

OSKAR LANGE'S LECTURES ON THE ECONOMIC OPERATION OF A SOCIALIST SOCIETY

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The two essays which follow are reprinted from a typescript of two lectures given by Oskar Lange in May 1942 to the University of Chicago Socialist Club. The typescript was probably based on shorthand notes and was not intended for publication.

It is remarkable that between 1938, the year in which his classic study 'On the economic theory of socialism' was published in book form, and 1947, Lange wrote practically nothing on the theory of socialism. An exception was a short review of H. D. Dickinson's well-known book, *The Economics of Socialism*. It is doubtful whether *The Working Principles of the Soviet Economy* which Lange published in 1943 can be regarded as a further exception, since in that work he characterises the Soviet economy as a special form of economy — the war-economy in which economic activity is subordinated of two political goals, rapid industrialisation and preparation for war.

When, in the summer of 1940, Lange received Hayek's article 'Socialist calculation: competitive solution', which contained a sharp rejoinder to Lange's 1938 study, he promised to write his reply in the autumn. But he never did. Or, more precisely, he met Hayek's argument a quarter of a century later (Lange, 1967).

Moreover, when, in January 1945, Lange was invited to prepare a second edition of his 1938 book, he first accepted the idea, but after considering the matter (and probably attempting a revision) he wrote to the publisher that the original study was so far removed from his present view that any revision would have resulted in a very poor compromise. In the circumstances he would prefer to write a chapter on the socialist economy in a textbook he was working on. However, Lange left the United States shortly after, and did not continue work on the textbook.

Among a number of possible explanations of Lange's reluctance to write on the theory of the socialist economy during his Chicago years, the most obvious would be that at that time his views were changing, away from the advocacy of an integral socialism toward a mixed (public and private) economy, operating through a fully-fledged market mechanism. The theory most appropriate to his view of the mixed economy was neoclassical general equilibrium theory, especially the modern theory

of welfare economics. Thus there was no need for a distinct economic theory of socialism. This explains why in his outline of the textbook he started to write at the beginning of 1945 there was no chapter on socialism — only a chapter on the ideal allocation of resources.

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