Statebuilding in Bosnia and Hercegovina
Dominik Zaum

in The Sovereignty Paradox: The Norms and Politics of International Statebuilding
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This chapter analyses the statebuilding efforts of the international administration in Bosnia and Hercegovina, led by the Office of the High Representative (OHR). It is divided into three parts. The first part outlines the political structures of the international administration and of the Bosnian state, to provide the necessary understanding of the institutions involved in the policymaking process in Bosnia and Herzegovina. The following two parts contain detailed case studies of statebuilding: the dismantling of the payment bureaux and the reform of the civil service. The case studies illustrate the influence of elements of the new ‘standard of civilisation’ on the objectives and policies of the international administration.

The Impact of Active Leverage II: Reforming the State and the Economy, 1997–2004
Milada Anna Vachudova

in Europe Undivided: Democracy, Leverage, and Integration After Communism
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In all candidate states, the EU’s active leverage forced governments to embark on politically difficult reforms of the state and of the economy, committing politicians to a predictable agenda of economic liberalization. This happened not only because of straightforward conditionality but also because the pre-accession process served as a credible commitment to economic reform and as an impetus for the growth of pro-EU groups in
society. The Czech Republic stands out as a hybrid case that experienced a greater concentration (and abuse) of political and economic power than Poland or Hungary, forcing it to change more dramatically in response to the EU’s active leverage. In the post-illiberal states, keeping ruling elites within the parameters set by the EU’s pre-accession process while locking all mainstream political parties into a pro-EU orientation signifies a great success. This chapter analyses the convergence of domestic politics in Slovakia, Bulgaria, and Romania after more liberal elites took power, and also explains the significant and persistent variation in the performance of the three states in implementing comprehensive reforms.

Gorbachev and Economic Reform
Archie Brown

in The Gorbachev Factor
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Gorbachev’s two major failures were in economic reform and in resolution of the ‘national question’, although that statement has to be qualified by the observation that the problems involved were so intractable that the idea that a new leader could have come along and ‘solved’ them would be the height of naivety. The tension between two contradictory aims – improving the system and constructing the system on different principles – was especially acute in the economic sphere. It was in the attempted radical reconstruction of the economic system that Gorbachev encountered the most effective resistance on the part of agencies whose co-operation was necessary both for the everyday running of the economy and the implementation of reform. As in other spheres of policy, Gorbachev’s own views became more radical over time, and by 1990, partly under the influence of economist Nikolay Petrakov, he accepted that an essentially market economy (albeit one closer to a West European social democratic variant than to capitalism American-style) was desirable. When a team of economists jointly appointed by Gorbachev and by Boris Yeltsin produced in 1990 a ‘500 Hundred Days Programme’ that would allegedly have created a market economy in the Soviet Union within that short time period, Gorbachev hesitated, at first supporting the proposals and then, partly under pressure from within the system, retreating from them. During 1991, Gorbachev attempted to keep in play several economic options; indecision and inconsistency in this area left the economy in limbo and weakened Gorbachev’s authority.
Statebuilding in Kosovo
Dominik Zaum

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This chapter analyses the statebuilding efforts of the United Nations Interim Administration Mission in Kosovo (UNMIK) that was established after the Kosovo war in 1999. It is divided into three parts. While the first part outlines the background to the intervention, analyses the scope of the international authority, and discusses the transition to local rule, the other two sections contain detailed case studies of statebuilding: the reform of the judicial system, and the privatization of socially owned enterprises, one of the most controversial reform efforts of UNMIK. The chapter not only shows the influence of norms on UNMIK's statebuilding policies, but also the problems of ‘statebuilding without statehood’: building political and administrative institutions if the future legal status of a territory remains unresolved.

The Financial Industry and the Big Bang
Tetsuro Toya and Jennifer Amyx

in The Political Economy of the Japanese Financial Big Bang: Institutional Change in Finance and Public Policymaking

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This chapter analyzes the process in which the initiative of November 1996 was embodied and implemented. The Big Bang is compared to three cases of past financial reforms (1991-93, 1992-94, and 1979-82) to assess the extent of change the Big Bang has brought about. The focus is on the influence of regulated industry actors — the economic ‘losers’ from the Big Bang — on public policymaking. The influence they had on the outcome as well as their inability to reverse the Big Bang reforms are assessed.
Conclusion
Tetsuro Toya and Jennifer Amyx

in The Political Economy of the Japanese Financial Big Bang: Institutional Change in Finance and Public Policymaking

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This chapter examines the applicability of the study's findings to other cases in the political economy, generating hypotheses about the determinants of regulatory reform. It discusses the policy implications of the analysis and identifies issues for additional research. It argues the need to shift the emphasis from 'stability' to 'change' in conceptualizing Japanese politics today. This shift should take place not only at the level of theory but also at the level of practice, given the fast pace of technological innovation, the deepening global integration, and change in the institutional environment. Accordingly, public administration must be carried out with the assumption of 'change' rather than the assumption of 'continuity', and the long-established emphasis on following precedents in policymaking abandoned.

Expected Economic Implications of the Big Bang
Tetsuro Toya and Jennifer Amyx

in The Political Economy of the Japanese Financial Big Bang: Institutional Change in Finance and Public Policymaking

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This chapter examines the predicted economic consequences of the Big Bang reforms for a range of actors in the financial market to identify the perceived 'winners' and 'losers' from the reforms. It begins by providing an overview of the developments leading up to the reform initiative, focusing on the period from November 1996 through June 1997. It then summarizes the content of the initiative and the accompanying financial reforms. A discussion of expected economic consequences for the financial market in general follows.
The quality of political competition at the moment of regime change determined whether East European states embarked on a liberal or an illiberal pattern of political change after 1989. It was initially determined by the presence or absence of an opposition to communism strong enough to take power in 1989, and secondarily by the presence or absence of a reforming communist party. This chapter makes the theoretical case for why political competition is central to understanding variation in the domestic trajectories of post-communist states. It also presents a model of the causal mechanisms that translate different levels of political competition into liberal and illiberal political outcomes.

After the Spring

Magdi Amin, Ragui Assaad, Nazar al-Baharna, Kemal Dervis, Raj M. Desai, Navtej S. Dhillon, Ahmed Galal, Hafez Ghanem, Carol Graham, and Daniel Kaufmann

The Arab Spring constitutes perhaps the most far-reaching political and economic transition since the end of communism in Europe. For too long, the economic aspirations of the people in the region, especially young people, have been ignored by leaders in Arab countries and abroad. Competing views as to how best to meet these aspirations are now being debated in the region. The outcome will shape Arab societies for generations to come. This book argues that significant economic reforms must accompany the major political transitions that are underway. Although each country has a different economic structure and history and must make its own way forward, there are spill-overs from trade and investment linkages, the contagion of news cycles, interaction of people and sharing of expectations that are too great to ignore. Some common foundation of the new Arab economies is needed. Towards that end, this volume addresses four central challenges of economic reform in the Arab world. First, with two-thirds of the population under
the age of thirty, the disproportionate burdens of unemployment and poor education can no longer be heaped on youth. Second, while some government policies may have improved the living standards of Arab citizens in the past, they have also entrenched cronies, enriched a small elite, and become unaffordable. Third, if Arab economies are to compete in the 21st century they cannot depend solely on oil and gas money, remittances, and tourism, but will require active, independent private sectors. And finally, the relative isolation of Arab economies—both from each other and from the world—must end. Rather than providing specific lists of recommendations, this book sets forth a set of guidelines and priorities for reformers who will begin creating new opportunities for youth, rebuilding the institutions of the state, diversifying the private sector, and cooperating with each other and integrating with the world economy.

A Political Analysis of the Emergence of the Big Bang Initiative
Tetsuro Toya and Jennifer Amyx

in The Political Economy of the Japanese Financial Big Bang: Institutional Change in Finance and Public Policymaking

This chapter examines the politics surrounding the emergence of the Big Bang Initiative, seeking to determine who brought it about and why. It focuses in particular on developments between the fall 1995 and November 1996, when then Prime Minister Hashimoto announced the initiative. It argues that the political economy of the Big Bang can be best explained according to the logic of actor behavior detailed in Chapter 3. This logic focuses on the maintenance of organization survival and holds across political parties, organizations, and firms.

The Politics of Communist Economic Reform
John F. Padgett

in The Emergence of Organizations and Markets

This chapter compares the political, economic, and social-network dynamics of major economic reform campaigns within communism.
itself by Joseph Stalin, Nikita Khrushchev, Mao Zedong, Deng Xiaoping, and Mikhail Gorbachev. Over their histories, Soviet, Chinese, and East European communisms frequently had tried to reform themselves economically in a wide variety of ways. The dynamics of economic reform in the climactic 1980s were not as different from what had preceded it as is commonly assumed. It was the outcome more than the process that differed. Hence, the chapter analyzes the transition from communism to “capitalism” not from the outside perspective of capitalism but from the internal perspective of communism.

The Politics of Labor in Late-Industrializing and Post-socialist Economies: New Challenges in a Global Age

Christopher Candland and Rudra Sil

in The Politics of Labor in a Global Age: Continuity and Change in Late-Industrializing and Post-Socialist Economies

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The increasingly rapid transnational movement of capital, commodities, services, information, and technology force labour institutions everywhere to respond to new challenges and pressures. This is evident in the effects of structural adjustment on political unionism in countries such as India and Mexico, in the shifts in employment practices and labour processes accompanying the privatization of state-owned enterprises in post-communist Europe and in China, and even in unanticipated shifts in industrial relations in Japan. This introductory chapter sets the stage for the rest of the volume by considering how the analysis of recent changes in industrial relations under conditions of economic transformation also serves to illuminate the social forces that frequently influence the politics of economic reform while helping to more effectively bridge the fields of comparative industrial relations and political economy. The chapter also emphasizes how the comparison of the changing experiences of workers and labour institutions in late-industrializing and post-socialist settings can be employed to systematically explore the meaning and limits of the currently fashionable concept of “globalization” in settings with different historical inheritances and institutional structures. Four specific points are highlighted in terms of the distinctiveness of the studies collected here. First, by comparing post-socialist and late-industrializing countries within a framework that combines industrial relations and political economy, this volume goes beyond the experiences of advanced industrial economies. Second, this volume elaborates the various
historical process and social structures that shaped the distinctive formal and informal institutional arrangements designed to manage the complex relationships between labour, management, and the state, in very different kinds of economies. Third, in contrast to those comparative studies of industrial relations that ignore external effects, it explores how transformations in the global economy have affected existing institutions related to labour-management relations while posing certain common challenges and opportunities for key economic factors in each country. Finally, in contrast to those who view “globalization” as a dominant force leading to the erosion of distinctive national economic institutions, this study focuses on labour institutions in order to detail how historical legacies and external constraints and opportunities are incorporated into distinctive strategies employed by labour and by other economic factors as they negotiate new pacts and reconsider existing institutional arrangements.

The Czech Republic: The Unexpected Force of Institutional Constraints

Milada Anna Vachudová

in Democratic Consolidation in Eastern Europe Volume 2: International and Transnational Factors

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Describes the influence of the international institutions in shaping democratic consolidation and economic reform in the Czech Republic as a case study of an East European state that strongly wished to join those institutions. The chapter traces the changing nature of international influence on the consolidation of Czech democracy as the polity passed through four stages. The first was characterized by profound yet diffuse influence. In the second stage, Western influence was delimited by two factors: (1) ‘homemade’ reform by Prime Minister Václav Klaus, a mix of Czech provincialism, free market ideology, and political pragmatism; and (2) insufficient pressure of NATO and the EU to compel reforms. The third stage saw increased EU criticism of economic performance, corruption, and racism. The fourth stage was characterized by the weakening of the EU membership argument for difficult reforms. Overall, the Czech case shows that the conditionality of the EU depends on a certain tension between confidence in securing membership and fear of suffering rejection due to inadequate reform.
Two Institutional Changes
Tetsuro Toya and Jennifer Amyx

in The Political Economy of the Japanese Financial Big Bang: Institutional Change in Finance and Public Policymaking

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This chapter situates the Big Bang within broader financial sector developments and in the political economy in general. It uses the framework of ‘institutional change’ introduced in Chapter 3 to understand the larger changes taking place in finance. It shows the causal mechanism through which the observed changes in financial politics occurred, while demonstrating how the components of the Financial Convoy related to one another, triggering the breakdown of the Convoy. The breakdown of the Convoy and the decay of bureaupluralism are observed, and the future of the latter is predicted.

Economic Reforms and Investment Under Japan
Young-Ilob Chung

in Korea under Siege, 1876-1945: Capital Formation and Economic Transformation

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This chapter examines the economic reforms for capital formation and economic transformation, as well as the estimation of aggregate investment in Korea under Japanese rule between 1905 and 1945. The reform measures examined are those that removed economic and political obstacles, and those that established a new infrastructure to accommodate the workings of a government-controlled but market-oriented economy aimed at promoting capital formation and economic development. The estimation of investment considered not only the aggregate sum, but also the different nationalities (namely, Japanese, foreigners, and Koreans). The chapter also evaluates the impact of foreign investment, especially that of the Japanese, on Korean investment in terms of catalytic, linkage, oppression effects, as well as the benefits derived from external economies. Investment in human capital is assessed in terms of the overall expansion of the school system, student enrollments, and educational opportunities for Japanese
and Koreans. The analysis includes private education, particularly that of the Christian missionaries, which played an important role in educating future Korean leaders.

A Decade of Reforms: The Indian Economy in the 1990s
J. Mohan Rao and Amitava Krishna Dutt

Published in External Liberalization in Asia, Post-Socialist Europe, and Brazil

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This chapter examines changes in the Indian economy in the 1990s and evaluates the diverse views about India's globalizing reforms. Section 2 examines the content of the reforms undertaken, clarifies the meaning and significance of the term “globalization”, and explains how the effects of globalization will be investigated in the following sections. Section 3 looks at some macroeconomic dimensions of performance, including the realized effects of openness on external transactions, economic growth, and other macroeconomic indicators, as well as on trends in the rural sector, which remains the mainstay of employment in India. Section 4 summarizes trends in employment and its distribution across sectors and the formal-informal divide. Section 5 assesses the evidence and discusses the controversial debates about changes in income distribution and poverty brought about by reforms. Section 6 turns to a discussion on government policy toward social safety nets.

The Evolution of Institutions and Policies
John Knight

Published in China's Remarkable Economic Growth

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This chapter provides a brief economic history of the transition to a market economy in China. It begins in Section 3.2, with a brief account of the period of central planning. Section 3.3 examines the evolution of rural reform, and Section 3.4 does the same for urban reform. Section 3.5 considers those aspects of policies and institutions that relate to the economy as a whole. Section 3.6 examines the underlying political economy of the economic reform process. Section 3.7 draws conclusions about the relationships between policies and institutions, on the one
hand, and economic growth, on the other hand, and explains how the results of this chapter will inform the analysis of later chapters.

Corporatist Renaissance in Post-communist Central Europe?
Mitchell A. Orenstein and Lisa E. Hale

in The Politics of Labor in a Global Age: Continuity and Change in Late-Industrializing and Post-Socialist Economies

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While global trends have forced labour into retreat in most countries, in post-communist Europe, the dramatic opening to world markets in 1989 was achieved through a political breakthrough in which organized labour played a major role. Whereas trade unions under communism acted as ‘transmission belts to the working class for state policy and ideology, post-communist governments needed to develop new roles for resurgent trade unions in a democratic society. In Poland, the post-communist government juggled a number of different objectives in the reformation of labour market institutions. On the one hand, democratic consolidation demanded that trade unions be constituted as independent social and political forces that would support the new regime. On the other hand, liberalization demanded that trade unions moderate their wage demands so as not to foster runaway inflation. In addition, since trade unions remained the only major civil society organization with significant roots in the working class, trade unions immediately became important partners in any new political coalition. Corporatism, as advocated by the International Labour Organization office in the region, provided a compelling answer to many of these demands. This chapter argues that in Poland, the need to institutionalize a role for trade unions in the emerging democratic society led to a genuinely corporatist forum for indicative negotiation over wages, and the development of progressive social policy. Popular disillusion with structural economic reforms led to corporatist ‘pacts’ negotiated, first, by Solidarity leaders, and then, by the former communists who came to power in 1993. Finally, in 1995, to initiate a Polish tripartite council for social bargaining, using a comparison between Poland and the Czech Republic, the chapter concludes that globalization has strengthened trade unions and the pressures for including them in new forms of corporatist intermediation in post-communist Europe. While these institutions suffer many of the same problems evident in the developed West, corporatism has become part of the institutional framework of post-communism and appears to be here to stay.
Institutional Legacies and the Transformation of Labor: Late-Industrializing and Post-socialist Economies in Comparative-Historical Perspective

Rudra Sil and Christopher Candland

in The Politics of Labor in a Global Age: Continuity and Change in Late-Industrializing and Post-Socialist Economies

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This concluding chapter considers what is gained by juxtaposing the varied analyses within a common framework intended to analyse the effects of distinctive institutional legacies on the responses to common pressures frequently associated with ‘globalization.’ The chapter begins by considering some of the shared features of industrial relations that emerged in the course of industrialization in late developing and socialist states, noting some factors that make it difficult to apply models based on the experiences of Organization for Economic Cooperation and Development (O.E.C.D.) countries to the analysis of labour regimes elsewhere. The comparisons also reveal important differences that distinguished industrial relations in socialist countries from those in post-colonial contexts, and the ways in which these differences may contribute to different patterns and outcomes in the transformation of industrial relations in the two contexts. The remainder of the chapter highlights similarities and differences in trends across the cases considered in the contributions to this volume, and goes on to inductively construct a theoretical scheme for tracing how varied historical inheritances in the late-industrializing and post-socialist economies create different sets of expectations, pressures, and challenges for economic reformers as well as for workers and organized labour. The role of unique historical factors and institutional structures is also considered, with new questions raised on the basis of specific variations that occur within or cut across the categories of post-socialist and post-colonial settings. The chapter concludes by suggesting that the concept of globalization is most useful when it is employed not as a universal model for projecting trajectories of institutional change but as a more restricted framework for capturing the common challenges facing labour and other economic factors in the process of economic adjustment.
India in Transition
Jagdish Bhagwati

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This book offers an overview of the policies that produced India's sorry economic performance over a third of a century. The author's analysis puts into sharp focus the crippling effects of the inward-looking, bureaucratic regime that grew to Kafkaesque dimensions, starting in the early 1950s. It provides a rationale for the economic reforms begun in June 1991 by the new government of Prime Minister Rao. These reforms are set into historical and analytical perspective.