

Book Review

Martin Myant (ed.), Industrial Competitiveness in East-Central Europe, Edward Elgar, Cheltenham, UK and Northampton, MA, USA.

When investigating highly relevant issues of East-Central European economies, this book looks beyond the topics that are commonly found and thoroughly, albeit sometimes one-sidedly, discussed in many other “area studies”. The editor and the contributors – drawn mainly from the Czech Republic, also with contributors from Germany and the Slovak Republic, with support from a well-spent Phare ACE grant – make their point right in the Preface by asserting that “The key question is not whether the bare bones of a market system have been created, but whether foundations have been laid for sustainable growth and rising living standards.” With this assertion, the book challenges the conventional view that is also entertained in debates in the EU and in the OECD on policy options for the transformational economies, namely that the countries concerned, once having gone through the recommended path of stabilization, fast privatisation, comprehensive deregulation and abolition of subsidies, should experience little problem when facing competitive pressure within the European Union.

It is the concept of competitiveness that has been put in the centre of the studies that eventually make up a worthwhile reading volume. With competitiveness in the focus of interest, these studies raise some concerns regarding whether the economic systems that have been created on what was left behind the collapse of planned economies provide sufficient basis for growth and development in the years to come.

Myant, the editor of this volume, argues that becoming “The Tigers of Tomorrow” may be too much to expect from Central-East European countries when one looks at their growth potential. This leads to a possible critique of some of the transformation strategies adopted in these countries, with a highlight on the more substantial focus on the institutional framework that can effectively promote growth, which in turn calls for a more active role for governments.

This concerned view gains support from a multi-dimensional study co-authored by Zeman, Rodová and Souček on country-competitiveness, which considers several indicators – from GDP per capita through unit labour costs to export performance. The same study also looks at management strategies – unfortunately only in one country, the Czech Republic – with findings that these strategies, if any, are often less than impressive. Vintrová and Chvojka then take up the themes of macroeconomic structural transformation, and financing of restructuring at the level of the firm, respectively. Amongst their many insights, both point to sometimes striking differences between countries that might be tempting to be seen indistinctively. The relationship between investment and restructuring is the subject of the analysis by Ujházy and Zeman, who make a

compelling case against, and offer explanations for the lack of, the generalized link between investment level and economic growth rate. These comparative chapters are followed by three country-studies on Slovakia, the Czech Republic, and (East) Germany, by Outrata, Myant, and Fleischer and Hornschild, respectively.

Myant concludes the volume by arguing against a naïve and narrow view of what transformation should entail. In fact, this last chapter amplifies the message of the whole volume that, no matter what optimists may declare from time to time, “transformation” (often labelled as “transition” in a simplistic and misleading view of what has been happening in the region) is far from over just when some basic elements of a market system have been established, and even then one can make predictions of only limited value as to where these countries will further evolve to.

The studies included in this volume are rich not only in relevant statistics and overviews of recent trends, but also in important insights and far-reaching conclusions. This work is undoubtedly an important contribution to our understanding of post-communist transformation, and provides guidance for thinking about the future. Policy makers at national and EU levels thus should also consider the book as a valuable source for shaping policies for sustainable growth in Central-Eastern Europe.

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