

Book reviews

Marie Lavigne, The Economics of Transition. From Socialist economy to market economy, Palgrave, 1999, 328 pages, Second Edition
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This is now - after two reprints - the second edition of a highly successful book. The subject of Lavigne's book, the transition from a socialist to that of a market economy is very broad in many respects. Dealing with, geographic, historic, political and economic, aspects of the question, as well as key practical issues relating to the transition, in one volume, is no easy task. However she manages to cover the subject matter, providing a solid basis for the understanding of the various issues at hand.

The book is well set out, clearly written, full of informative tables; the points are well argued and tightly presented. The material is presented in an accessible and logical manner. Nevertheless it has to be stated that it will include some surprises for mainstream economists, who might expect a "transition model" within the familiar framework of the economist's toolbox. The Lavigne approach is clearly embedded in the institutional way of economic thought.

It is a first class textbook and a great introduction to this question.

The book is divided into two parts, the first deals with the past, and the second with key issues related to the transition process. For the students of today it seems to be inevitable to have the first part on historical developments under the planned economy, as the cold war was hardly part of their biography. This part also prepares the economic collapse and the understanding of the state we are in at the moment. The second part on "Transition in the making" is divided into five sections. The first section looks at the anatomy of the collapse of the system. Then follow the usual three headlines of economic transformation: Stabilisation, privatisation (in Lavigne coupled with structural reform) and liberalisation (in Lavigne called "reintegration"). The final section asks for a theory of transition. Here the second edition differs from the previous edition in that it asks, "when is transition over?". The striking answer is that for many of the transition countries transition might never be over in the sense as some of them might find themselves stuck in long-term stagnation and rising poverty.

In terms of changes to improve the book, if another edition is set to come out, presumably it will want to deal with current questions, which will lead to the removal of details of measures, treaties, blocs and so on in part two of the book. The economic analysis of issues especially when it comes down to dealing with the workings of productive units could be developed further. Even though the significance of political influence on the various organisations within the planning system was undoubtedly highly influential, an analysis of the

economic setting for the analysis would be useful. We take the Lavigne point as stimulus for case studies to be undertaken by our students.

A very good book indeed.

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Zloch-Christy, Iliana (ed.), *Eastern Europe and the World Economy: Challenges of Transition and Globalization*, Northampton: Edward Elgar, 1989, 291 pages

In her *introduction* Iliana Zloch-Christy considers globalization as ‘one of the most interesting trends in the world economy (...) The main goal of the proposed book is to assess the transition problems and to establish a basis for better understanding of the directions in which economic and political changes are expected to develop and for assessing their scope’ (1). Questions are raised about the present stage of economic development in Eastern Europe; the main trends in global and regional development strategies and government policies, as well as progress in privatization and foreign investment; the relations of Eastern Europe to international organizations and the European Union; and the challenges to business and government activities in shaping economic development.

Four parts structure the book. The first part concerns the developed economies. In ‘*Charting the Future: Industrial Governance Structures and the Political Economy of High Technology in the USA*’, Thomas D. Lairson takes up the old question of market versus state. He uses his case study of the US (Defense) Advanced Research Projects Agency and its approach to accelerate innovation in semiconductors and computer architecture in the Very Large Scale Integration Program to theoretically reflect on the role of governments as an element in the governance structure of high technology industries.

In ‘*Economic Nationalism and the Global Economy*’ Robert T. Kudrle provides a neoclassical reflection on the development of GNP under restrictions on production factors capital and labor, as well as flows of goods and services. He also takes up issues such as national security, outflow of skilled labor, etc., which have more than a means-end rational dimension and touch the sphere of values and ethics.

The second part of the book considers the Eastern European economies. In ‘*Post-communist Europe: Privatization and the Second Fundamental Theorem*’, John McHale argues that post-communist reformers and their advisors should