

Müller, Margrit; Myllyntaus, Timo (Hrsg.): *Pathbreakers. Small European Countries Responding to Globalisation and Deglobalisation*. Bern: Peter Lang/Bern 2008. ISBN: 978-3-03911-214-2; 546 p.

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Although the origins and consequences, advantages and disadvantages of globalisation have long become a major research topic within economic history, the majority of the studies have dealt with the experience of larger countries. However, in today's global economy even these large countries are increasingly confronted with difficulties that, previously, were the sole concern of smaller countries. Such difficulties include a higher level of international interdependence, the necessity for the flexible adjustment of economic policies and firms' strategies to external influences. Such a circumstance gives the present collection of studies about small European countries' room for manoeuvre within changing world economic regimes throughout the late nineteenth and the twentieth centuries a pressing contemporary relevance and may qualify them to be termed 'pathbreakers'.¹

The long-term view of the constraints and chances of small states in dealing with economic globalisation as well as the variety of issues covered, make this volume a rich source of inspiration for both economic historians and policy makers alike. Contrary for example to the landmark essay of Kuznets about the consequences of states being small sized in 1960², small states are defined here not by population size and GDP. Their common characteristics are instead seen more generally, first, in their higher dependence upon foreign markets in contrast to medium-to-large countries and, second, in their dual economic structure, i.e. characterised by some highly export-oriented, internationally competing sectors and others concentrating mainly on the domestic market. (p. 13)

Pathbreakers brings together 16 essays and a very informative introduction by 24 authors from ten countries. The units of analysis va-

ry between the national economy, particular markets, sectors, industries and firms, while the range of analysis presented incorporates the interplay between economic and political spheres. Some contributions include an explicit comparison. Olle Krantz, for example, analyses the influence of Sweden's small-country status upon economic policies and its effects on long-term economic growth. The effect of the 'Swedish model' on economic performance is highlighted as it is compared to three different sets of countries looking for a more appropriate rate of scaling for the relative Swedish performance than the usual comparison with the OECD-countries. Many comparisons automatically and implicitly arise as the reader examines the various studies from numerous states placed side-by-side within the volume itself.

Following the introduction to the volume by Margrit Müller the essays are presented in three sections according to the concept of the waves of globalisation and de-globalisation. The first segment brings together five essays covering the whole twentieth century. The two remaining sections contain analysis of the two waves of globalisation illuminating the small countries' responses to the disruption of the first world economy during and after the First World War so as the economic, political and institutional changes laying at the heart of the current wave of globalisation.

Diverse responses to the World Economic Crisis, despite common structural similarities, highlight the alternatives and room for manoeuvre open to smaller countries, such as the different degree and timing of devaluation, for example. Patrick Halbeisen, dealing with Switzerland, and Hein A. M. Kleemann, concentrating on the Netherlands, explain the reasons for the slowness of these trade-dependent countries' in following the

¹ This perspective of small countries being, through their experiences, endowed for the current international competition and offering a rich source of learning base for larger countries has been discussed for example in a collection of papers presented at a conference to the honour of John H. Dunning: Daniel Van den Bulcke, Alain Verbeke (eds.), *Globalization and the Small Open Economy*, Cheltenham 2001.

² E. A. G. Robinson (ed.), *Economic Consequences of the Size of Nations*, London 1960, containing the proceedings of the conference of the International Economic Association held in 1957.

wave of devaluations in the early 1930s. Ola Honningdal Grytten shows the complex policy response of Norway to the crisis and emphasises the crucial role of monetary policy for the economic performance of small, open economies. Similarly, after the Second World War the monetary and financial policies pursued by the small EU countries in the early post-1945 decades varied considerably. Isabelle Cassiers and Philippe Ledent discuss Belgium's post-Second World War monetary policy. They raise the question as to whether the uncompromised market orientation and universal price stability did not, in fact, slow down economic growth and to the outflow of capital, thus, leading ultimately, to the growing vulnerability of the Belgian economy to decisions made by multinational companies outside its borders. Timo Myllyntaus focuses his analysis on the question of how and why Finnish governments pursued a regulative financial policy until the late 1980s despite earlier liberalisation in other fields and the liberal trend following the Bretton Woods agreements. Concerning trade policies, Hans Otto Frøland shows how Norway managed to protect its internationally non-competitive manufacturing industries well into the liberalisation trend of the post-Second World War era. Finally, Gudmundur Jonsson and Sigurdur Snaevarr explain why Iceland remained protectionist so long after the Second World War.

Other instances of the state supporting the adjustment of the economy to the changing competitive environment are also discussed. Anne-Lise Head-König presents the break in labour policies in Switzerland after the First World War as she shows restrictive immigration legislation was not solely introduced due to the deterioration of the economic situation at home. Labour policies helped downsize no longer competitive branches on the world market and to promote the new leading sector, thus also supporting the structural change of the Swiss industry. Thomas David, André Mach and Tobias Straumann show how cartels formed part of a system of selective protectionism in Switzerland reconciling the interests of the exporting industries and those oriented towards the domestic market. Instead of high tariffs or other means that would

have hindered export industries, a liberal cartel law provided weaker industries with ample room for self-protection from foreign competition. The process that led to the cartel law reform in the 1990s indicated broader institutional changes to cope with recent challenges of globalisation. Changes in the characteristics and importance of other international private business organisations for companies from small states would also constitute a highly interesting area of discussion, as would studies concentrating upon the role of small countries in international economic organisations.

Another common subject relates to how different states have dealt with the consequences of their dual economic structure, i.e. the restriction in their room to manoeuvre, both in the domestic and in the international sphere, due to the necessity for the reconciliation of the interests of the sheltered sectors with those industries competing internationally. Lars Svensson offers a structural-economic interpretation of the change of the Swedish labour-market institutions during the twentieth century, analysed in the frame of the conflict between the sheltered and the internationally competing sectors. Furthermore, Lange and Helge Pharo present the difficult balancing act of the Norwegian government between the necessities and anticipated benefits of an open world market and the protection of the primary sectors and infant industries. In specific political situations this was formulated as the conflict of national independence and economic interdependence. Taking trade and capital movement policies into account they point to the specific advantages and benefits arising from an open world market to smaller states.

Although the editors have obviously attempted to collect authors dealing with almost all the smaller countries of Europe, there is (as the current research trend reflects) a marked disparity in relation to the developed Northern and Western European countries, whereas Portugal is only represented in one essay and the small countries of East Central Europe in two. These contributions cover interwar Czechoslovakia and Slovakia after 1990, though the latter case incorporates the context of the global economic integration of the whole Central European area. Ivan Jakubec presents the struggle of Czech indus-

try with the dual task of readjustment to the new economic unit of Czechoslovakia after the disintegration of the Austro-Hungarian Monarchy and to the post-War international economic environment. L'udovít Hallon describes Slovakia's international economic (re)integration after the dissolution of the Soviet economic bloc and that of the Czechoslovak state focusing on the overlapping processes of privatisation, liberalisation, the re-orientation of foreign trade, and European economic integration. The different paths of the less developed part of Europe, such as the small states of East Central Europe and the Balkans, are, thus, only touched upon in this volume. Their divergent answers to the contemporary challenges of the world economy, considering the background of their specific experiences of belonging to diverse totalitarian political and economic structures throughout their 20th century history may, indeed, offer a rich pool for comparative studies.

Some contributions to this volume follow, to a smaller or larger degree, a current vogue within economic history, namely the attempt to introduce cultural history and culture as a category into explanatory discussions. Maria Eugénia Mata's contribution, concerning the role of foreign capital in the economic globalisation of nineteenth-century Portugal, highlights the consequences of the fact that the liberal corporation laws of the 1860s attracted capital from various countries. These foreign companies introduced local communities to an achievement-oriented culture, a new vision and a fascination with modernity, contributing to the modernisation of the Portuguese economy in an immeasurable, though very important way. Analysing the patterns of internationalisation in the main Swiss export industries Margrit Müller makes visible the role of the entrepreneurs' perception of their chances on the world market and on the response of the industry to the challenge of new competitors, in part responsible for the deviating paths of the Swiss watch and textile industry. Kersti Ullenhag's case study deals with the interplay between globalisation, management education and management practice. The Swedish Institute for Management (IFL), initiated by Marcus Wallenberg to intro-

duce academic business studies into Sweden as it was seen as the main factor of American economic leadership, helped Swedish managers cope with, and profit from, economic globalisation.

The collection of studies enables the reader to observe both a particular type of 'small country protectionism' during the interwar years and the gradual disruption and transformation of the 'small country model' of democratic corporatism. This is also described by Katzenstein who discerns that in all the capitalist European small countries from the 1930s the ability to cope with economic dependence was established in some form or another.³ Light is shed upon various aspects regarding to the effectiveness of economic policies aiming to support international competitiveness in many studies in this volume. In the discussion of the changing patterns of Dutch industrial competitiveness on the world market by Herman de Jong and Jan-Pieter Smits, the role of economic policies and of multinational companies in international competitiveness are contrasted during the 20th century. This volume revises not only long established views in economic history, such as the out- and underperformance of the Swedish economy compared to the OECD-countries (Olle Krantz) or the degree of openness of the Swiss economy during the 20th century (David Thomas et al.), but also offers input to the contemporary debates surrounding globalisation through the different contributions gathered. The feared limitation of the autonomy of the nation state, due to expanding international regulation, is seen to be able to work in quite the opposite direction in the case of small countries. „[B]y restricting the policy option available principally to large countries, they have secured the 'economic space' of the small countries, which lies to a considerable extent outside their borders“ (p. 33). Müller summarises „the most important lesson“ in the introductory chapter: „[C]oping with externally imposed constraints or taking advantage of economic liberalisation depends first of all on decisions taken by economic actors and governments within the countries themselves“ (p. 34).

³Peter J. Katzenstein, *Small States in World Markets. Industrial Policy in Europe*, Ithaca 1985.

The layout of the book is suitable and clear, although more careful editorial work could have been devoted to the two articles on Central Europe. Especially in the case of Hallon's essay, a large number of spelling errors are evident, thus, unnecessarily reducing the effect of the material introduced. Nevertheless, this book presents an important contribution to studies about the specific challenges and opportunities of small states' world economic integration and the history of economic globalisation, whilst the paperback edition makes it suitable for university courses.

Maria Hidvegi über Müller, Margrit; Myllyntaus, Timo (Hrsg.): *Pathbreakers. Small European Countries Responding to Globalisation and Deglobalisation*. Bern 2008, in: H-Soz-Kult 19.03.2010.