

Whenever possible, participatory institutions should bring together citizens of opposing views in circumstances that reward mutual understanding and the accurate gathering of information. Deliberation among intellectuals, or even elected representatives, is not enough. In the United States, theorists have accordingly proposed neighborhood and workplace assemblies, referenda requiring two distinct votes separated by a period of deliberation, and "policy juries" formed from representative samples of citizens — all institutional means of nourishing deliberation at its citizen roots.

Each nation must work out the deliberative innovations, and the mix of adversary and deliberative institutions, that fit its own patterns of cleavage, its own history, and its own culture. In the long run, deliberative processes may offer the best hope of finding ways to handle not only class conflicts, but also the ethnic disputes that threaten to split several of the newly democratizing nations in Eastern Europe. While "consociational" and federal solutions can produce reasonably just allocations among groups, shifting citizen perspectives from class or ethnic interests to a long-run common good requires the transformations of self that deliberative processes make possible.

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Learning Not to Love Revolution

by George Friedman

For the past two centuries every revolution has wanted to serve as the model for all future revolutions. Since 1917, two regimes have laid claim to be the rightful heir of the revolutionary tradition. For most of that time, it appeared to reasonable observers that it was the Soviet Union that would serve as exemplar to the world. In a stunning reversal of fortunes, the Soviet model has fallen into disrepute, and most of the rebellious world appears to be taking its bearings from the American regime. It is the Statue of Liberty that moved the crowds in Peking and Prague rather than the Internationale.

While this is a very satisfying view of things, it should not be accepted too quickly. This is not because the American model is not superior to other models, but rather, because the world, and particularly those rising up against communist tyrannies, has not yet learned one of the fundamental teachings of the American revolution: Don't enjoy revolutions too much. They have not learned to expect only the bare necessities from politics and to seek the more sublime joys of life elsewhere.

Eastern Europeans still expect great things from revolution. Coming together in rebellion is seen as a great moment. They see their revolution as paving the way to a generally and radically improved human condition. This places them at odds with the modesty of the American revolution. In their great hopes for more than a mere "more perfect union," the crowds of Berlin and Prague still share much with their oppressors and less than they should with us. They understand revolution very differently from our founders; it follows that

the sorts of regimes they will found will be very different from our own, and, I think, terribly inferior.

When Revolutions Are Young

There is a certain ineffable sweetness about revolutions when they are very young. In the beginning, when they strike out against tyranny, they are poems to decency and community, promises of radical simplification. They are odes to joy more than exercises in political theory or action. Consider the words of Schiller immortalized by Beethoven:

Joy, bright spark of divinity,
Daughter of Elysium,
Drunk with fire we walk in
Thy celestial holiness.
Thy spell reunites
What custom has divided,
All men become brothers
Under Thy lingering, gentle wings.

This poem and Beethoven's symphony are not incidental to politics. Beethoven wrote the Ninth Symphony with the French Revolution very much in mind. Perhaps more immediately relevant, the Ode to Joy movement of Beethoven's Ninth is the anthem of the European Community, the Community that the Eastern Bloc now very badly wants to join.

Elysium was, in Greek mythology, the field on which the gods and those humans the gods favored, came together in peace and harmony. Schiller in his poem combines three themes. First, there is the promise of a pastoral redemption.

Second, the means are those of a fiery intoxication. Third, there is the secular vision of human brotherhood, the Elysian Fields brought to earth. In this fusion of pagan and Christian symbols, and of divine and secular principles, Schiller celebrates the central theme of the enlightenment: that men will become like gods in their power and perfection. And nowhere is this fire-drunken surge to perfection more practically visible than on the barricades of a revolution.

Young revolutions are festivals, celebrations of youth, bravery and innocence. Men and women, boys and girls, gather together with the simplest and noblest dream, that the wickedness of the past will end. Young revolutions are a universe in which good will would appear to be a sufficient basis for political life. In a way, revolution is a time when a new species of man already appears to have been born, possessing a new relationship to everything old and commonplace. Even in the most brutal of revolutions, this poetry of redemption permeates. Consider, in John Reed's *Ten Days That Shook the World*, his description of an old man, telling the young soldiers, "Mine, all mine now! My Petrograd."

At that moment, it was his Petrograd. He had lived in it when it had belonged to others, when he was the city's demeaned and exploited guest. He had joined with others against the manifest wickedness of his dispossession, and now the city was his. As with the sentiments of lovers, thoughts that seem absolutely true at the instant of expression, become false or banal, even a mockery.

The simple truthfulness of the old man's sentiment at the moment of the triumph of Bolshevism inexorably turns false. The sweetness of his sentiment becomes a mocking indictment of the revolution, as the words "my Petrograd" become a cruel joke. The moment at which the Russian revolution became a lie was when the sentiment "my Petrograd" had to be turned from an aesthetic celebration into a principle of political operation. What did it mean for a citizen to lay claim to his city? Such a question required sober reflection, and such sobriety is the antithesis of the revolution's joy. Revolutions do not fail because wicked men seize hold. They fail because the very practicality of governing is a betrayal of the revolutionary sensibility. Revolution is about the sublime and the sacred. Governing is about the prosaic and the profane.

In Paris in 1789, in Petrograd in 1917, and in Berlin or Prague or Bucharest or Peking in 1989, the men and the women in the streets did not see themselves as merely overthrowing the old. The act of coming together in the streets had created a new species of society, the community of the celebratory crowd. As Germans danced on top of the Wall, it appeared that all things were suddenly possible for Germans and humanity alike. Both on the highest and most ordinary levels, revolutions make the revolutionaries feel that the mundane profanity of everyday life has already given way to something new and unprecedented. As with all revolutionaries, those of 1989 want their glowing moment to suffuse everything that comes after.

America's Modest Revolution

An Eastern European intellectual was asked by a reporter about the sort of society he hoped to create. His answer, consistent with those of others, was apparently modest: he wished to borrow the best ideas from socialism and capitalism and combine them into something new, something suitable to his country. On the surface it was a reasonable answer.

Two things were striking about the answer. The first was that the question and answer always involved society rather than the regime. Society encompasses all human relationships while the regime confines itself to political ones. True

to the more radical revolutionary tradition, the Eastern Europeans remain committed to social restructuring, to creating a new society, instead of seeking to free people to live their private lives without demanding that they measure those lives against standards of social significance.

This raises the second striking point about the answer: that one was given at all. Another answer to the question might have been: "I haven't given it a thought. I personally plan to open a hardware store." But the intellectual had an answer. He intended to create a new and better world for others to live in. Unlike Marx or Lenin, the intellectual had no complex system of thought to guide him. But quite like them, the revolutionary of Prague or Berlin in 1989 was convinced that the power to reshape society was now his.

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If the city belongs to the revolutionary, then he is morally obligated to do something with the city, to improve it. He cannot just go home to make a living. A revolution feels itself morally bound to improve the human condition as a whole, rather than just the condition of a single private citizen. To have replied: "I want to go home and make money" would have been a betrayal of the deepest moral principle of revolution.

Almost all modern revolutions have suffered from being both too beautiful and too ambitious. The one exception to this was the American revolution. Its very sobriety and modesty caused many to argue that it was not a genuine revolution at all. Its desire to found a regime rather than create a new species of man has caused many to dismiss the American example as an anti-colonial war that left the social order intact. It fell short of the spirited beauty expected of revolutions.

Our founders wished neither to found a new society nor to perfect the old. They sought merely to found a regime that would protect society from its own ambitions, leaving men free to find their own way in the world. Our founders sought to create a world in which men of modest vision could pursue their private ends in peace, entering public life only as necessary, and reluctantly. There is a vast difference between the right to "life, liberty and the pursuit of happiness," and "liberty, equality, fraternity." The former is a promise to individual men concerning their private lives. The latter is a promise of a new species of man with a new understanding of what it means to be human.

Learning to Value Hardware Salesmen

In 1917 and 1789 all eyes were on the capital city, first on the streets and then on the public buildings. The public's eyes never left those buildings, except in despair or terror, when citizens sought refuge in private lives far more distant from

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public affairs than anything envisioned by our bourgeois founders. Our founders were not eager to go to the capitol to begin reforming the world. They were eager to go home to their plantations, law practices, and businesses. What went on in our public buildings never came close to telling the tale of what went on in America. The capitol was never the center of our society. We never really had a center, and therefore, we could never have a great, unifying moral project.

George Washington was not as interesting a man as Robespierre or Lenin, but then his heirs were not Napoleon and Stalin. It is in the banality of Washington that we can best understand the virtue of our regime. Although he was accomplished in many ways, Washington does not appear to have had great imagination in public matters. In his public life, he did what he had to do, reserving his imagination and zest for his private pursuits.

The energy of the American revolution went into business, church, and school, rather than into politics. When it did involve public life, it was more likely to concern one's village than national matters. Nothing great was expected from the central government. Going home to open a hardware store would not be seen as a betrayal of the American revolution, in large part because the American revolution did not draw its energy from the dangerously seductive power of the revolutionary moment. The American revolution, between the cerebral brackets of the Declaration of Independence and the Constitutional Convention, was a long and dreary war — long on pain and drudgery, short on glory and beauty. The main wish of the American revolutionaries was that the war should end so that they might go home in peace. One could long for Red October or 1789. Who could pine for Valley Forge or the cool deliberations of Philadelphia?

This is a lesson that a man like President Havel ought to ponder. Right now, all eyes are on Prague. During its peaceful revolution, great beauty and righteousness resided in Prague. Both the aesthetics of revolution and the realities of power

have converged on one place, the government buildings of Prague. If it goes on this way, the aesthetic sense will dissipate, and all that will remain will be the profane reality of centralized power. It will be centralized in two senses: in that power will be in the capital rather than in all of the small towns and cities, and more important, in that political life will be the central organizing sphere of society, rather than one limited sphere among many.

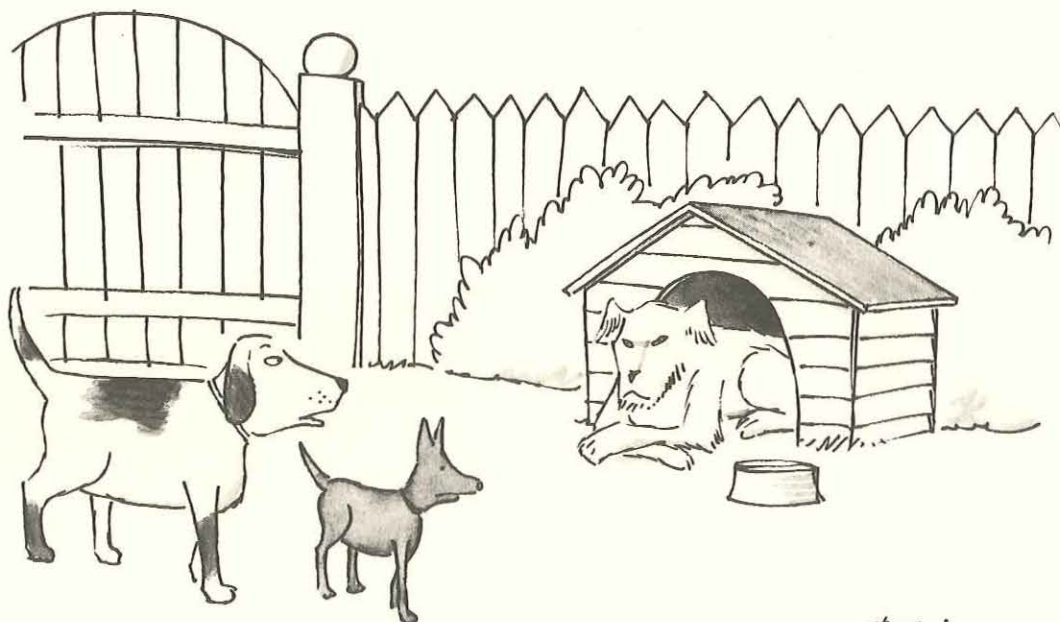
Havel is an artist. He surely saw the beauty of the Prague rising. It is not clear whether he sees beauty's danger. If Havel succumbs to the danger of picking and choosing as if he were an engineer, while seeing the state as society's engine, little will have been won. If Havel the artist faces the threat that his own revolution poses, and repudiates its beauty, if he learns from the American revolution to value the banality of the hardware salesman, then he might escape the eternal return of European tyranny.

Eastern Europe must learn to love private life more than public. After the orgiastic pleasures of the revolution, this will be a hard lesson to learn. Victorious revolutionaries are rarely modest men. It is not easy for the victorious to be modest. To go home to make a living for one's family, after having danced on the Berlin Wall with a million other brothers and sisters, may be more than anyone's soul can bear.

This is the most important lesson that Eastern Europe can learn from the United States. The revolution over, it is time to go home, fall in love, raise children, make money, and see the sacred in the banality of everyday life. Unfortunately, the lure of the public buildings in "my Petrograd" might prove to be irresistible, after the revolution.

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"His roots are in the Cold War."

The Possibility of Market Socialism

by John E. Roemer

Since the fall from power of Eastern Europe's ruling parties, during the amazing events of the autumn of 1989, most commentators in the West and the East alike have proclaimed the death of communism. If communism entails the dictatorship of a single party, the administrative and central allocation of most resources and commodities, and the ownership of all firms by the state, then I agree with the diagnosis. But such communism is only one possible variant of what can be called socialist society, in which firms are publicly owned and the state has considerable control over what Lenin dubbed "the commanding heights" of the economy. During the next seventy years, we may see the development of socialist economies that compare quite favorably with capitalist economies, not only with respect to the distribution of wealth and the eradication of poverty, but also with respect to the pattern of economic growth and political democracy. I say *may* see because I know of no forces ensuring that the kind of socialist society I shall describe here must come to be. On the other hand, I see no forces that make it impossible.

Many people believe that public ownership of firms implies the allocation of resources by a central body, without recourse to markets except perhaps at the retail level. But to me, public ownership means that the people, through a democratic political process, decide on how the social surplus will be used: on what investments the economy should make, and how profits should be distributed. So there is no reason why socialist economies cannot use markets to allocate resources. On my view, what sluggishness, inefficiency, and corruption have been seen in the economies of socialist states during the first seventy years of the socialist experiment can be largely explained by the absence of political democracy and the failure to use markets.

In brief, Eastern European countries can learn two things from the West: multiparty democracy and the use of markets to allocate resources. They would do well, however, to shun private ownership of capital.

Government Control of Investment

Market socialism is not a new idea. It was discussed by Oskar Lange in the 1930s, by Włodzimierz Brus in the 1970s, and by Alec Nove and others even more recently. The challenge is to design an economic mechanism in which (1) markets are used to allocate resources, including labor; (2) firms are publicly owned; and (3) government is able to control the commanding heights of the economy.

I take "the commanding heights" to be the pattern and level of investment, for investment is a capitalist economy's most volatile variable. This volatility explains the recessions and depressions that are characteristic of capitalism. Furthermore, the laissez-faire investment process does not achieve a socially desirable distribution of investment. In any market equilibrium, the total amount of investment must equal the total amount that citizens are willing to save. But people may not save as much as they should: they may underestimate their own needs later in life, or may suffer from weakness of will, or may not care sufficiently about future generations.

To compound the problem, many projects requiring massive social investment are public goods — the environment, for example, or a national public transportation system. Yet such investment is typically undersupplied by the market, even if people desire these goods. Economists like Lester Thurow accordingly argue that America's economic performance lags Japan's because the U.S. refuses to allow substantial government interference in the private sector's investment plan, whereas Japan relies on it. So public control of investment is insufficient to characterize socialism, although it is necessary.

In a recent work, my colleagues Ortuño and Silvestre and I have presented various blueprints showing how a market socialist economy would function. What follows is only a sketch.

Suppose that the government, through the public banking system, controls interest rates. It announces different interest rates at which public firms in different industrial sectors can borrow funds to invest, as well as an interest rate at which citizens can save or borrow. Unlike a capitalist economy, the state essentially subsidizes sectors in which it wants high investment by posting low interest rates for those sectors. It announces a high interest rate for citizens if it wants to encourage savings. Public firms are run by managers (elected by workers or appointed by government), who are instructed to *maximize profits*. Facing market prices and posted interest rates, managers use the profit criterion to decide upon their firm's level of investment.

Because of its interest-rate subsidy program, there will usually be a central bank deficit — assuming, that is, that the government aims at a total level of investment higher than would have been achieved in an unregulated capital market. For in this case it collects interest from firms that borrow at low rates and pays out interest to citizens who save at a high rate. The deficit is covered by taxation, which can be levied on either corporate profits or citizens' total income. A citizen's income consists of two parts: her wage income, derived from selling labor on a labor market whose prices are determined solely by supply and demand, and her social dividend, i.e., the fraction of corporate profits that she receives.

Can Market Socialism Work?

Can this economy work? It can indeed. For a given pattern and level of investment that the government wants to implement, there is a tax policy and set of interest rates consistent with a market equilibrium at which the desired pattern of investment is actually realized. In the market socialist economy, both citizens and firms act just as they would in a capitalist economy. Citizens sell their labor on labor markets for the going wage, and they spend their income as they choose, purchasing goods at market-clearing prices.

By the same token, firms maximize profits without government's directing either the composition of output or the allocation of goods to consumers. Firms are given no instructions concerning the amount of labor to hire, or goods to produce, or investment to make. Only one thing is forbidden: a black capital market. (For example, a firm able to borrow