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Sznajder Lee, Aleksandra, *Transnational Capitalism in East Central Europe's Heavy Industry. From Flagship Enterprises to Subsidiaries*. Ann Arbor, MI: University of Michigan Press, 2016, xiii + 302 pp., \$75.00 h/b.

ALEKSANDRA SZNAJDER LEE'S BOOK BRINGS ACADEMIC ATTENTION to bear on the Eastern European steel industry. Heavy industry was one of the core components of communist industrialisation policy and the steel industry was its flagship. This led to an oversized industrial sector in most postcommunist countries, a sector that later experienced a turbulent transition to capitalism. The author focuses her efforts on the transformation of the steel industry in the Czech Republic, Poland, Romania and Slovakia.

In the introduction, the author argues how the steel industry became a controversial and risky issue following the demise of the communist system. The specific contextual issues of steel enterprises in former communist countries—such as geographical location, technology and the social implications of restructuring – are introduced in the larger context of the European Union's own restructuring of the sector, and the concept of state capacity is brought into the discussion. The author defines state capacity as 'the power of the state apparatus to penetrate the economy and society to regulate and oversee the functioning of economic processes, collect taxes, and ensure that market abuse does not take place' (p. 23). Finally, the author presents her collected data and selected cases here.

The second chapter focuses on the goal of restructuring the steel industry within the larger frame of EU integration, relating this to the state capacity of each country analysed. The author observes that the initial policy choice was overwhelmingly determined by domestic factors, in particular organised labour, which was relatively strong, and by managerial pressures. The state's capacity to undertake reforms is framed in the context of communist legacy, one of the book's most important contributions. The analysis is undertaken at three different levels: enterprise, sector and the national – international nexus. External pressures are added to these levels of analysis in order to provide an accurate picture of the reform process in the steel sector.

The third chapter outlines how the steel industry was partially reformed in these four countries during the transition period. The chapter begins with a description of the main characteristics of the steel industry, followed by recommendations for restructuring based on sectoral studies in each country. The most important suggestions for restructuring and recommendations, usually made by foreign experts, are followed by a description of the actual reform pathways followed by post-communist governments. The author rightly emphasises that steel industry reform was 'embedded in the broader transition pathways of these countries' (p. 51), and shows how the initial policy choices became self-sustainable, and how successive governments devolved the responsibility of restructuring to enterprise management.

The fourth chapter takes as its subject the interactions between the managers of steel industry enterprises and the state in the restructuring process. Sznajder Lee frames her research in the managerial prestige maximising theory, showing how enterprise managers preferred to preserve their power and influence rather than pursue genuine restructuring strategies. The cost of steel correlated with the state capacity was a consequence of this approach. The author concludes that the lower the state capacity, the higher the cost for the taxpayer. While describing the very real fact of the power and capacity of post-communist managers to manipulate the state, this conclusion does not take into account all relevant aspects. For example, the oversized Romanian steel industry was built during the communist regime as part of an irrational project to industrialise the country, and

without proper consideration of the required resources or actual demand. This was not the case for the Czech Republic, a country with a much longer industrial tradition. However, the conclusion above does allow for a better understanding of the influence of the communist legacy on the transition period.

The fifth chapter introduces labour to the already complex restructuring equation. The findings suggest a relationship between the strength of unions and their support for reform. In the countries with a stronger workers' movement tradition – the Czech Republic and Poland – the unions were supportive of reform, in some cases even if the government was not taking the initiative. By comparison, in countries with weaker unions – Romania and Slovakia – unions actively opposed reforms, shielding the managers and local interests against restructuring efforts. The author considers that the case studies described support the correlation between quality of democracy and state capacity. While social dialogue is a significant prerequisite for democracy, it is probably overstretching the argument to draw this conclusion based on union attitudes towards reform after more than four decades of communism.

The sixth chapter brings external actors into the discussion, and describes the process of completing reform under the influence of external financial institutions and the EU. The author concludes that the capacity of each state was central to this process. In the case of Romania, the International Monetary Fund acted as a significant driving force in the restructuring process. In the Slovak case, international financial markets pressed the government to act, but the country's stronger state capacity was sufficient to avert these pressures. In the cases of Poland and the Czech Republic, the EU was the propelling force behind their convergence with transnational capitalism. Both countries had sufficient state capacity to resist EU reform pressures, until EU regulations finally brought the journey towards transnational capitalism to an end. In the conclusion, the author puts the steel industry into a comparative perspective, briefly discussing Russian state capitalism and Western experiences of restructuring the steel industry.

The book makes three important contributions to the academic literature. Firstly, it shows how communist legacies have shaped the transition to capitalism in these countries and offers a balanced perspective on state capacity to implement reform, showing how a stronger state capacity can be a 'double-edged sword' by enabling 'political actors to shield enterprises from market pressures and promote political and personal preferences that are potentially inefficient' (p. 2). The author also observes how a weaker state capacity has enabled massive rent-seeking at the taxpayer's expense. Secondly, the book shows the influence of steel industry managers on restructuring efforts, and how successive governments preferred to devolve responsibility to the managers rather than making difficult decisions themselves. Thirdly, the author identifies different enablers of reform that finally led to the same outcome in all four countries—transnational capitalism. It is worth observing that all these enablers were external; thus, it can be concluded that transnational capitalism in Eastern Europe is, at least partially, the result of external pressures rather than internal evolutions.