

**Martin Myant and Jan Drahokoupil:**  
*Transition Economies: Political Economy  
 in Russia, Eastern Europe, and Central  
 Asia*

Hoboken, NJ, 2010: Wiley-Blackwell,  
 391 pp.

The task of describing and analysing two decades of post-communist transition on two continents is far from easy. Martin Myant and Jan Drahokoupil, nevertheless, undertook this job and succeeded. Their book provides a compelling narrative of the changes this vast region has been exposed to on its path to a capitalist market economy. The book is structured into six sections. The first one deals with the historical period of state socialism and outlines the reform proposals from this period. The second section describes the shock of change from one politico-economic regime to another and how transitioning economies struggled through the transformation depression to recovery. Various policies and strategies adopted during the course of the transition are discussed in the third section of the book. The fourth section focuses on the state—its capacity, consolidation, economic role, and, last but not least, its welfare function. Developments in firms and businesses, including privatisation, are analysed in the fifth section. The last section concludes unconventionally by introducing an original post-communist ‘varieties of capitalism’ category.

Several specific points deserve attention. The book discusses transition in the entire region, but two country-cases—the Czech Republic and Russia—are presented in the most detail. Chapter 5 provides a theoretically and empirically eloquent critique of the Washington Consensus. What is, however, even more original is the informed discussion of the transition’s micro-level in the fifth section; the rise and fall of businesses in the region, the failure of neoclassical predictions, and the major drawbacks of privatisation are topics that make fasci-

nating reading. And finally, the crucial and emblematic part of the story is the discussion of how the Russian oligarchs came to their fortunes. The black market, illegal activities, and experiences in Komsomol before the fall of the old regime were the starting points for wealth accumulation. Once major possessions were acquired in an obscure way, the men of means were ready and willing to accept and promote the rule of law, thus cementing inequality and—to adapt Chang’s [2005] phrase—‘kick away the ladder’. This personalised story epitomises the essence of post-communist transition; a point to which I shall come back at the end.

The book can be assessed on three levels. On the first level, it provides a factually and empirically anchored account of the transition/transformation from a centrally planned to a market economy. This account is supported by massive statistical evidence; the amount of data in this book is indeed overwhelming. It is a book that every student and teacher of the post-communist transition will be glad to have in his or her library. The book certainly has its high academic value, but the meticulously composed texts, tables, figures, boxes, statistical appendix, and indexes make it a very good encyclopaedic course book, too.

On the second level, the book seeks to review the whole body of literature that has been published on the subject. The authors systematise the sources, confront them with their own findings, and discuss what relevance they have in the light of the presented evidence. This exercise is especially useful for the rather theoretical generalisations and interpretations that were often found to be (partially) out of tune with the post-communist experience. The authors apply a political economy approach and—based on available accounts and reports—try to reconstruct policy-making processes and analyse the role of various actors and institutions. This qualitative element makes the publication cred-

ible and distinguishes it from more conventional papers by international financial institutions that are often based solely on quantifiable data, trends, and indicators (often constructed in a biased way).

The third level, however, is missing. It is appreciated that the authors have adopted a modest approach—they are not making grandiose conclusions, they do not formulate abstract models, they stick to empirical data. The authors often point to the limits of their data and are very cautious about making strong conclusions. But the complexity of the picture they are painting and the absence of a central and explicitly stated thesis represent a drawback. It is not surprising in this context that the book does not contain a typical summary or conclusion chapter. It is perfectly possible that the authors have refrained on purpose from formulating a parsimonious thesis. They may believe this is not possible, as can be inferred from their major (anti-)conclusion, namely that there was no single post-communist variety of capitalism in the region [see also Bohle and Greskovits 2007; Pop and Vanhuyse 2004].

In the 'concluding' section of their book, Myant and Drahoukoupil present the most original part of their research. They (a) categorise forms of international integration and their preconditions, (b) define five varieties of capitalism in transition economies, and (c) discuss how the country groups have been doing in the current global crisis. The five varieties are the following: (1) FDI-based (second rank) market economies (V4 plus Slovenia); (2) peripheral market economies (the Baltic republics, Romania, and Bulgaria); (3) oligarchic or clientelistic capitalism (much of the Commonwealth of Independent States); (4) order states (CIS countries that underwent only limited reforms); and (5) remittance- and aid-based economies (a number of low-income countries in Eastern Europe and CIS). While the country group classification is intuitively plausible, placing it at

the very end of the book in the place of a conclusion, and on only a couple of pages, was probably not the best idea. While its connection to the preceding parts of the book seems obvious, readers would have probably appreciated it if the links had been made more explicit and the whole argument better incorporated, probably from the beginning of the book. Despite this criticism, the concluding part remains the book's most original academic contribution and provides very interesting material for further research.

Finally, the book provides implications that are not explicitly stated by the authors, but that might nevertheless draw some attention. Transition is rarely considered perfect and some mistakes are admitted, but the trend is assessed as generally positive by most international organisations, national leaders, and academia [see also Hellman 1998; Vanhuyse 1999, 2009]. However, in my reading of Myant and Drahoukoupil's book, transition definitely has not been a success story, but rather a failure. One of the most interesting observations in the book is that Belarus and Uzbekistan—countries often labelled as laggards and non-reformers—surprisingly did not perform the worst. While failing to exploit their full potential and having only limited ability to take advantage of international contacts, these two countries—in contrast to their obvious comparators—limited the costs of extreme liberalisation, of state breakdown, or of giving wealth to owners without the interest or ability to develop enterprises (p. 332). As controversial as this conclusion might sound to some, it clearly points to the fact that transition has been an open-ended process with multiple options and choices, a process in which the timing of the reforms mattered and in which things could have been done better or worse, or much worse.

The authors rightly suggest that economic reforms were often carried out for political and not economic reasons. Their

book is novel, among other things, for the attention it devotes to the role of interest groups [see also Hellman 1998]. When comparing transition to gradual and continuous modes of capitalist development (and accumulation), they make the crucial point that transition created room for novel forms of wealth accumulation based on gaining control over the resources that were created within the former economic system. This is probably the most distinctive feature of transition economies and this is what makes transition—to borrow the authors' adaptation of Shleifer's notion—"fundamentally predatory". Shleifer [1997: 228, 231] was sceptical about the Russian state and dubbed it fundamentally predatory, disorganised, hostile to growth, and coming to business with a grabbing hand. Myant and Drahokoupil aptly argue (p. 118) that such 'blanket condemnation of the state was used to justify giving property to individuals largely freed from the controls required to prevent them from becoming . . . "fundamentally predatory"'. In this line, I think the term can be used even more broadly for transition as a whole. Indeed, the book under review might be labelled an encyclopaedia of 'fundamentally predatory' transition.

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#### **Andrew Roberts: *The Quality of Democracy in Eastern Europe: Public Preferences and Policy Reforms***

Cambridge 2010: Cambridge University Press, 252 pp.

Social scientists who study the political processes in contemporary Eastern Europe (EE) and Latin America (LA) have placed an emphasis on the prospects and obstacles of successful transition to and consolidation of democracy. Attention has certainly moved away from linear assumptions of democratisation to the analysis of variant and divergent transition experiences in EE and the predicament of 'non-consolidation' in LA. A steadily growing number of empirical and theoretical studies try to first explain the asymmetries in and obstacles to democratic consolidation and achievement of a high quality of democracy. Debates have included the explanatory nature of: institutional design [Linz and Valenzuela 1994], socio-economic factors [Przeworski 1991], cultural heritage [Lipset 1981], international influences [Levitsky and Way 2010], 'social capital' [Putnam 2001], strong legislatures [Fish 2005], illiberalism [Easter 1997], and the role of the elite as the 'winners' of transition [Hellman 1998]. Our aca-