13 Introduction to Part IV
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Why has East Asia been so much more successful than Eastern Europe in creating the necessary political foundation to transform its economies?

The authors of this volume have so far shown that there exist several answers to this question. Some point to systemic and structural factors, others to changing institutional capabilities, and still others propose that changes in the composition of class and elite have been the underlying force behind the restructuring process in East Asia. A fourth type of explanation deals with the role of micro-based factors and elements such as investment, technology, environment and labour regulation. Finally, a number of scholars see a parallel to Weber's Protestant ethic in the East Asian Confucian value system which cannot be replicated in Eastern Europe. Culturalist approaches are not discussed in this volume. However, the cultural and historical legacy does play a role, together with government design, if we are to understand capitalism as a social manifestation of how capital as such is produced and reproduced by social actors and structures.

In an international political economy perspective, the East Asian capitalist example was nurtured by certain geopolitical circumstances, while China and other post-socialist latecomers have one very important comparative advantage in terms of the erosion of American hegemonic power: the simultaneous decline of the USA in the world economy and the emergence of other centres such as Japan and the EU creates multiple opportunities to play them off against each other. China can lean on Japan if the US Congress imposes trade restrictions and vice versa. In short, China can take advantage of a situation which can be described as a triple hegemony in the making. Beijing became an efficient international player after having been the US card played against the Soviet Union! Of course, this was also in Beijing's interest.

Another school of thought assumes that the answer to the question set out above lies in differences between the East Asian and Eastern European quality, rather than the quantity, of government intervention.
(called economic policy). The statist approach, at least in its East Asian variant, proposes that authoritarian developmental statism is promoted by agencies within the state apparatus enjoying a high degree of autonomy (i.e., involving concentrated use of political resources to steer the course of economic development), sometimes in association, and sometimes in a paternalistic co-opting partnership with state bourgeoisies and private business cartels. While this strategy is recognized as a determinant – by, among others, the editors and several contributors to this volume – neo-liberalism must be said to be the most influential approach in the post-socialist European context. Accordingly mainstream economists see big bang economic liberalization and privatization as the most important reform ingredients and advocate that economic transformation cannot be undertaken without budgetary and monetary discipline. A radical shock therapy derived from the neo-liberal Reagan and Thatcher menu has until recently been adopted by EEFSU.

This strategy owes its origin to the neo-classical paradigm and its affiliates, theories of public choice and neo-institutionalism. These approaches assert that a society needs to give the market a larger role than was the case under the communist regimes. In this line of thought, without private ownership of the means of accumulation there can be no proper valuation of producers' goods or effective entrepreneurship. Pushed to their extremes by 'new right' ideologies in the World Bank and IMF, these theories assume that public officials have minimal commitment to anything other than their own individual profit or welfare as ideological motivation for privatization and deregulation. Proponents of these theories, even when accepting a gradual approach, insist that economic growth would be unsustainable if reforms were not pushed to their logical conclusion of wholesale private ownership of means of production.

Today the most critical voices of laissez-faire are found in East Asia where China especially is moving towards a hybrid of a capitalist developmental state. But also, in the case of this country's development trajectory, there are several positions concerning the origin of high-speed economic growth.

The Chinese experience, as with that of other successful East Asian economies (Japan, South Korea, Taiwan), provides empirical evidence that the goals of industrialization and development (i.e., providing jobs for an expanding labour force and raising standards of living of the people) are best achieved by a purposeful state-planned guidance of the market rather than by unleashing unfettered market forces. The continuing reform process in China maintains a mixture of non-state