

Book Review

Axel Brüggemann, *Privatisierung und Restrukturierung in Mittel- und Osteuropa*, Verlag Fakultas, Amsterdam 1999

This book provides a most comprehensive overview on privatisation in Poland, Hungary and the Czech Republic. Particular emphasis is given to the 'bad asset problem' of enherited debts from the communist past. As there was no 'big brother' taking on the burden of debts like in the German case (see Tomann 1997), the East European countries had to find their own way out of the debt crisis. One way on the microeconomic level of the privatisation of the formerly state owned enterprises. The innovation of Brüggemann's work is that his model shows to the surprise of the reviewer, that bad assets as such do not decrease the potential of privatisation of the enterprise. The key factor however for successful privatisation is the involvement of foreign direct investment. In view of the author only this leads to far reaching structural change. Here the limitations of a purely microeconomic approach become obvious, as the effects of foreign direct investment on the balance of payments are not reflected. Even on the microeconomic level of foreign direct investment results are not always positive, because in some cases the market was simply taken over by foreign investors. Brüggemann's work goes on with the analysis of social policy and its consequences on privatisation. He finds that in general instruments of social policy increase structural change and privatisation during transition. This section could be extended by reversing the question, i. e. which effect privatisation had on social cohesion and income distribution. The book is structured clearly and provides a useful addition to the fast growing literature on economies in transition from planned to market economies.

Tomann, H. (1997): Options for resolving the Bad-Asset Problem, in: Frowen, S. F., Hölscher, J. (Eds.): *The German Currency Union of 1990*, Macmillan Press: London

Jens Hölscher, University of Brighton



Elena Shershneva / Jürgen Feldhoff, *The Culture of Labour in the Transformation Process. Empirical Studies in Russian Industrial Enterprises*.

The book is an insightful guide, based on case studies and interviews, to a better understanding of evolving Russian enterprises as they adopt to a market economy.

R. Henry Migliore, Tulsa