

MAU, VLADIMIR: FROM CRISIS TO GROWTH. London: Centre for Research into Post-Communist Economies, new series, no21. 2005. 305 pages, price: 25 pounds, ISBN 0-948027-44-4, paperback, no index

It is always intriguing to read monographic assessments of controversial issues of development where the author can go beyond the limitations imposed upon him by the constraints of a journal article, or by the editors in case of the currently predominant collective volumes in the academic market. Russia has always deserved particular attention by virtue of being the largest and most powerful country of Europe and the former second pole of international relations in the post-world-war II period. Russia has always been perplexing her students, domestic and international, by her unforeseeable changes and unexpected outcomes, defying most expectations, rational or else, developed in the community of academics and policy-makers alike. More recently, the sustaining growth rates, well above 6 p.c.p.a, the ebbing of inflation to about 13 per cent in 2005 and single digit by 2006, the sustaining current account surplus, running up to 25 per cent and more of Russian export revenues by the year all surprised analysts trained in the overall gloom and doomsday scenarios of the 1990s. Likewise, consolidation and even the strengthening of centralized power structures under the first and second Putin Presidencies have dispelled claims of inherent chaos, disintegration and decay of state structures. All in all, while many analysts consider Russia to have become „just a normal country”/Shleifer-Treisman, 2004/, the dissimilarities of Russian development from the mainstream, exemplified by the new EU members of Central Europe, has become striking indeed by the middle of the first decade of the 2000s.

The author of the present volume, Rector of the Academy of National Economy, adviser to the President and one of the most prolific authors in the Russian academe has attempted the impossible: giving a comprehensive account of the still open-ended process of Russian transformation in a mere 300 pages. This is daring, since Russia is interesting not only on her own right, but – for most analytically minded social scientists – an example of a misconceived, failed, or in any account unconvincing attempt at social engineering, that may serve as a deterring example for the rest of the world of how not to introduce a market economy/Stiglitz, 2002, Gray,2005/.

Mau, as a frequent conference goer, is obviously aware of the challenge, thus aims at several audiences, while relying upon the insider knowledge of the observing participant. Capitalizing on his countless articles and several previous monographs, published not only in Russian, but also in French and English he paints a landscape with a broad brush. He adopts a conventional line of presentation, by dividing his arguments in three major blocs: history, future challenges and policy implications. He has interesting and controversial points to make in each of these areas.

In part one he underscores a basic feature often neglected by outsiders, namely that the change of the system in Russia/and elsewhere/ was not an outcome of „public choice”, but of a historic cataclysm, triggered by the cumulation of a series of crises. By the same token the room for social engineering has been limited until recently. Whatever were the

projects of the „system designers” these could hardly influence the outcomes in such a straightforward manner, as more theory minded observers would have expected. In chapter three he characterizes Russian changes as revolutionary that explain most of the features blamed by outsiders on policymakers, such as the weak state, the collapse of output and the sustaining lack of rule of law. In chapter four he argues that financial stabilization was indeed a precondition for growth to resume. While the author is positive on most of the substantive – democratic and economic - features of the Constitution adopted in December 1993 upon the aftermath of the violent crushing of the Supreme Soviet, pp133-138 calls for the preservation of a functioning constitutional order, which seems legitimate against the background of ongoing policy improvisations. He addresses in a separate Chapter six the role of foreign assistance, and proves/pp156 - 160/ its limited if any role in shaping outcomes, particularly in large countries like Russia.

Part Two is devoted to issues of economic growth and social development. He calls attention to the time dimension of change: the broader the institutional changes, the longer time it will take until the outcome of these become palpable in terms of quantitative indicators. Still, without adapting to changes -i.e pain – no gain is feasible. On the other hand recovery of previous levels of output – which is still has some way to go – is not to be mixed up with conditions of sustainable development, that need to be created in addition. Adjusting and antiquated economic and social structure, inherited from socialism, to the requirements of post-industrial development was bound to take time. The role of the state/pp199-212/ in this phase is not so much to pick winners than to create side conditions and institutional arrangements for development, such as stable property rights, low inflation, investment in public health and education, managing long overdue judicial and military reforms and the like. However the author cautions against mere copying of solutions preexistent in most advanced societies and impractical.

Finally Part Three is devoted to elaboration of policies that may be conducive to sustaining growth. These include tax and budgetary reforms, deregulation and cutting back red tape, introducing competition where previously „natural monopolies” existed and financial sector reform. While one can not but agree with the normative view, it is hard to overlook, that all international observers, from OECD to EBRD and The Economist Intelligence Unit tend to have found miniscule if any progress in each of the listed areas in the 2000-2005 period, while rule of law considerations obviously have been de-emphasized in a policy focusing on re-establishing central power against the regions and the oligarchs. Mau dwells on yet another controversial policy area, that of WTO accession and partial adjustment to the EU acquis in a separate Chapter 10. While in terms of the former he sees no need to hurry/p254/, in terms of the latter he is more upbeat. On pp262-270 he calls for a selective unilateral adoption of EU rules that may serve as a point of orientation in shaping the more technical fields of regulation. The concluding Chapter 11 assesses the prospects of economic change under conditions of „one and a half party democracy”, which the author considers to be a defining/lasting feature of Russian development. He shows /pp282-286/ that lack of consensus in terms of values and strategic orientation among major social groups in Russia render unlikely the prospect that Russian democracy and market economy be identical/overlapping with western mainstream equivalents. However, not being an adherent to universalists

approaches he does not consider this to be a major problem. The book closes with a critique of the governmental line of „protecting achievements”. Instead he advocates further radical reforms, particularly in the financial institutions and governance, both at the level of public policy and the corporate levels.

The book can be read in two different ways. If one looks it through a narrow angle of technical economics, the spectrum as well as the language can be found as too broad, abundant with overgeneralization about history, revolutions and legal systems. References are patchy, statistics serve merely illustrative purposes in several places. Also a concluding chapter should be addressed to the general reader, not to the policy-maker, offering academic rather than policy insights, highlighting the specifics/value added of the monographic contribution. But this may be too high-browed, indeed. If, however, we look the book through the glasses of policy analysis, this is perhaps the best summary of the Russian economic and political developments of the 1990-2005 period, presented in a condensed fashion and in a readable style. It is interesting to the expert, still accessible to a broad spectrum of social scientists. A welcome contribution to the literature. The publisher deserves praise for the fast production, not however for the quality of the book, carrying features of samizdat, such as the lack of index and lacking page numbers in the contents.

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