

Besnik Pula: *Globalisation under and after Socialism: The Evolution of Transnational Capital in Central and Eastern Europe*

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The conventional narrative of the post-socialist transition in Central and Eastern Europe (CEE) takes the fall of the Iron Curtain as a watershed moment. Previously, CEE was marked by an inefficient, autarchy-inspired planned economy futilely attempting to match the capitalist West. But after the collapse of the metaphorical drape's physical expression in Berlin, the end of history seemed in reach as democracy and liberal markets arrived in formerly communist Europe. While somewhat of a caricatural depiction, this understanding runs through numerous writings on CEE's transition period. For many, the socialist past is either an obstacle to successful transition or something irrelevant as policy-makers started from scratch in building market democracies on the ashes of the past.

In this captivating and clearly written book, author Besnik Pula corrects this narrative. Taking a comparative historical institutionalist approach, Pula demonstrates how socialist market reforms in the 1970s already shaped the institutional conditions for transnational integration during the transition. Pula discerns three types of 'protoglobalisation' which ultimately had a lasting impact on CEE's diversified integration into transnational networks of production. Firm-level ties with Western Europe particularly increased the ability of some post-socialist economies to deeply integrate, while the lack thereof constrained the opportunities of others. With this original analysis, Pula contributes to a broad institutionalist literature dealing with issues of stability versus change as well as to specific regional studies finding the sources of (varied) transnationalisation elsewhere.

To substantiate the relevance of his inquiry, Pula starts his book with a review of the Cold War and post-socialist scholarship (Chapter 1). Most critical is his view of the above-described transitology literature. According to Pula, it profoundly disregards past legacies, as if post-socialist reformers autonomously operated within a *tabula rasa* context when implementing market-liberal policy recipes. Problematically, the dominance of this view meant that both the pre-1989 globalisation history and more critical approaches to post-socialist transition got side-lined. Pula reinvigorates both literatures, but also departs from them.

Of these critical approaches, the materialist view argues that international integration was not independently pursued but imposed by a coalition of (domestic forces and) transnational capital. The idealistic variant stresses that the global neoliberal consensus destined the radical character of market reforms and legitimised its social consequences. Pula affirms the relevance of these critical perspectives, but, for him, globalisation was neither externally imposed nor preordained. Rather, domestic actors actively participated in globalisation, indeed under asymmetrical power conditions, but with their own influence on the process. Or as Pula puts it, by 'navigating at the margins and helping shape the articulations of globalisation' in order to adjust them to domestic conditions and objectives (p. 17). Similarly, Pula also brings the pre-1989 scholarship back into view without fully adopting its arguments. This literature sees socialist CEE as wedged into the semi-periphery of a capitalist world-system. Pula is sympathetic to the acknowledgement of CEE's prior participation in global markets, instead of being seen as submerged in an isolated Soviet system. However, Pula argues this functionalist perspective incorrectly treats CEE's domestic politics as a mere derivative of systemic dependency, and therefore obfuscates the possibility of transformative agency.

Pula's position in these debates crucially shapes his comparative historical institutionalist approach. For him, integration and institutional transformation are a 'series of cumulative but non-linear "punctuated evolutions"' (p. 5). This means that historical developments unfold in relative stability, only gradually changing until crises enable open institutional contestation and, accordingly, structural transformation. Legacies are a vital theme. Pula argues that these products of prior processes become causally relevant during crises, yet not as deterministic and everlasting properties but as constraints or conditions. Consequently, Pula sets out to trace historical sequences of events across his cases so as to establish clear, temporally ordered causal mechanisms.

The book's structure closely follows this ordering of events. To provide historical context, it starts with a background sketch of the early socialist past (Chapter 2). Specifically, Pula describes how CEE successfully industrialised and integrated into the Comecon trade bloc. The region, however, grew dependent upon the USSR for raw materials, capital, and technology, and socialist elites became increasingly aware of the limits of autarchy. Therefore, after Stalin's death, Khrushchev initiated reforms of both the planning economy and Comecon. Further intra-bloc integration and economic specialisation overlapped with Comecon's opening-up to the West. Liberalisation measures such as world market pricing were implemented within Comecon and CEE companies made the first commercial linkages with Western enterprise to boost trade and import advanced technologies.

The real change came, however, with the 'reform socialism' of the 1970s (Chapter 3). Pula argues that, in this 'crucially transformative decade' (p. 66), endogenous change coincided with key developments in the world economy, together enabling CEE's so-called protoglobalisation.

New geopolitical conditions (e.g. Ostpolitik) and the post-1973 stagflation induced the expansion of Western firms into CEE. Moreover, offshore eurodollar markets enabled almost unrestricted borrowing for CEE to finance its imports. Yet, the socialist countries took different approaches to these structural opportunities. In the 1960s, CEE experimented with market socialist reforms, but while domestic pressure for change was strong in Czechoslovakia, Hungary, and Poland, it was weaker in Bulgaria and Romania. Not just the intensity but also the longevity of market socialism varied. For example, Czechoslovakia's domestic reforms and outward orientation halted with the 1968 Soviet invasion, whereas Hungary moved up its gear with the New Economic Mechanism. Correspondingly, each country engaged differently in the world economy. Next to Slovenia's atypical Yugoslavian experience, Pula discerns three paths: import-led growth (Hungary and Poland), Stalinist globalisation (Romania), and Comeccon integration (Czechoslovakia and Bulgaria). These varieties of protoglobalisation led to crucially different legacies conditioning the post-socialist reforms. To illustrate this, consider Hungary for the highly globalised scenario. Among others, Hungary introduced profit-making for assessing company performance and decentralised trade decision-making to industrial authorities. Having greater incentives and more autonomy for outward orientation, Hungarian companies laid strong organisational linkages with Western enterprise. This, Pula argues, was a crucial comparative advantage for deep transnational integration in the later transition period.

With the book's main narrative in place, Pula shows empirically how exactly protoglobalisation structurally conditioned the integration processes unfolding once communist rule started to crumble (Chapter 4). Moreover, these processes culminated into the distinct market or specialisation roles in transnational production networks

that the CEE countries subsequently assumed (Chapter 5). For me, the main contribution of *Globalisation under and after Socialism* lies in these two chapters. Equipped with a diverse methodological arsenal, Pula offers a novel and persuasive interpretation of the region's developmental history and present-day roles in transnational production networks. By combining empirical rigour with theory-building, Pula's ideal-types direct our attention to other structures of CEE's political economies. The historical institutionalist account is, however, not deterministic but conforms to the idea of change by punctuated evolution. Namely, Pula argues protoglobalisation only conditioned the political agency during two critical junctures, which itself was necessary to institutionalise the transnationalisation differences (Chapter 6). Put together, Pula thus contributes to specific regional studies and the wider institutionalist literature.

So, what exactly are these contributions? Starting with protoglobalisation (Chapter 4), Pula argues its legacies provided continuity during the uncertain years when CEE embarked on FDI-led development policies. In contrast to existing explanations emphasising production costs, policy preferences, cultural affinity or industrial complexity, Pula maintains that organisational ties with Western firms explain uneven transnational integration. Although even the import-led models had limited success, they did provide domestic enterprise, as a by-product, with the necessary experience and connections to later effectively integrate in global networks. Pula convincingly demonstrates this by correlating data on the interfirm agreements of the socialist period with FDI patterns in the 1990s. Those with tighter prior relations witnessed more joint ventures and, correspondingly, a higher influx of foreign capital. The Czech outlier case, which had few interfirm agreements but high FDI-levels, is credibly explained with domestic

contingencies—namely, a limited number of enormously lucrative privatisations.

Then, Pula provides evidence for how protoglobalisation structured the likelihood of success of FDI-development strategies (Chapter 5). After outlining common factors for these strategies, Pula designs a structural measure for transnational integration based on the degree of external dependency on investment, product demand, and technology. Summarising his findings, Pula argues there were at least two alternative paths of transnational integration leading to three distinct international market roles. The paths direct our attention to the speed and intensity of export specialisation and the unfolding FDI reliance. Yet, the roles are most interesting. Capturing the structural position of domestic industry in transnational value chains and the sophistication level of export sectors, Pula distinguishes between assembly platforms (Hungary and Slovakia), intermediate producers (Czech Republic and Slovenia), and combined roles (Bulgaria, Poland, and Romania). Simply put, the first group refers to the most asymmetrically dependent economies, because they 'serve primarily as a site for downstream, low-cost, low-skill assembly of foreign inputs, relying primarily on imported capital goods' (pp. 155–156). The second type, in contrast, is 'an exporter of sophisticated manufactured goods' (p. 156) with larger domestic value-added activities and higher domestic ownership of export sectors. The combined role falls in between, as its roles differ across economic sectors. Further substantiating his framework, Pula links his typologies to domestic institutions and policies such as innovation and employment protection and validates his categorisation of the cases empirically.

Pula's convincing argument sheds new light on the developmental differences across CEE and confronts existing explanations and regional classification schemes. The only criticism I would level against

this book refers to how it ends. The remaining chapter and some elements of the conclusion appear less convincing. For me, Pula certainly contributes to institutionalist scholarship and regional studies, but the latter part unfortunately upsets the strength of the book's overall narrative. In Chapter 6, Pula moderates the protoglobalisation legacy. Discerning externalist and internalist policy orientations, his analysis demonstrates how differences in privatisation and FDI policies in the early 1990s structured the tenability of the outward-oriented policies commonly pursued from the second juncture later that decade. Choices made during the initial critical juncture thus produced new path-dependencies with different effects. Problematically, while this means Pula stays in conformity with his nuanced theory of institutional change, his original argument becomes less significant. Transformative agency not only affirmed the institutionalisation of market roles, the reform politics of the two critical junctures appear as considerably more meaningful for integration outcomes than protoglobalisation. Because these causal mechanisms are already well-established in the literature, the relevance of Pula's principal argument decreases.

Furthermore, the final analysis not only reduces the seriousness of interfirrm relations with the West as a key condition for transnationalisation outcomes. In fact, some cases only thinly support the explanatory leverage assigned to the argument of transformative political agency. For example, Pula convincingly demonstrated how the Czechs, for contingent reasons, suddenly attracted high levels of FDI, thus overcoming their disadvantageous position. However, apart from some discussion of domestic ownership and party politics,

little is offered on why various Czech governments pursued particular policy paths. Ideology, electoral anticipation, and employer interests are quickly invoked to explain variations in education policy, but similar arguments clarifying general political economy trajectories remain absent. Another example is the Slovak case. Pula argues trade unions substantially influenced the drawback against radical neoliberalism in the 2000s. However, this mechanism is merely asserted. The case study neither provides evidence for this link nor considers alternative explanations.

Finally, the book gives much insight into production and trade, but little into domestic distributional conflict. True, Pula shows how early and swift globalisers became the most asymmetrically dependent, but the typologies do not improve our understanding of socioeconomic struggle, electoral cleavages, or political mobilisation as factors of change. In fact, the welfare state and distributional issues are largely overlooked. The cases also say little about the interaction of state-business elites and its effects on the formation of economic strategies. The concluding discussion only lightly touches upon economic nationalism and (populist) distributional politics, leaving vital questions about recent institutional transformations unanswered. Hence, the book hardly strengthens our understanding of contemporary politics and the functioning of the CEE political economies. For me, therefore, despite its great merit in regard of previous decades, it somewhat loses on scholarly and societal relevance.

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