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Capitalist Diversity on Europe's Periphery (Cornell Studies in Political Economy)

Dorothee Bohle, Beacute;la Greskovits
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Dorothee Bohle, Beacute;la Greskovits : Capitalist Diversity on Europe's Periphery (Cornell Studies in Political Economy) before purchasing it in order to gage whether or not it would be worth my time, and all praised Capitalist Diversity on Europe's Periphery (Cornell Studies in Political Economy):

0 of 0 people found the following review helpful. nice comparisons of country casesBy DrDanVery informative, nice comparisons of country cases.5 of 5 people found the following review helpful. Book reviewBy B BeckerTwenty years after the dissolution of the Soviet Union, "Capitalist Diversity on Europe's Periphery" provides a timely account

of post-socialist countries journey towards capitalism. Not only provides the book a review of transition experiences, unprecedented in its comprehensiveness, it also appears at a time where countries are confronted with an increasingly hostile global economic climate. By taking us through two decades of post-socialist history, the authors-Dorothee Bohle and Beate Greskovits-enhance our understanding of the capitalist diversity in Europe's periphery and thereby also allow us to better grasp the challenges ahead. The authors declared objective is to explain the divergent pathways and consequent capitalist diversity in Europe's post-socialist periphery. Their study covers eleven East Central European countries, which they choose as case studies due to their relatively successful transitions (p.1-2). As such, this book is of relevance for students of political economy, East European history, and European integration. Its high attention to detail is balanced by a well-developed structure and concise arguments, making it accessible to a broad range of academic readers, from undergraduates to professional scholars, and interested non-academics alike.

Capitalist Diversity in Europe's periphery is not the first and certainly not the last attempt to deconstruct the emergence of capitalism in post-socialist Europe. Earlier writers made use of Hall and Soskice's popular Varieties-of-Capitalism approach; some predicting a convergence to one of the approach's ideal types developed in the seminal work, others claiming the existence of a third type of "dependent market economies". Bohle and Greskovits reject the feasibility of the Varieties-of-Capitalism approach in Eastern Central Europe altogether, and ground their analysis in Polanyi's work on capitalism instead. In developing their analytical framework, the authors exploit the self-destructive nature of modern market societies as emphasized by Polanyi (p. 9-17). As such, they put the "political" which has to convene opposing economic and social forces at the center-stage of their analysis. Throughout the book this framework allows the authors to convincingly explore the fragile nature of capitalism and its emergence, the role of the international as well as the national, and last but not least political agency. In all these respects, the Polanyi-inspired framework appears more fruitful than Varieties-of-Capitalism explanations; the authors substantially raised the bar for future work on post-socialist capitalism. In explaining the divergent post-socialist development the authors carefully establish similarities and differences between their case studies. What was common in all countries was first and foremost the determination to "leave the East" and "return to Europe"; fast, before reactionist forces could protract reforms. The authors argue that, without a precise understanding what exactly needed to be done, countries eagerly started their transformation to the one economic order which had stood the test of time, capitalism. The authors intelligently develop the importance of past legacies, including late state and nation building, late industrialization in the closed socialist economy, paternalistic welfare states, and a skilled but inefficiently employed workforce. While these legacies acted as constraints to reformers and induced a certain path dependency, Bohle and Greskovits highlight the role of ideational elements. These not only allowed reformers to address the great deal of uncertainty they faced, they also shaped the perception of legacies, with differing consequences in different countries. By the end of the 1990s, the authors conclude three distinct capitalist types emerged in East Central Europe: neoliberalism in the Baltics, embedded neoliberalism in the Visegrad countries, and neocorporatism in Slovakia. The second post-socialist decade in East Central Europe was marked by the accession to the European Union and a stronger integration into the world economy. The authors argue that the promise of and the eventual accession to the European Union has strengthened reformist forces through intellectual support and through increasing electorates' patience with at times painful economic adjustments. By and large, this meant a further pursuit of neoliberal agendas. As neoliberalism was already the predominant force in the countries which had assumed one of the three types mentioned above, it led to the consolidation of their development paths rather than to a change in direction. The same applies for increased foreign direct investment which pronounced existing economic patterns and encouraged further specialization. In contrast, Bulgaria, Romania and the Slovak Republic which initially lagged reformist strength gained increasing traction with accession to the European Union, and the authors see them follow the strictly neoliberal path of the Baltic countries. An outstanding achievement is the account Bohle Greskovits give to political agency. Building on Polanyi's understanding of self-destructiveness in market societies, the authors conceptualize political agency in a way that it has more explanatory power than purely structuralist approaches to socio-economic change that ignore ideational forces completely: "In order to link outcomes with inherited structures in a convincing way, actors' interpretation of legacies and the way these perceptions inform choices, and thus political opportunities and risks, must be factored in. This is especially true in the context of radical uncertainty, of which there has been plenty in East Central Europe." (p.261-2) Altogether, the authors present a convincing account of the transformation that East Central European countries went through after the dissolution of the Soviet Union. The authors' long lasting experience as scholars of East European politics is evident in the fine tracing of political developments and sharp understanding of underlying economic structures. The quantification of core indicators not only gives their works more credibility but provides the reader with a clearer picture of the social, political and economic conditions in the examined countries. In addition, the authors draw on established political economy concepts to support their line of argumentation. Besides Polanyi's work on capitalism, these include Peter Katzenstein's analysis of Small States in the World Economy as well as Immanuel Wallerstein's World System Theory. Apart from the Varieties-of-Capitalism approach which is addressed extensively, competing theories of Eastern European capitalist diversity have received little attention in Bohle Greskovits' book. However, there is no doubt that the full-fledged account of capitalist diversity in East Central Europe that the authors

provide is a worthy stand-alone piece. This work presents a milestone in the explanation of post-socialist transformation and capitalist diversity; it will serve as a baseline for further study on the region, and—as the authors wittingly note—their analytical framework might not only prove useful in exploring other formerly socialist countries but also some of the weakening economies of Europe's core (p.267-9).

With the collapse of the Council for Mutual Economic Assistance in 1991, the Eastern European nations of the former socialist bloc had to figure out their newly capitalist future. Capitalism, they found, was not a single set of political-economic relations. Rather, they each had to decide what sort of capitalist nation to become. In *Capitalist Diversity on Europe's Periphery*, Dorothee Bohle and Beate Greskovits trace the form that capitalism took in each country, the assets and liabilities left behind by socialism, the transformational strategies embraced by political and technocratic elites, and the influence of transnational actors and institutions. They also evaluate the impact of three regional shocks: the recession of the early 1990s, the rolling global financial crisis that started in July 1997, and the political shocks that attended EU enlargement in 2004. Bohle and Greskovits show that the postsocialist states have established three basic variants of capitalist political economy: neoliberal, embedded neoliberal, and neocorporatist. The Baltic states followed a neoliberal prescription: low controls on capital, open markets, reduced provisions for social welfare. The larger states of central and eastern Europe (Poland, Hungary, and the Czech and Slovak republics) have used foreign investment to stimulate export industries but retained social welfare regimes and substantial government power to enforce industrial policy. Slovenia has proved to be an outlier, successfully mixing competitive industries and neocorporatist social inclusion. Bohle and Greskovits also describe the political contention over such arrangements in Romania, Bulgaria, and Croatia. A highly original and theoretically sophisticated typology of capitalism in postsocialist Europe, this book is unique in the breadth and depth of its conceptually coherent and empirically rich comparative analysis.

"This is a long awaited book on the emerging capitalist systems in Central and Eastern Europe. Dorothee Bohle and Beate Greskovits set themselves a very challenging task: to comprehensively cover the capitalist diversity in 11 countries at a time when comparative research in the area is still at an emergent stage, and when detailed research on the individual countries is still in its infancy. They have achieved this masterfully. . . . *Capitalist Diversity on Europe's Periphery* is a superb book that should be on every reading list on Eastern European capitalism. It will certainly become a reference book on the subject as well as an agenda setter for future research in the area and beyond."—Silvana Cimpoca, *West European Politics* (June 2013) "Bohle and Greskovits see three distinct approaches: the 'neoliberalism' that characterizes the Baltic states and favors market efficiency over the other two concerns; the 'embedded liberalism' of the Czech Republic, Hungary, Poland, and Slovakia, which softens the pursuit of market efficiency and pays greater attention to welfare policies; and Slovenia's 'neocorporatist' approach, which seeks to cushion the effects of marketization on particular segments of society. In this tightly argued comparative study, the authors also explore how these three clusters of countries have dealt with their socialist legacies and with the imperatives imposed by a liberal global economy and the financial and economic crisis that it has lately generated."—Robert Legvold, *Foreign Affairs* (January/February 2013) "*Capitalist Diversity on Europe's Periphery* focuses on post-1990 East-Central Europe. . . . The result is an absolutely masterful analysis, sharply argued and beautifully written. I believe it is set to become a classic in the field of transition studies."—Stefan Sfallfors, *Perspectives on Politics* (May 2013) "Dorothee Bohle and Beate Greskovits examine the varying forms that capitalism has taken in east central Europe, offering a new typology of capitalist democracies informed importantly by the work of Karl Polanyi's early analysis of twentieth-century capitalist development in Europe. . . . The nuance and clarity of the analysis allow the book to engage multiple debates on postcommunist political and economic reform."—Hilary Appel, *Slavic* (Fall 2013) "Bohle and Greskovits . . . have given us a much better starting point for comparative analysis of the development of types of capitalism in the region they study than any other currently available."—Martin Myant, *Transfer* (2013) "Bohle and Greskovits have produced a generally solid comparative study of developments in former state socialist. . . . They have developed a comprehensive framework for explaining the divergences. . . . a much better starting point for comparative analysis of the development of types of capitalism in the region they study than any other currently available."—Martin Myant, *Transfer*, (March 2013) "*Capitalist Diversity on Europe's Periphery* is the most important book on the political economy of emerging Europe in a decade."—Mitchell A. Orenstein, S. Richard Hirsch Associate Professor of European Studies, The Johns Hopkins University, author of *Pensions, Social Security, and the Privatization of Risk* "The authors express a passionate commitment to liberal democracy, especially to its neocorporatist version. At the same time given their extensive knowledge of actual events they manage to stay away from far-reaching generalisations and paint a highly complex picture of the transition. While the diversity of crisis experiences raises a number of challenges to their theoretical framework, the overview of struggles during the past 20 years to combine market efficiency and popular support provides an important set of hypotheses regarding the future. The combination of deep theoretical and regional insights is likely to make the book a reference volume not only for scholars focusing on the region but also for those pondering the future of global

capitalism and democracy." ?Dora Gyorffy, Peter Pazmany Catholic University, Europe-Asia Studies(May 20, 2014)About the Author Dorothee Bohle is Associate Professor of Political Science at Central European University and the author of Europe's New Periphery: Poland's Transformation and Transnational Integration. Beacute;la Greskovits is Professor of International Relations and European Studies at Central European University and the author of The Political Economy of Protest and Patience: East European and Latin American Transformations Compared.