

Libor Židek, From Central Planning to the Market. The Transformation of the Czech Economy, 1989-2004.

Central European University Press, Budapest, New York 2017. 520 pp. ISBN 978-963-386-000-7.

People who are looking for facts and figures concerning the transformation of the Czech economy but are unfamiliar with the Czech language should definitely put Libor Židek's book on their reading list. The volume mainly deals with the Czech economic transformation, covering a wide range of topics such as financial policy, the labor market, and property relations. Moreover, it provides information on the transformation's historical context and political background, including the country's EU accession process. Two separate chapters on the economic reforms in Poland and Hungary offer a comparative perspective, discussing the countries' economic situations at the end of the socialist period as well as their privatization strategies. The book's most significant conclusion is that the Czech economic transformation was a "success story" (p. 445), although it is mentioned from the start that there were "numerous problems and difficulties" (p. XXIX). Another recurring theme is that one of the most difficult challenges of the transformation period was to overcome values and habits originating in the socialist system. Moreover, the author emphasizes that politics and the economy in the transformation process were heavily intertwined.

A closer examination and evaluation of Židek's book requires two preliminary remarks: First, it is important to note that the author has already published a Czech-language monography on the same topic, albeit more than ten years ago. However, this older book¹ is not mentioned in the bibliography. Not only are the structures of the two volumes very much alike (apart from the two comparative chapters on Poland and Hungary), but also a substantial part of the Czech original seems to have been only slightly modified and then transferred to the English version. Considering the number of stylistic flaws, this English version appears not to have been professionally proofread. Second, readers should be aware of the fact that the book was written by an economist and not by an economic historian. Thus, one cannot expect a lot of original findings derived from archival or other sources from the time in question.

Židek starts with an overview of the economic situation at the end of the 1980s, highlighting generally acknowledged factors which led to the failure of the planned economy (e.g., collective ownership, problematic industrial structure). Turning to political development during the transformation period, the author points out that economic reforms could not have been realized without the support of society. Subsequently, the author refers to the main scenarios for economic reforms: third way, socially oriented market economy, and liberal. He concludes that the liberal approach prevailed, but that the actual reforms were "certainly not as liberal as its authors publicly claimed" (p. 59), following an interpretation that is widely accepted

¹ Židek, Libor: *Transformace české ekonomiky: 1989-2004* [The Transformation of Czech Economy: 1989-2004]. Praha 2006.

and used in historical research. These actual reforms and their impact on basic economic indicators (e.g., unemployment, inflation) as well as the Czech integration into the world economy are further essential parts of the analysis. Moreover, all these topics are examined with regard to the monetary crisis and its economic and political consequences in the second half of the 1990s.

This also holds for the transformation of property relations and for the various steps of the privatization process, to which another chapter of the volume is dedicated. Extensively covering all main steps of the privatization – restitution, small and mass privatization – this chapter is based on the proposition that it was only during the transformation period that “private entrepreneurship was not illegal any more” (p. 69). However, this is not entirely true when we consider that the *Zákon o státním podniku* (Law on state enterprises) allowed private leasing of restaurants, bars, and stores from 1988 on. Closely related to the privatization process, the banking sector, stock exchange, and the role of enterprises during the transformation are also covered. In doing so, the author deals with two of the most problematic fields of the economic reforms: lax credit policy and slow bank privatization.

Židek rounds off his analysis of the Czech economic transformation with a more general issue: the development of formal and informal institutions and various conflicting opinions on how and when these institutions should have been created in the course of the transformation process. Using the privatization process as an example, he states that it would have been disadvantageous to first create perfect formal institutions and then start the privatization process, as such a strategy would have postponed the privatization process “probably indefinitely” (p. 358). A fairly positive assessment of the economic transformation can also be found in the final chapter of the volume, in which the author explicitly aligns himself with the reformers who formulated and realized the reforms back in the 1990s.

People familiar with the Czech economic transformation will know that the available data and information are often inconsistent. Bearing in mind and also explicitly mentioning this fundamental problem, Židek offers a large and profoundly researched number of statistics and facts concerning the transformation, which makes the book a useful reference for scholars in search of such material. Moreover, the volume gives a thorough overview of (research) positions regarding the Czechoslovak economic transformation, both from academics and from politicians and economists who were involved in the process, which is particularly valuable for an audience not familiar with Czech. Another positive feature is an extensive bibliography, primarily including literature from the 1990s and early 2000s.

However, the volume’s main strength – as a helpful reference book – comes along with a number of drawbacks: both the abundance of facts and figures and the detailed renarration of other authors’ positions give the book a lengthy and repetitive touch. Furthermore, the views of authors directly involved in the process (e.g., Václav Klaus and Dušan Tříška) and the positions of scholars who ‘only’ commented on it are (mostly without explicit differentiation) presented next to each other. Altogether, a more targeted choice of references would have been an advantage not only in a stylistic sense, but also in an analytical one. This would have provided more room for a deeper analysis of certain aspects. For example, Židek mentions that there

were two scenarios within the economic transformation, one suggesting a shock therapy and one suggesting a gradualist approach. Without giving detailed information on the exact content of these proposals or on how these proposals competed with one another, which would have been quite interesting, the author then turns towards the final reform program. Another topic that is only briefly mentioned is legal loopholes and their impact on the transformation process. This issue would have been worth further elaborating and linking to concrete examples.

Nevertheless, Židek's book is a valuable option for an international readership interested in the Czech economic transformation. Moreover, offering a large number of facts and figures and being based on a wide range of secondary literature, it is a good starting point for anyone who wants to 'dig deeper' into one of the various aspects of the economic reforms and of the overall economic development in the 1990s. In fact, there is still a lot of untapped potential for research on the transformation of the Czech economy and, more generally, on the evolution from socialism to post-socialism. Such research could (or maybe even should) be historically oriented and source-based, focusing on what happened during the transformation – not only on a factual, but also on a discourse level – and abstaining from writing a story of success or a story of failure.

Berlin

Eva Schäffler