

A LIFE DEDICATED TO HUMANE ECONOMY

A Tribute to Branko Horvat's Contribution

It has been a few months since one of our main leaders has departed from our side. One of our greatest intellectuals and an unyielding promoter of the humanization of the economy and of the society in which we live.

On occasion of the celebration of the 12th International Conference on the Economics of Participation, that he sponsored and helped attain, and having been acquainted with the extraordinary work of Branko Horvat –in my case, for over a period of 30 years -, it is not possible to keep silent.

Taking into consideration the few minutes I have for my presentation, it will not be a “formal”, academic presentation; instead, it will be an abbreviated review and a remembrance of his main emphasis and preoccupations in his scientific substantiation of one of the most interesting and progressive economic, social and political transformation of the 20th century, that is: the Yugoslav experience and the installation and development of self-government and economic labor management. Bearing this in mind, I wish I could master that wonderful faculty of using the right words to fully express the significance and extent of the diverse, countless, and profound work of Branko Horvat; but, that is impossible.

I started to get acquainted with Branko Horvat in 1970, as I began my Ph D's studies in the Program on Participation and Labor Managed Systems (PPLMS), formed and headed by Jaroslav Vanek at the Department of Economics of Cornell University. At the time, a Surveys' Supplement of

National Economic Policy Issues of *The American Economic Review* appeared, with a magnificent study by Branko Horvat titled: “**Yugoslav Economic Policy in the Post-War Period: Problems, Ideas, Institutional Developments**” (Vol. LXI, No. 3, Part 2, June 1971). This was one of the most comprehensive and complete publications I had ever seen on Yugoslavia (it included excellent chapters on: Planning, Labor–Managed Enterprise, Market and Prices, Money, Banking and Public Finance, Self-Government, Market and Socialism).

From that moment on and to my great surprise, I discovered the huge amount of publications that Branko Horvat had already made and, thanks to correspondence and exchanges maintained between Cornell and the Institute of Economic Studies and the Journal “*Economic Analysis and Workers’ Management*”, I gradually became familiar with the multiple works he was carrying out and which would turn into brilliant publications in the following years.

With respect to his work prior to that time, I learned about his many interesting publications, not only relating to Self-Management, but also on different topics, such as his famous articles on “The Optimum Rate of Investment” in 1958, and “The Optimum Rate of Investment Reconsidered” in September of 1965, both in the *Economic Journal*; also, “An Integrated System of Social Accounts for an Economy of the Yugoslav Type”, in the *Review of Income & Wealth* (March 1968).

His book “*Towards a Theory of Planned Economy*” (Yugoslav Institute of Economic Research, 1964) was probably the most significant and pedagogic

publication in the 60s, where his major contribution lies in providing a common ground for scholarly argument about the merits of economic planning. In this book Branko Horvat's purpose was twofold: it was an attempt to establish the costs and benefits of alternative institutional arrangements, and also to analyze policies for maximizing growth with full employment. Most interesting, this publication already argues and provides the grounds to the fact that the "associationist" socialism of the type that had been emerging in Yugoslavia since 1952 offered the most conducive institutional framework for maximizing growth rate and human development.

Soon after that, and in addition to a number of articles he was publishing in those years, I found another extremely interesting book written by Branko Horvat: *Business Cycles in Yugoslavia*, published in the U.S. in late 1971 (International Arts and Sciences Press, 1971), where he provides an account of fluctuations in Yugoslavia from 1949-1967; they are described, explained and contrasted with fluctuations in various East European and O.E.C.D. economies. The results showed that economic growth in Yugoslavia, characterized by cycles in major economic aggregates, displayed special features in these cycles that were not found in the typical business cycle of capitalist economies.

However, the work which most clearly reflects the broadness, depth and versatility of Branko Horvat's capacities and thought is, in my opinion, one of the finest and most beautifully prepared publications I have seen, titled *Self-Governing Socialism, a Reader*, edited in collaboration with Mihailo Markovic and Rudi Supek in 1975 (International Arts and Sciences Press Inc., White Plains, N.Y., 1975). In this great work, Branko Horvat presents five

articles on different topics, all of them equally brilliant. The first article, with a very interesting and well-documented analysis of a historical nature, he rightly called “A New Social System in the Making: Historical Origins and Development of Self-governing Socialism”. It is one of the best presentations of the evolution of ideas, organizations, institutions and experiences of the so-called “self-governing communities of work”, which yearn for the full development of their members’ human potential. The other four articles refer to economic issues. The first, deals with the organization and efficiency of the “The Labor-managed Enterprise”; the second, with the analytical aspects of the enterprise, which he calls “On the Theory of the Labor-managed Firm”; and the two last articles, refer to issues at the level of national economy, one relating to “The Pricing of Factors of Production” and the other, highly imaginative and intellectual, refers to “An Institutional Model of a Self-managed Socialist Economy.”

Moreover, his next great publication in 1982, *The Political Economy of Socialism* (Armonk, N.Y.; M.E. Sharpe, 1982), broadly acclaimed in the Western world, sought to contribute to several social sciences in an integrated manner. In a Book Review at the time, the following was said of this publication: “This is a massive, extremely well-written treatise comparing economic systems. All economists can learn something from its incisive description and analysis of these systems” (Journal of Economic Issues, Howard Sherman, Dec. 1983).

Based on the above, I dare say that in those years there was already a widespread consensus in the sense that Branko Horvat was much more than an economist. Indeed, he was an excellent academic, a great intellectual and a

deep and solid thinker. Beyond that, Branko Horvat was a visionary, a social scientist and a statesman. His writings reflect a solid formation and knowledge in economics, mathematics, sociology, history, political sciences and political and social philosophy.

It was due to this assessment of his works and to his high intellectual level that in 1983 he was proposed as a candidate to the Nobel Prize of Economics, reaching the last stage in this nomination. In my judgment, had he been an economist of the “mainstream economics” of the Western world, he would have been awarded this prize, beyond any doubt.

Indeed, Branko Horvat, always maintained a decidedly solid and well-grounded discrepancy with the mainstream of the economic thinking in force in our times. He analyzed, synthesized and innovated in the ideas and proposals in fashion and was a fervent precursor of participation and cooperation rather than competition and individualism in the economic realm, and of economic integration rather than rivalry in the European regional realm. Branko Horvat recovered for economics its character of social science and for the economist, his condition of social architect.

I have tried to provide a sketch of his huge work, by-passing this time, due to time considerations, dozens or rather hundreds of other writings, so that the younger members of our organization, or those who have recently joined it, would have at least a notion of the ideas and approaches of one of our main and most important founders. In this sense, I cannot but mention the book *Equality, Participation, Transition: Essays in Honour of Branko Horvat*, Edited by Vojmir Franicevic and Milica Uvalic (London: Macmillan Press,

2000), where the authors provide an excellent Introduction to Horvat's professional and political career, and contributions in cited works stretching from 1950 to 1999.

As we have come to learn, each political-academic and intellectual generation has a few members it recognizes as guides. People who are not in the forefront of public life but nevertheless nurture with ideas, proposals, orientation, innovations and clarifications, but specially with ideals, a circle of many others who, from different leadership positions, gather these inspirations and sometimes manage to materialize them. That is precisely the role that Branko Horvat played for our generations.

It is in this last sense that Branko Horvat's departure, at this time, is like seeing the light in the lighthouse be extinguished in the middle of the night. His existence was relentless, multiple, laborious, dynamic and, I would say, extremely efficient, from a social and human point of view, especially in the promotion of ideas and principles, where his style would always stand out: brave, honest, demanding and affectionate. Hence, his disappearance hits us with more strength than usual.

Nevertheless, today we have to think properly and be distinct in our actions: we have not come to bid farewell to Branko Horvat; we simply say: there is no definite farewell for someone who left us the treasure of his ideas; his life's will, and the superiority of his principles.

History teaches us that ideas have a life of their own and that the search for the principles and values driven by Branko Horvat, that is, the search for a more

humane economy, the promotion of participation, of self-government, of equity, of human development and of social justice, has been a continuum in the history of humanity, especially when human beings are excluded from or disregarded in decision-making in the very environment where they live.

Even though we are diminished by this huge loss, we should not lose hope that it is possible that in the near future, these ideals and ideas can penetrate and create awareness in the general social conception of the rising world, that can well be a new, post-capitalist order, clearly of a more humane nature, and highly superior than the current society.

As his companions in ideas and ideals, we are left with his hope and with the meaningful lessons that he taught us through his creation and his life. With them, and warmed by his memory, we hope one day to approach the non-discriminatory, fraternal, participatory, sharing, supportive and solidary society he dreamed of.

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July, 2004