

causes behind this phenomenon. A wide range of intriguing examples offered by authors with various backgrounds will send a clear wake-up call to both academics and policy-makers that 'history has *not* ended' and democracy is not something we should take for granted. More than two years have passed since the authors completed their papers and the 'various threats to democracy' pointed out throughout the book have come to loom ever larger. According to the Democracy Index of the Economist Intelligent Unit [EIU 2017], which the editor used to describe the plight of democracy in 2016, the world was faring much worse in 2017: 89 countries experienced a decline from the previous year, many of which include downgrades from 'hybrid regime' to 'authoritarian regime'. And even at the time of my writing (January 2019), the two oldest representative democracies—the UK and the US—are experiencing legislative gridlock over the Brexit withdrawal bill and the budget for Trump's border wall, respectively. These events make the book ever more relevant, and it is particularly recommended for students of public policy and comparative politics.

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Hilary Appel and Mitchell A. Orenstein:
From Triumph to Crisis: Neoliberal Economic Reform in Postcommunist Countries

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Within the simultaneous challenges of post-communist transitions, the construction of liberalised markets was typically forecast as impossible or, at best, as limited to specific windows of opportunity. Yet, post-communist countries have devised complex strategies to bypass the hurdles [Vanhuysse 2006]. And as Hilary Appel and Mitchell Orenstein's book shows, the region in fact exhibits a puzzling high embrace of neoliberal policies (p. 3). What is more, as the authors explore in great detail, this process did not unfold through a string of stand-alone episodes driven by right-wing power holders. Rather, because of an almost complete lack of prerequisites for functional markets, virtually all post-communist state-makers pursued neoliberal policies (pp. 2–5). According to Appel and Orenstein, the explanation rests on the underexplored process of 'competitive signalling', wherein the desperate need for capital galvanised the adoption of a globally hegemonic 'neoliberal consensus', above and beyond other transnational options or internal partisanship (pp. 4–6).

To begin with, the book parts with traditional transition studies by arguing for a clearer emphasis on the 'imperative of reinsertion into the global economy' (p. 5), rather than the more amorphously defined state-making-marketisation duality. Though the collapse of communism implied a high degree of institutional disintegration, Appel and Orenstein argue that at least a modicum of statehood did persist, whereas markets had been all but completely cut off for four decades (p. 16). Further urgency came from the fact that relatively similar economies across no fewer than 27 countries emerged all at once on

the global scene, all desperately requiring FDI, but possessing very few distinct competitive advantages and suffering a time-gap vis-à-vis other developing economies that had already been liberalising for a decade (p. 49). On a superficial level, against this highly uncertain background, neoliberal policy-making seems easily explainable: owing to the dire need for capital, post-communist countries simply had no choice but to accept whatever agenda was being pushed by the largest international creditors (p. 91).

On a deeper level, however, neither conditionality nor conventional arguments from the internationalisation literature (pp. 13–20) seem strong enough to explain why the ‘Washington Consensus’ neoliberalisation phase of the early-mid 1990s (Chapter 2) and the EU-mandated agenda of the late 1990s–early 2000s (Chapter 3) were followed by a seemingly voluntary stage of ‘avant-garde neoliberalism’ (Chapter 4). According to Appel and Orenstein, a more potent explanation lies in elite agency. Rather than being passive rule-takers, post-communist state-makers proactively used neoliberal policy-making to eke out a competitive advantage in attracting FDI. This is, of course, not a new theoretical concept: elite agency and proactive preference-shaping by post-communist policymakers were at the heart of Vanhuysse’s [2006, 2007, 2009] studies of social policy. The way this worked in FDI was by ‘signalling’ the readiness of the economic-institutional environment of their respective countries to host, use, and develop FDI. If in its broadest sense ‘neoliberalism’ is a transnational policy paradigm comprising ideas about economic policy-making designed to develop unencumbered market economies (pp. 9–11), then competitive signalling through its emphasis on ideational constructions offers more wide-reaching explanations than any functionalist arguments.

The strength of the mechanism is twofold. On the one hand, it centralises the

policy environment to the detriment of structural variables in attracting FDI (pp. 127–131). On the other hand, it allows for a more fluid understanding of why and how governments on opposite sides of the political spectrum continued to push forward with neoliberal projects (pp. 44–50). This raises complex criticism of conventional transition theory, which, in its classical form, either totally ignores transnational developments (p. 178) or, when it does integrate them, takes a mechanistic approach wherein the transnational is just superimposed or leveraged against the national (p. 179). Quite clearly, because EU conditionality could not have been foreseen by the early 1990s literature (p. 180), the authors rightfully note that the strength of the mechanism lies particularly with the avant-garde, post-membership phase (Chapter 4). Notwithstanding, the strong point remains that competitive signalling opens up a research agenda in which the national and the transnational are co-constitutive.

Yet, though the book does erode deterministic views on the national-transnational interaction, some lingering gaps remain. For instance, the emphasis placed on the instrumental use of signalling downplays any intrinsically derived preference for neoliberal policy-making. While Appel and Orenstein do indeed note the role of transnational networks of reformers (pp. 46, 115), this is not fully explored and only given secondary causal weight. This is problematic because the ambiguous umbrella concept of ‘neoliberalism’, comprising both proven and experimental ideas, may have in fact dissuaded post-communist policymakers who, already faced with high uncertainty, may very well have opted for more straightforward transnational templates. Consequently, for signalling to accrue strength over time, despite failures and across partisan lines, it may have fundamentally required a complex process wherein ‘neoliberalism goes local’ [Ban 2016]. Such a nuanced take on national

agency does not invalidate the thrust against conventional transition studies or functionalist diffusion. Rather, it pushes the comparative ethos further by potentially shedding new light on the ebb and flow of differences in degree and in kind within policy-making agendas across post-communist countries (which is a self-admitted limitation—pp. 184–186).

Broadly speaking, the ‘Washington Consensus’ phase in the early-mid 1990s consisted of three major pillars: stabilisation, liberalisation, and privatisation (p. 39). The thorny question for the newly emerging post-communist economies was that while neoliberal reform opened up the possibility for development and potential growth, it also held the distinct prospect of unleashing job insecurity and the related social problems (p. 41). The key problem was that while in theory freed markets would reallocate labour more efficiently, this would require time and capital, the latter perhaps being in even greater short supply than the former (p. 36). Taken together, drastically rising inequality (pp. 39–41) and structural obstacles make it even more perplexing that, even above and beyond partisanship, most post-communist countries had cut subsidies, liberalised trade and currencies, and embarked on complex privatisation by the end of the 1990s (pp. 38–39). An extremely important facilitating factor was the fact that an otherwise small group of domestic neoliberals managed to leverage their transnational connections to both expand domestic networks and leverage connections to the West (pp. 46–47). It is crucial to bear in mind that, at the transnational level, financing bodies not only took neoliberal reforms as *sine qua non* conditions, but in fact pitted countries against each other (p. 46).

For Appel and Orenstein, the most illustrative example for their argument drawn from the Washington Consensus period is that of voucher privatisation. According to the authors, the wide use of ‘an

unprecedented, untested and experimental neoliberal policy’ (p. 50) can only be explained through signalling. Quite clearly, the sheer scale of the privatisation challenge in post-communist countries limited the scope of pre-existing transnational templates (p. 52). This, however, is insufficient to explain the virtually across-the-board adoption, albeit at different speeds (p. 62), of a programme that was understudied even at a theoretical level. On paper, voucher privatisation would raise capital directly from citizens, bypassing the structural constraints of the state and the banking system. A secondary benefit would come from bypassing the factory-level power of inherited ‘red barons’. In practice, however, voucher privatisation turned out to be quite difficult to manage, requiring much more institutional experience than predicted. What is more, the system did not in fact foment entrepreneurship, but only marred companies with an unclear system of management, ownership, and financing (pp. 51–55).

While the inconsistent results with the Washington Consensus would intuitively lead to a waning of the neoliberal impetus, EU accession negotiations in the late 1990s–early 2000s mediated not only the costs of the failures of the 1990s but also of the new ones that came with the *acquis* (pp. 65–67). This occurred because EU accession also implied a revamping of market institutions so that, after membership, post-communist countries would be not just continuous recipients of aid but ‘prime sites for investment’ (p. 66). In fact, full implementation of the Washington Consensus was a key component of the Copenhagen requirements (p. 75). Thus, above and beyond the failures of the 1990s, the promise of EU membership unleashed such a fierce competition based on neoliberal signalling that the EU had to revamp its initial accession strategy based on ‘waves’ (p. 71). Nevertheless, even the revamped system still meant individual evaluation, which was

accompanied by the credible threat, as exhibited by Romania and Bulgaria, that delays in any EU-mandated reform would generate a costly postponing of membership (p. 75). It was the sheer power of individual assessment that directly fed into a competitive signalling for neoliberal policymaking in spite previous experience of potential failure (p. 74).

The strongest proof for competitive signalling in this stage is offered, according to the authors, by what were otherwise the laggards of reform in the 1990s, namely Romania and Bulgaria (p. 79). Both countries started their negotiations in the early 2000s from what was not just an incomplete background, but even clear reversals of the 1990s' liberalisation attempts (pp. 79–82). Not only did EU negotiations curtail the waning of the 1990s impetus, but it in fact unleashed a new fervour for neoliberal policy-making in the key areas of prices, trade, land, and privatisation. Granted, the EU judged the 2007 accession to be premature in both cases and mandated an additional control mechanism (pp. 82–83). This does not, however, invalidate the argument that, on the whole, Romania and Bulgaria opted for a galvanised neoliberal policy-making that was both unforeseen from the vantage point of the 1990s and quite difficult to dissect with conventional theoretical models.

Chapter 5 explores the extremely interesting development that, even after the dire contingencies of the 1990s and the EU 'carrot' of the early 2000s, post-communist leaders still pushed forward with a neoliberal agenda (p. 91). The puzzle is sharpened by the fact that the strength of EU conditionality all but vanishes after accession. For Appel and Orenstein, the argument is that the highly visible adoption of neoliberal policies was again used to issue a signal to investors, particularly now that post-communist state-makers also had experience and data that backed up the correlation between policies and invest-

ment (p. 91). The most potent examples that amount to an 'avant-garde neoliberalism' are pension privatisation, which was not part of the Washington Consensus, flat-tax rates, and cuts to the nominal income tax (pp. 93–112). Granted, these turned out to be far shallower than previous developments, leading to many reversals (p. 155), particularly against the backdrop of the 2008 financial crisis, which eroded the ideational preference for neoliberalism (Chapter 6). Nevertheless, as the authors show in detail, the preference for such policies, which like many earlier examples from the 1990s were insufficiently tested, can be best explained through a recalibration of signalling—not to the EU or large financing bodies like the IMF, but to transnational capital in the form of FDI.

On the whole, Appel and Orenstein's book impresses with its analytical clarity and research scope. The central argument—competitive signalling—represents a significant addition to conventional explanations of transition, as it opens up a more flexible research agenda that blends structural constraints with the role of agency. In this line of thinking, the book crucially shows that radical institutional reforms can happen not just in specific windows of opportunity but in a longer-term horizon. While the comparative ethos would be enhanced by an even stronger emphasis on national agency, the book does nonetheless unearth important region-wide findings vis-à-vis the puzzling across-the-board attachment to neoliberal templates.

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Wolfgang Streeck: *How Will Capitalism End?*

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The last decade or so has witnessed what is to many a socio-economic system on the edge of collapse. Economic dysfunction proven by continuous economic crises and the increasing concentration of wealth in the hands of the few is causing havoc in our historically unprecedentedly but unequal affluent world. At the same time, political inadequacies in dealing with these economic problems have given rise to populist political movements and disillusioned voters. This is the crisis of democratic capitalism, and it harbours the start of the decay of capitalism. At least, this is the sobering prediction of Wolfgang Streeck's *How Will Capitalism End?* The book's sociological approach makes it part of a long line of capitalist critiques started by eminent scholars such as Karl Marx, JM Keynes, Friedrich Hayek, and Karl Polanyi, and contemporaries such as Immanuel Wallerstein and Craig Calhoun. However, until now capitalism has proven capable of surviving every lethal prediction and obstacle it has been exposed to. Streeck's argument, however, is different from previous ones. Capitalism will not be killed by its enemies, but rather it will die a slow and painful death from an overdose of itself.

In spite of the deep dysfunction of capitalism today, democratic capitalism actually successfully managed society during the Keynesian era. Stable economic growth allowed states to easily divide the fruits of capitalist operations with the rest of society, thereby legitimising the capitalist society in the public, and still leaving enough for capitalists to satisfy their need for more wealth. However, when post-war economic growth ended in the 1960s, tension arose as the conflict over resources became more explicit. States attempting to maintain the efficiency of capitalism implemented a series of solutions to satisfy the wants of the people, which could no longer be satisfied by getting a share of the spoils of economic growth. According to Streeck, none of the solutions provided long-term answers. Instead, they ended up causing further damage. The first of these state-solutions were to hold the promise of full employment at the risk of high inflation. This failed when stagnation came at the end of the 1970s. The second attempt was for states to finance welfare states through borrowed money, but when private debtors wanted their money back that solution also failed. It created what Streeck terms the 'consolidation state' (Chapter 4). The third solution was to liberalise financial markets to make it easier for citizens to borrow money privately, while states were allowed time to pay off theirs. However, when the financial crisis of 2008 hit this too was undone, as states had to take the bad private debt to avoid disaster. The endemic crises of democratic capitalism have thus not been solved.

In Chapters 4–8 Streeck addresses the political attempts to create an efficient environment for business mainly by letting free-market powers rule with as little government intervention as possible. In Streeck's opinion the institutional set-up of institutions such as the European Commission, the European Court of Justice, and the European Central Bank has profound con-