2024 The Author(s)

ABSTRACT

This essay offers an overview of the state and perspectives of comparative economics in Europe. The starting point is the publication of the collected works of Mario Nuti, but the overview covers several Handbooks and collections as well as individual contributions. The big picture of the post-transition period highlights the relevance of “old” comparative economics, especially when interpreting illiberal practices in the post-communist Europe and the debate on the nature and limitations of the Chinese market socialism.

KEYWORDS

post-Keynesianism, institutionalism, policy reform, European Union, allocation of resources, financial institutions

JEL CLASSIFICATION INDICES

B25, B31, P11, P21, P31

Comparative economics seems to have died, at least since the post-communist transition is over. One group of countries joined the European Union (EU), as normal market economies, with the usual proviso on their national distinctness, which holds for all from Greece to Finland, as much as for Estonia to Croatia. Yet another group consists of those in the eternal waiting line, from

* Corresponding author. E-mail: csabal@ceu.edu

Georgia to Albania, being though “Europeanized” in more than one respect, but not becoming parts of the European institutional system in the first 35 years of transition, and maybe also not later. Finally, we have very distinct and dissimilar cases of the Asian formerly centrally planned economies, China and Vietnam, which have never been truly Soviet-type, but also do not resemble, now or in the future, to anything close to the Anglo-Saxon liberal market economies (Commander – Estrin 2022). Thus, no wonder, that they have neither transitioned to anything usually termed as post-communist. One-party rule, closed economy, lack of convertibility, etc. continue to exist.

In all, there is a good reason to celebrate that the oft-discarded comparative approach is back in vogue in the broader global political economy literature. Several books have been published, including textbooks in economics, political science, sociology and international relations.¹ Thus, it is a welcome development that one of the leading academic publishers ventured the challenging task of publishing in two thick volumes (more than 600 pages each!) the valuable and controversial output of one of the leading minds of the field.

Domenico Mario Nuti (1937–2020) was an inspiring and influential personality all in his life, both as an academic and as a policy adviser. He barely needs an introduction, all the less so for readers of this journal, as his *oeuvre* has been overviewed and appreciated by two of his much-accomplished former students and editors of the current volumes under review² in the remaining part of this paper.³ Nuti was Italian, who studied economics in Rome, Cambridge and Warsaw. He later made a teaching career at two universities of Rome – *Tre* as well as *La Sapienza*, in the UK, Cambridge and London Business School. In the field of policy, he built a stronghold of research on reform and transition at the European University Institute, a multinational post-graduate institution and think-tank of the European Commission, financed by the member states.⁴ Later, in the heroic years of 1990–1993 he was an adviser to the Commission on enlargement matters. Following his Brussels times, he spent a decade in Warsaw advising the Polish Deputy PM and Minister of Finance.

No surprise that his work reflects a life of rich experience, both in the academe and in policy-making. His work therefore spread from various models of socialism and worker participation in management (or industrial democracy), following Marx’s theory, but also the examples of many West European economies of the postwar decade. These largely theoretical reflections are complemented with pedestrian, down to earth issues of eastward enlargement of a non-reformed European Community. The latter was complicated by its comprehensive inter-state bargains and specific policy fields. The sub-titles of the twin volumes speak for themselves, and properly orient the reader (who should not be deterred by the unusually extensive size of the volumes). Volume One is on *Socialist Economic Systems and Transition*, while Volume Two is on *Economic Systems, Democracy and Integration*, with the former denoting primarily “industrial democracy” issues, and the latter the EU, primarily covering macro-issues of austerity and stabilization, as well as broader aspects of financial institutions.

¹Among others: Hundt – Uttam (2017); Andreff (2021); Douarine – Havrylyshyn (2021); Dallago – Casagrande (2023).

²Estrin – Uvalic (2021); Nuti (2023a, 2023b).

³For competing assessments cf. Ellman (2021) and Osiatynski (2021).

⁴Hungary, for undisclosed reasons, decided to discontinue its membership in Florence-based institutions in 2020. The official justification was savings of the membership fee, paid by the Hungarian Academy of Sciences.



Mario Nuti was a typical Cambridge economist in the tradition of Nicholas Kaldor (1908–1986)⁵ and Michał Kalecki (1899–1970), who had always been critical of the market system in general and various equilibrium theories leading to market fundamentalism in modeling and policy recommendations. His early interest in Poland implied and also triggered his interest in self-management and employee participation, as well as his curiosity in market socialism, a system – in his words – “which could have been but never was”.⁶ Being a true believer in what is called today mostly as “democratic capitalism” by its adherents such as Joseph Stiglitz, Thomas Piketty and associates, Nuti never believed that Soviet, Yugoslav and Chinese experience refuted the feasibility of socialism as an ideal type among the economic systems. He was of the opinion that a workable socialist model has not even been properly theorized, let alone to be translated into an implementable project. While he seems to have represented a minority view, especially among authors who extensively worked on experiences of Eastern Europe (Kornai 1992; Åslund 2012; Winiecki 2016), this openly declared conviction gives a special flavour to his critical analysis of transition policies and European integration of post-communist states alike.

Thus, in contrast to most observers, Nuti *never doubted that real socialism was a reformable construct*, and incremental changes could have brought about major improvements in terms of living standards and international competitiveness as well. Capital markets and other forms of financial innovation,⁷ as elaborated in, were considered as entirely possible even under one party rule (a point recent Chinese experience seems to contradict). This line of thinking re-emerged also in the later writings. The most provocative – in terms of thoughts and policy-making alike – was his counter-factual analysis of Russian reforms⁸ originating in a Warsaw conference of 2009. Participating at a big conference convened on the occasion of the 20th anniversary of successful conclusion of the round-table talks in Poland, which opened the door, of the first – both peaceful and successful – transformation of a Communist economy,⁹ it is hard not to see how little Nuti was impressed by the already emerging signs of authoritarian control under the first and second Putin Presidency in 2008. He certainly had a point in highlighting the Russian reformers’ disregard for institution building in general, and financial institutions in particular.

A major part of the first volume is devoted to policy experiences. Nuti was familiar with both sides of the counter, owing to his experience as an expert of the EC Commission and later advising the Polish Government during and in matters of accession negotiations. Being a large and at that time fairly agricultural country, with strong political aspirations of a middle power, Poland was by no means an easy applicant to handle for Brussels. In those years, many issues of theory and policy, hotly debated in contemporary literature, were tried and tested on the ground. Chapters from 14 to 21 testify those experiences and formulate sophisticated arguments,

⁵A special issue of this journal was devoted to the selective papers of the conference about the works of Lord Kaldor in 217 (vol.67 (S1)).

⁶Chapter 10 in Vol. I.

⁷Chapters 8 and 9 in Vol. I.

⁸Chapter 22 in Vol. I.

⁹From hindsight, none of the two components can be taken for granted, especially in the long-run (Hare – Turley 2013; Gevorkyan 2018).



which point beyond the immediate policy task, be that on mass privatization of state-owned enterprises, flat tax or privatization of banks.

Those issues emerged also in other post-communist countries. Answers given to them differed, and had a major impact on shaping the policy reactions in the 2010s, leading to various experimentations with illiberal capitalism. Interestingly and tellingly, Mario Nuti, a self-declared post-Keynesian economist and a social democratic public intellectual, who devoted a whole life to fighting market fundamentalism, never even considered most of the “unorthodox” options which have become foundational in the third decade after systemic change. These include nationalization of “strategic” activities – in part or in full – such as the supply of energy or air transport, control of the press and communication – public and private – in broader terms, targeted crediting and re-capitalization of firms whose owners are considered to be close to the government. These features – often termed as the mafia-state – are by no means restricted to the experience of Hungary, but can be generalized to the entire region, as the empirical cross-country survey of (Magyar 2019) illustrates.

Volume Two is devoted to three, only loosely interrelated subject matters, which stood in the focus of attention of Mario Nuti. These are the *evolution of economic systems*, at the high level of abstraction typical of contemporary economics, *economic democracy*, which concentrates on various forms and consequences of employee participation in management in its different embodiments, and not least *East-West interaction, integration* and challenges posed by (hyper)globalization. This volume is therefore both problematic for lack of thematic coherence and irreplaceable, as it reproduces a large number of previously unpublished material.

As the latter was often circulated at online fora, i.e., may not be available for later access, or accessible only with considerable difficulty, this is of particular relevance and enhances the value of the book as an indispensable source material. It is well known, that even in the cases of mainstream scholars, like Lucas and Friedman, much of their output appeared in obscure or not commonly subscribed journals¹⁰ or collection of papers edited by the less-known authors. Therefore, even in their cases the usefulness of major collections of their writings is beyond doubt, as most of us tend to use them if we wish to rely on their major findings.

It is interesting to observe for this reviewer that the very first piece of the second volume, *Capitalism, Socialism and Steady Growth*, originating in 1970 is far the most formalized among the papers, including a mathematical appendix. This is strange, insofar as comparative economics was rooted in the old institutionalist school, and accordingly, formalized presentations dominate only in the past two decades. *In a way Nuti was swimming against the tide in this respect, too.* At the time he wrote chapter two (originally published in the *Economic Journal* of Royal Economic Society) general equilibrium theory was by no means pre-eminent, let alone exclusive in the theoretical departments. Authors like his supervisor, the Hungarian born UK economist, Labour adviser and Cambridge scholar Lord Nicholas Kaldor, but also people like Lord Thomas Balogh, Gunnar Myrdal, Wilhelm Röpke, Walter Eucken or Jacques Rueff and Raymond Barre had a say, especially if and when policy/political economy issues have come to the fore. None of these world-famous scholars were making exclusive bets on formal methods, to say the least, most of them have been highly critical of the emerging neoclassical mainstream

¹⁰This holds primarily to their pre-Nobel stages, especially the early years, when – like in sciences – many of the original thoughts first were formulated.



and Neo-Keynesianism, basically though not exclusively for their excessive and exclusive reliance on mathematical formalization. As it is common knowledge, the latter has gradually become the only game in town, as far as theoretical departments are concerned, from the 1980s onwards.

Chapter 2 in Volume Two is a clear indication that Nuti could have made an eminent economist of the mainstream and follow a distinguished career in academia only. But his preference was policy and reality. While never agreeing to reality being pre-determined and unchangeable, he had a keen interest in alternative policy proposals including experimentation on the ground. His early years in Poland included familiarization with policy applications of mathematical models and their difficulties. He worked in Warsaw under the guidance of Michal Kalecki, formerly of Cambridge, and Oskar Lange, formerly of Chicago. This has undoubtedly shaped his self-interpretation as *a bridge builder between East and West*. While we had a large number of professional economic diplomats playing this role all across¹¹ the 60s, 70s and 80s, few of them were actually versed in the Western technical economics. Thus, much of the exchanges remained the dialogue of the deaf, with both sides rejecting the approach of the other on paradigmatic – and ideological – grounds.

This was not the case of our hero, which has distinguished him starkly from most of his contemporaries in East and West alike. Coming back to the fundamental chapter on Socialism and Economic Growth, he makes some insightful inferences. Nuti's conclusion¹² *on the crucial need for proper accounting of the contribution of capital, even under socialism built on the labour theory of value*, is in line with the earlier views of his second mentor, Oskar Lange, on the conditions of creating an efficient, high productivity socialist economy. But this proposition *went contrary to both the mainstream view in comparative economics* in the West, which highlighted the need for private property. Likewise, the orthodoxy of the Eastern comparative systems' approaches mostly denied the need for pricing capital according to scarcity, since such insight brings dangerously close to the classical idea of the inevitability for capital markets as a base for efficient resource allocation.

If we turn to practical matters, what else could be more controversial in *comparative systems' theory than the assessment of the Chinese model*, which shows attributes of both socialism – as the domination of public property – and capitalism, as competition, fostering technology, profit motive and large inequalities of wealth and income (Csaba 2020). Nuti is largely hesitant and speaks openly about his changing views and uncertainties in categorizing China in more analytical terms than a *sui generis* national development path. He concludes that the jury is still out. The country is unlikely to remain the engine of globalization, as it was in the first two decades of the current millennium.¹³ This forecast has indeed been borne out by the facts of global trade and FDI trends of the post-Covid period.¹⁴

¹¹Those eminent professionals by contrast, who were, had hardly been offered a chance to play the role of bridge builder, if one thinks of István Varga, Farkas Heller, Gyula Abay-Neubauer, let alone the *émigrés* like Theo Surányi-Unger, William Fellner or Béla Balassa of the contemporary Hungarian crowd.

¹²Vol. II, p. 52.

¹³op. cit. p. 190 and Acta Oeconomica, 2019: 69(S1).

¹⁴IMF: *World Economic Outlook*, October 10, 2023 and databank.worldbank.org.



Chapter 13 is one of the central items in Volume Two. It thematizes and categorizes varieties of socialism, an issue which has always been hotly debated both among adherents and opponents of the idea over the past 200 years or so. The author was always critical of the Soviet-type planning, but as indicated above, he remained critical of various editions of Chinese socialism. The latter is a non-trivial point, as long as influential analysts (e.g., [Naughton 2017](#)) and their – mainly US and Chinese – followers long claimed, that in a system dominated by asset value maximization and following price signals rather than commands, the term planning has lost its practical relevance. By contrast, Nuti, as a lifetime socialist, rejected this reading. Instead, he was open to a series of other models, which he lists on pp. 222–223, from Scandinavia to French indicative planning and Austrian type of corporatism.

Socialism makes sense only if contrasted to Capitalism. The latter is defined in two planes: one as a real-world arrangement and a second, which is called the general equilibrium utopia. The latter, if logical reasoning is adhered to, regularly falls back to something which fits better to a Keynesian conceptualization. While classical Capitalism, both in theory and practice, is characterized by inequality, unemployment and fluctuations, it is unsurprising to see that actual policies around the globe tend to focus on measures counteracting these, rather than following a free-market ideology which would translate into hands off stance. Modern capitalism has indeed been transformed, but not along the lines prophesized by Keynes on “the euthanasia of rentiers”, but corrupted into tolerating more rent-seeking and more inequality than ever before.¹⁵ This resonates, to a large degree, to the influential grand theory offered by Piketty (properly cited in the text), which has drawn extensive criticism in the literature (e.g., [McCloskey 2014](#); [Kornai 2016](#); [Mihályi – Szelényi 2019](#)). This holds to methodology, statistics and theoretical interpretation alike, with special emphasis on the role of rent-seeking versus innovation in explaining capitalist inequalities.

Nuti had a consequentialist view on *Socialism, as the opposite to rent-seeking and monopolism* – an idea originating with one of his mentors, Oskar Lange. He does not spare the travails of first producing empirical evidence on Soviet socialism, including its reforms. He blames these policies for violating economic laws.¹⁶ This is blamed for the final collapse, together with the change of the global geopolitical constellation. But he described transition as equally leading to a failure on a road without a map.

He was more upbeat about the European model of social market economy at a more abstract level. However, he was deeply sceptical of the Blair-Schröder-Hollande type of “new Labour” approach. He called it “perverted social democracy”, having betrayed all of its foundational values. This was done via becoming “globalist, austerian and unequal”¹⁷ (so Nuti verbatim) echoing the views of other left-leaning analysts, primarily Geoffrey [Hodgson \(2018\)](#) blaming the governing parties for a mistaken and unnecessary turn to the Right.

Therefore, Nuti came to a non-trivial conclusion. The great majority of analysts would agree, irrespective of their political and professional convictions, that “real socialism” failed for inherent reasons, and capitalism is the only game in town. The sole remaining question is whether it is more of a political capitalism or a truly competitive order, following by and large

¹⁵op. cit. 241–246.

¹⁶op. cit. 272–275.

¹⁷op. cit. 288–298.



the principles of meritocracy (Milanovic 2019). By contrast, Nuti concluded fundamentally and explicitly the opposite. *Socialism has remained a territory to be explored, since until now we had just broad propositions without actual project or roadmap, let alone a policy proposition.* By contrast, real capitalism requires fundamental changes in order to be able to cope with global challenges, such as migration, climate change, artificial intelligence inequality and ensuing alienation.¹⁸

Since issues of profit sharing, employee participation, co-determination and the role of cooperative movement in economic systems invariably fall outside the scope of comparative economics proper, which is the subject matter of the present article, we skip those chapters and move to *issues of East-West integration and globalization*, before turning to the “what follows” part. Any review is inevitably subjective, at least to some degree. The process of selection and the ensuing overall picture is likely to contribute to the assessment of the individual or of the school of thought to the evolution of social science and its sub-disciplines.

Once we follow the emphasis on the binary view of Socialism versus Capitalism as a formative idea in the line of thinking of the twin volumes, it is next to impossible not to focus on Chapter 21 in Volume Two, entitled *The Impact of Systemic Transformation on the European Community*. The piece is an authentic summary of contemporary thinking, i.e., on how the economics discipline and policy-makers tried to cope with the tidal change, when – historically seen, in an instant – *everything that used to be excluded at the levels of axioms have turned into reality*. This included the abolition of the one-party system, triggered by and large by the erosion and collapse of the Soviet Empire. These transformations went away beyond what most of us once considered to be feasible, on both systemic and geostrategic considerations.¹⁹

Nuti set out from German re-unification, an event which was considered to be unfeasible by most contemporary observers, still materialized with unprecedented speed and depth. It was followed by financial and technical assistance and the conclusion of deep and comprehensive cooperation agreements with the EU. The Europe Agreements went even further by containing references for eventual full membership – at a time (1988–1989) when the Warsaw Treaty Organization was though no longer intact, but alive. These *have not remained a dead letter, but accelerated* the already ongoing political changes, but equally or even more so *trade reorientation from the Soviet Bloc to the global economy, primarily Western Europe*.²⁰

The author highlighted the major lasting obstacles to trade integration, which included structural rigidity, the lack of competitiveness, the Common Agricultural Policy as a strongly protectionist device and the liberal use of anti-dumping and other trade restrictions by the Western partners if it came to protecting local industries and jobs. Eastward enlargement was though deemed plausible, but by no means easy, due to the threat of massive labour migration, costs of financing for upgrading both industry and farming, and at that time, by what he termed the “accession queue”.²¹ This implied that besides Central European other

¹⁸op. pp. 298–300.

¹⁹On the typical limitations of contemporary thinking on both planes cf. Csaba (1990). For a broader and more pluralistic overview see the various contributions to this journal from 1989, i.e. just before the collapse (Discussion, 1989, 3–4).

²⁰For an extensive and timely overview of the volume by Flemming – Rollo (1992).

²¹Vol. II. 494–496.



post-communist states, countries like Morocco and Turkey worked under the assumption that full integration for them might not be close, but definitely was not out of reach.

It goes without saying that the broader the vision of enlargement, the higher the costs and the more urgent the imperative of deeper going reforms in all walks of integration becomes. With hindsight the horse-trading about farm subsidies, but similarly the stagnation of the capital markets union project, which would go beyond the already existing banking union, or the continued discord over common foreign and security policy, exemplified by the disagreements over Ukraine, all are indicative of the lasting validity of the insight of Nuti, now three decades old. His *proposition about tiered integration*²² sounds particularly fresh, with the more recent study of the Franco-German working group coming to similar conclusions (Berés et al. 2023).

Given the relevance of the issue an extensive Chapter 25 is devoted to the *Impact of Global Crisis on Transition Economies*. In a way, it was a test in a storm, when often competing claims about the end of systemic change, as well as on the resilience of new capitalist institutions have indeed been tried by major external shocks. Western partners, who tended to benefit from transition and opening, were reacting in an ad-hoc manner rather than via a well-thought-out strategy. Withdrawal of deposits and other forms of what have become known as “de-leveraging” in the professional jargon abounded. While pp. 567–570 do mention the grossly divergent impact and reactions, *still the tendency to generalize sometimes overshadows country differences, which add up to competing models*, if the country cases of Latvia, Romania and Hungary are generalized in terms of policy and institutional options, showing up in macroeconomic performance. The latter imply enhanced convergence in some and middle-income trap in other cases (Györfy 2018), an issue discussed by others already at the time the cited chapters were written.

The role of foreign banks, the scope for fiscal stimulus, the chance of introducing the single currency are all major issues legitimately analysed by the author. However, the distinct path, exemplified by the lack of euro in three medium-sized, formerly frontrunner transition economies, speaks for itself.

The next chapter is devoted to the European social model as a kind of *third way* between Manchester capitalism and Soviet socialism. Extending his previous harsh criticism of New Labour, the author expanded on a discussion of the drawbacks of the European Stability Mechanism/Exchange Rate Mechanism, overlooking somehow the fact that the theoretically weakly anchored arrangement has been functioning well for all practical purposes for decades. Pp. 617–618 spoke about the *dilution of the European social model*, not least owing to the need to play by the rules of the EMU and the ensuing enforced fiscal austerity, which runs contrary to the practical needs of a social democratic type of policy, at least of the old brand.

Chapter 27 is devoted to the “seismic faults” in the EU. These have been triggered by both external and internal factors. The former include the Great Recession and the ensuing slowdown and reversal of hyper-globalization, which used to be seen as an unstoppable and a done deal. The latter includes the decay of European social democracy as a social pacifying force and indeed a driver of a soft, non-American version of integration in the economy and social affairs. Brexit, to some degree, was portrayed by the author as a culmination of those processes, which have re-evaluated the role of extreme right and extreme left. The migration wave of 2015 was an

²²*ibid.* 501–503.



unwelcome but sobering reminder of the *unresolved issues in the EU neighbourhood*, not addressed but rather shunned by the Community policies in the preceding 15 years. Theorizing the challenges Nuti revived the tiered integration proposal, up to the point of discussing the abstract alternative of Italy – or any Southern member state – leaving the EU. He found that an exit by Germany and other strong economies would be perhaps easier, but contrary to their interest, thus unlikely to take place.²³

What follows? There are two basic planes on which the twin volumes might be assessed. *On the personal level*, it is remarkable and increasingly rare to find cases in the economic literature, where certain deep insights remain valid even decades after their publication. This has to do with the growing ethnicization of the field, where certain approaches are contingent upon circumstances and/or the level of development, primarily in the mathematical sciences. Those of us who knew Domenico Mario Nuti, all have to be thankful for this experience, including his impulsive and provocative personality.

The second plane is that of *the state of art in comparative economics*. It is encouraging to see major new developments of the field, triggered in part by the illiberal turn in the advanced countries, and the experience of China and India in fighting absolute poverty but still confronted with inequality, globalization and environmental insecurity.²⁴ This means that the field is regaining its previous standing within the broad church of global economics. It remains to be seen how new analytical techniques and new subject areas, such as the use of artificial intelligence, or the role of democratic arrangements in making economic growth sustainable, or confrontation with the de-growth agenda and other aspects of environmental change will change the face of the field.

The Collected Works of Mario Nuti is a valuable piece, *indispensable for any serious academic library in its own right*. But it opens up the avenue on debates of the *future of studies of economic systems in the period of illiberalism and de-globalization*. Here we offer just a few reflections, in the hope of contributing to the ongoing global debate and re-establishment of the field, both in terms of academic inquiry and piece of the economics curriculum – an area this author has practised over four decades by now.

As reflected in the volumes, the field is open to both more cooperation with mainstream approaches, notably microeconomics and to forming a competing paradigm. In the first case we may take new institutional economics as a frame, to which ‘*new comparative economics*’ as it emerged in the past two decades approximated. These include authors like Williamson, Ménard, Voigt, and much of the output in *The Journal of Comparative Economics* of the American Association for Comparative Economic Studies. Including the EU as a formative element of national models has never been more compelling than nowadays. It is telling that the launching/programmatic paper was written primarily by newcomers to the field, who excelled themselves

²³ibid. 646–648.

²⁴For the most recent extensive overview, following decades of hiatus, of the whole area including new subject areas of two recent broad overviews (Andreff 2021; Dallago – Casagrande 2023).



in academic and development economics, but never studied profoundly the workings of Soviet-type systems.²⁵ Nor has any of them joined, even peripherally, the extensive 150-year long debate on Socialism as a theoretical construct, an economic model or a policy option. This is no small omission, if we consider that the electronic version of *The New Palgrave*, generally considered to be the standard-setting reference volume of the field, contains no less than 9 entries on this subject.²⁶ This excludes country-specific and partial issues, such as entries on the Soviet Union or on socialist calculation debate.

Alternatively – and in following the bulk of the volumes under review – old institutionalism in line with the oeuvre of Hodgson, Rutherford, Samuels, Kolodko and Kornai, which is an integral continuation of traditions in the field, also termed ‘*old comparative economics*’ has already emerged as a powerful line of analysis.²⁷ The latter line is particularly relevant in empirically-based analyses, such as assessment of the nature of Chinese capitalism. By contrast the former line is more in concord with a broad line of the new international political economy, where conceptualization and the fit to the changing mainstream are the decisive criteria for academic success. Furthermore, ‘new comparative economics’ extends its focus beyond the traditional binary view of economic systems and allows for the culturally determined and geographically/historically inspired multiplicity. True, in the latter case the big question of *what constitutes a model and why*, so eloquently elaborated in the competing schools’ classics as Eucken and Kornai, remains largely in the dark. On the other hand, given the rise of the developing and emerging economies, the practical use of the approach is being appreciated both by international financial institutions and general development economics.

In sum, if we are to transcend the obligatory reference to “institutions matter”, currently to be found in basically any mainstream journal article or academic chapter, *we need to be specific on how this matter, why and for whom*. No less important is the question of what if these laws are not obeyed, as Nuti singles out this as the fundamental cause for the collapse of real socialism. The period of illiberalism and de-globalization revives some of the old debates and old propositions which seem to have been over, like protectionism (also in the USA), constructivism – reflected in the Green Deal of the EU, or disregard for the coherence of political and economic arrangements, as it seems to be the case in China and India. Defying the consensus of a decade ago, the BRICS model does not seem to offer a viable alternative, a type of capitalism with a human face.

Thus, the debate is clearly open again, both in theory and policy, on *what is the optimal solution to challenges of global nature*. The secular slowdown of growth in China, the growing authoritarianism in India, the continued resource rent dependency of both Brazil and South Africa, as well as the relapse into old-style imperialism of Putin’s Russia have all questioned the validity of illiberalism serving as a superior model to classical competitive capitalism of the Anglo-Saxon brand. The more we are willing to step in the footprints of Mario Nuti in search of

²⁵Simeon Djankov, the corresponding author, was between 2009 and 2013 first deputy PM and Minister of Finance in Bulgaria, i.e. a typical practitioner. Later on, he has made a stellar career as an academic analyst publishing e.g. in *Quarterly Journal of Economics* and *Journal of Finance*, e.g. top-rated journals, none of them devoted to the past, present or future of command economies.

²⁶Last accessed on 4 December 2023.

²⁷The debate was launched by Djankov et al. (2003). For an overview of issues and conclusions of Dallago – Casagrande (2021).



a more humanistic and more efficient economic system, benefitting the large majority of the population, rather than a few in the thin top layer of oligarchic capitalism, the more we shall be inclined so deepen our understanding of how competing systemic solutions may, do and should be working on the ground. The customary reference to macro-economic aggregates, growth rates in particular, will simply not do as being too simplistic and biased, no matter how widely they are in use for reasons of convenience, both in the academic and in policy-making circles.

REFERENCES

- Acta Oeconomica (1989): Discussion on the Socialist Market Economy. *Acta Oeconomica*, 40(3–4).
- Acta Oeconomica (2017): The Kaldorian Conference Series. *Acta Oeconomica*, 67(S1).
- Andreff, W. (ed.) (2021): *Comparative Economic Studies in Europe: A Thirty Year Assessment*. Houndmills: Palgrave Macmillan.
- Åslund, A. (2012): *How Capitalism Was Built: The Transition of Central and Eastern Europe, Russia the Caucasus and Central Asia* (2nd ed.). Cambridge – New York: Cambridge University Press.
- Berés, P. – Schwarzer, D. – Verger, C. – Nguyen, T. (2023): *Sailing High Seas: Reforming and Enlarging Europe for the 21st Century* (Report of the Franco-German Working Group on the Institutional Reform of the EU). Paris – Berlin: 18 September 2023.
- Commander, S. – Estrin, S. (2022): *The Connections World: The Future of Asian Capitalism*. Cambridge – New York: Cambridge University Press.
- Csaba, L. (1990): ‘New Thinking’ in the CMEA. In: Harle, V. – Iivonnen, J. (eds): *Gorbachev and Europe*. London: Pinter Publishers, pp. 187–205.
- Csaba, L. (2020): China at the Crossroads. *Acta Oeconomica*, 70(S): 5–14.
- Dallago, B. – Casagrande, S. (2021): The New Comparative Economics: A Critical Review. In: Douarine, E. – Havrylyshyn, O. (eds): *Palgrave Handbook of Comparative Economics*. Cham: Springer, pp. 91–117.
- Dallago, B. – Casagrande, S. (eds) (2023): *Routledge Handbook of Comparative Economic Systems*. Abingdon – New York.
- Djankov, S. – Glaeser, E. – Laporta, R. – Lopez de Silanes, F. – Shleifer, A. (2003): The New Comparative Economics. *Journal of Comparative Economics*, 31(4): 395–619.
- Douarin, E. – Havrylyshyn, O. (eds) (2021): *Palgrave Handbook of Comparative Economics*. Basingstoke: Palgrave MacMillan.
- Ellman, M. (2021): Mario Nuti: A Tribute. *Cambridge Journal of Economics*, 45(6): 1361–1372.
- Estrin, S. – Uvalic, M. (2021): The Life and Works of Mario Nuti (1937–2020): An Appreciation. *Acta Oeconomica*, 71(2): 181–194.
- Flemming, J. – Rollo, J. C. M. (eds) (1992): *Trade, Payments and Adjustment in Central and Eastern Europe*. London: Royal Institute of International Affairs.
- Gevorkyan, A. (2018): *Transition Economies: Transformation, Development and Society in Eastern Europe and the Former Soviet Union*. Abingdon: Routledge.
- Györffy, D. (2018): *Trust and Crisis Management in the EU: An Institutional Perspective*. Houndmills: Palgrave Macmillan.
- Hare, P. G. – Turley, G. (eds) (2013): *Handbook of the Economics and Political Economy of Transition*. Abingdon – New York: Routledge.



- Hodgson, G. M. (2018): *Wrong Turnings: How the Left Got Lost*. Chicago – London: The University of Chicago Press.
- Hundt, D. – Uttam, J. (2017): *Varieties of Capitalism in Asia: Beyond the Developmental State*. Cham: Palgrave Macmillan.
- Kornai, J. (1992): Market Socialism Revisited. In: Bradhan, P. – Roemer, J. (eds): *Market Socialism – The Current Debate*. Oxford – New York: Oxford University Press, pp. 42–68.
- Kornai, J. (2016): So What is Capital in the 21st Century? *Capital and Society*, 11(1): 2–35.
- Magyar, B. (ed.) (2019): *Stubborn Structures: Reconceptualizing Postcommunist Regimes*. Budapest – New York: Central European University Press.
- McCloskey, D. N. (2014): Measured, Unmeasured, Mismeasured and Unjustified Pessimism. *Erasmus Journal of Philosophy and Economics*, 7(2): 73–115.
- Mihályi, P. – Szelényi, I. (2019): *Rent-Seeking, Profits, Wages and Inequality*. Houndmills: Palgrave Macmillan.
- Milanovic, B. (2019): *Capitalism, Alone: The Future of the System that Rules the World*. Cambridge/MA: The Belknap Press of Harvard University.
- Naughton, B. (2017): Is China Socialist? *Journal of Economic Perspectives*, 31(1): 3–24.
- Nuti, D. M. (2019): The Chinese Alternative. *Acta Oeconomica*, 69(S1): 31–47.
- Nuti, D. M. (2023a): Socialist Economic Systems and Transition. Basingstoke: Palgrave MacMillan.
- Nuti, D. M. (2023b): Economic Systems, Democracy and Integration. Basingstoke: Palgrave MacMillan.
- Osiatynski, J. (2021): Mario Nuti (1937–2020). *Ekonomista*, 121(1): 7–24.
- Winiiecki, J. (2016): *Shortcut or Piecemeal? Economic Development Strategies and Structural Change*. Budapest – New York: CEU Press.

Open Access statement. This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (<https://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited, a link to the CC License is provided, and changes – if any – are indicated. (SID_1)

