Bandelj, Nina: From Communists to Foreign Capitalists: The Social Foundations of Foreign Direct Investment in Postsocialist Europe

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after the findings are presented, there are detailed practical conclusions relating to the themes discussed in the chapter. For example, Chapter 3, by Coxon, Clausen, and Argoud, is about professionals working in integrated care organisations, and it offers some key practical points on how to establish successful integrated health and care services. The authors go even further and suggest factors that may have facilitated or inhibited effective joint work based on PROCARE findings. In this case these included holding regular multi-professional staff meetings and ensuring active management support for joint work. On the other hand, uncertainty, job insecurity and low self-esteem in relation to other professions involved potentially impede collaboration.

The book ends with a summary chapter, which goes over some implications of practical significance. Most noteworthy among them is the need to create a shared understanding about the aim of integrated care provision among all the stakeholders, the need for information technology that can gather, use, share and store information, and the need to facilitate the information flows essential for effective communication between different care services. The findings also substantiate the central role of integrated service management. Successful integration and collaboration depends remarkably on the ability of management to recruit staff members for the shared goal. A practical way of doing this, suggested by Billings, Leichsenring and Tabibian, is to allow enough time for the integration process, while investing in team development. In some ways this book can thus be considered a practical manual for key people in the systems of health and social care seeking to improve their service delivery and establish a quality integrated service based on applied empirical knowledge.

In sum, *Integrating Health and Social Care Services for Older Persons* addresses the important contemporary issues relevant most to the quality of the services that older individuals receive when they become chronically ill and in need of long-term care. The editors did a good job in structuring the book, with a well-organised introduction, a presentation of methodology, and summary chapters. The seven other chapters also have a clear structure that helps readers to obtain a quick grasp of the issues raised. In addition to academics, professionals such as social workers, nurses, therapists and doctors engaged in the provision of health and social care services for older persons will benefit greatly from the theoretical, empirical and practical insights this book offers in its comprehensive treatment of integrated care services.

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Nina Bandelj: ***From Communists to Foreign Capitalists: The Social Foundations of Foreign Direct Investment in Postsocialist Europe***

Princeton 2007: Princeton University Press, xviii and 303 pp.

Foreign direct investment (FDI) has played a major economic and social role in Eastern Europe. This book offers an original analysis of FDI in the time of transition from the perspective of economic sociology. Apart from providing a number of insights into the sociology of FDI, the book is very revealing about the state of the art of economic sociology in the US. Badelj's careful analytical strategy, combining qualitative as well as quantitative methods, can be taken as an example of best practice in the field. The author asks three sets of questions. What accounts for the differences in country-level FDI trajectories since 1989 and how do states, international organisations, and domestic discourse influence the creation of FDI markets? What explains cross-country patterns in FDI flows and what is the significance of political, economic, and cultural relations between investors and host countries determining the level of integration into transnational capital flows? What determines the realisation of foreign investment attempts at the firm level?

In order to answer these questions the author draws on a large body of quantitative and qualitative data from the 1990s, which she analyses by combining various country-level regression techniques, including a time series analysis and a cross section of FDI flows between country dyads, with an impressive number of qualitative case studies at the level of firm entry. In a nutshell, Bandelj's answers can be summarised as follows. First, while economic indicators explained very little of the variance of FDI inflows, the institutionalisation and legitimation of FDI by post-socialist states was highly consequential for the levels of FDI a given country received. Second, it was primarily political alliances between host and home countries, cultural ties, migration links and trade networks that encouraged flows to post-socialist Europe. Formal institutional arrangements, such as investment treaties and regulations, were not consequential. Third, organisational behaviours of both investor and host firms are shaped by social structures, cultural understandings, and the power relations in which they are embedded. Thus, rather than drawing on an objective cost-benefit analysis of alternative economic strategies, foreign investors 'jumped on the East European bandwagon', following the behaviour of their peers. In addition, after delivering her answers, Bandelj offers a model of economic action in FDI transactions. Accordingly, investors and hosts have cognitive limitations in making rational choice decisions: they are boundedly rational and face radical uncertainty. Their decisions rely on social forces, such as networks and cultural conceptions. As opposed to the rational means-ends logic, they follow principles of practical action: follow commitments, muddle through, and improvise.

Her analysis works best when showing how networks, values, cultural repertoires and affiliations shape decision-making on the level of the firm. Chapter 5 thus provides a refined analysis of the cultural and social embeddedness of investors as well as companies dealing with foreign takeover attempts. The theoretical model of practical action is also quite appealing and intuitively very plausible. In general, the book offers a number of interesting insights on a variety of investor-host links and on the strategies of both investors and governments. It is necessary to emphasise, however, that the importance of 'social forces' in investors' decision-making was largely specific to the transition period. The levels of uncertainty and lack of information dropped considerably by the end of the 1990s and the bulk of investors started to consider investment alternatives by calculating the costs and benefits of involvement in alternative locations. Social relations still condition economic calculation, but the need to employ social forces to reduce uncertainty has diminished.

Yet, even when restricted to the 1990s, the answers the book offers are often incomplete and at times too obvious. This is largely owing to the lack of politics and political economy. First, the analysis would be much more powerful had it incorporated a political analysis. While Bandelj systematically establishes that state policy mattered, we learn only very little about why the states actually pursued policies open and hostile to FDI. The main factor accounting for variation in FDI levels – what Bandelj calls the 'institutionalisation and legitimation of FDI' – in fact boils down to privatisation strategy. But why were some states willing and able to sell enterprises to foreigners while others were not? As part of the explanation, the book establishes the importance of nationalist discourse throughout Eastern Europe empirically. While accounting for the upsurge in nationalism would be another book project, political analysis should establish under what conditions nationalism was translated into actual policy outcomes. For instance, Bandelj's data show high levels of popular disapproval of foreign-based privatisation in Hungary. However, with the exception of a brief period in the early 1990s, it was not translated into privatisation policy. Second, the lack of political economy and – economic sociologists forbid – economics makes the analysis incomplete even on the level of the firm. While the analysis controls for some economic factors, such as GDP, inflation, and credit rating, more complex, yet conventionally studied, factors explaining FDI patterns, such as supply structure congruence, are ignored. What is more, the analysis does not distinguish between different types of FDI with very different investment motives and modes of calculation (e.g. compare Tesco with Volkswagen taking over Škoda, Panasonic setting up a greenfield assembly operation, and a Bavarian SME building a workshop in the Czech border region).

Many of the problems can be attributed to Bandelj's methodological choices, on the one hand, and to the strategy of argumentation on the other. As far as the former is concerned, most of the analysis relies on country-level regression models. That makes it possible to judge the influence of individual factors systematically. Yet, one wonders whether the price paid for the methodological rigour is not too high in terms of the originality of actual observations and discoveries that can be made. First, the imperatives of standardisation and data reduction prompt the author to operationalise relatively complex and multi-faceted phenomena through potentially misleading proxies. For instance, a large part of the analysis uses 'legitimation of FDI' as either explanandum or explanans. It is conceptualised as the date of establishing an FDI agency and the time of the first sale of state assets from the banking or telecommunications monopoly to foreigners. Reliance on the presence of an investment agency may be particularly misleading. The Czechs launched a very efficient investment agency early on (1992); yet, it worked in an environment hostile to FDI throughout the early nineties. Similarly, established in 1992, the Polish investment agency had only a very marginal role until very recently. Second, the lack of analysis tracing the political process not only prevents the crucial 'why questions' from being dealt with but also leads to rather impressionistic – and at times misleading – interpretations of regression results, political strategies in particular. For instance, it is claimed that 'political groups in these countries that took to heart the importance of expedient reform and trusted the invisible hand of the market to optimize the transition argued for the benefits of FDI' (p. 75). This, however, is misleading and in some cases simply wrong. In the Czech Republic, for instance, neoliberals happened to prefer strategies hostile to FDI and more gradualist reformers fought for FDI. Third, quantitative methods could be most promising in accounting for the investment decisions of foreign investors, but a more complex research design would be needed here, one that would differentiate between different types of investors and incorporate a more complex understanding of economic and/or structural factors. With the research design the book offers, we are often offered conclusions that most analysts across the disciplinary spectrum would have expected anyway. Finally, case studies do offer a number of interesting insights on social and cultural embeddedness. Nevertheless, it is a pity that the case selection is not more systematic in terms of company characteristics, or that more information on them is not provided, which would make it possible to consider how economic and/or structural factors shaped modes of calculation within enterprises and condition the importance of social and cultural factors.

As far as the argumentation strategy is concerned, Bandelj's book is not only a treatise on FDI in Eastern Europe, but a serious attempt at theoretical development in economic sociology. Following the empirical analysis, the reader is offered a chapter which develops a complex model of economic action. The theory is generally plausible and intuitively convincing, though an analysis oriented more towards firms would be needed to provide empirical support for the model. Unfortunately, the book develops the practical action model and the bulk of its arguments against a neoclassical, rational choice perspective. The 'straw man', however, is turned into a mere caricature. It is an irony that the work of mainstream economists, such as Raymond Vernon [1971, 1983] and John H. Dunning [1981] (both quoted in the book), could be used to predict many of Bandelj's findings. Moreover, it is commonplace for economists to assume that cultural affinity, social networks, geographical closeness, and state policy will shape and even constitute FDI flows. In fact, it would be hard to find authors working from neoclassical and rational choice perspectives that would believe in what is presented as a rational model. For instance, as far as state theory is concerned, neo-classical economists would be the last to believe that 'states are instrumental actors maximizing efficiency' (p. 83). Indeed, many assumptions about what 'rational' behaviour is are dubious. To mention just a few: First, it is difficult to maintain that the fact that investors seek the highest possible returns implies that they would conduct only a numerical cost-benefit analysis of all available options. One would have to expect that many of the risk- or uncertainty-minimising strategies involved in the practical action model would surely be part and parcel of any rational effort to seek highest returns and minimise risks. It thus seems to me perfectly rational and risk-minimising that American Poles start their Eastern European activities in Poland rather than in Bulgaria. Second, the suggestion that the privatisation of FDI is a rational policy for states facing economic problems cannot be defended. For instance, Slovenian policy makers, such as the former Deputy Prime Minister Jože Mencinger, use economic theory to justify protectionist policies. Finally, it is misleading to claim that neoliberals understood the transition solely as an economic process and that markets emerge spontaneously. On the contrary, neoliberals, such as Leszek Balcerowicz and Václav Klaus, proved to be very good politicians: they made obvious their understanding that the transition was a political process and that markets need to be created.

This book is well grounded in economic sociology and arguably contributes to its theoretical development. At the same time, it suffers from theoretical problems pertaining to the paradigm. For instance, emphasis on social networks and cultural ties leaves little space for actors pursuing their interests. The strategies of actors appear contingent and socially embedded. However, the strategies of the actors in FDI-related politics in Eastern Europe proved to be very much interest-driven, despite their social and cultural embeddedness. Sociological institutionalism often masks power relations and their structural sources. Thus, when dealing with spread of FDI-friendly policies, Bandelj speaks about isomorphism through 'peer pressure'. Such pressure cannot be understood without reference to the structural power of transnational capital, which can be linked to the political and economic environment. These structures, in turn, should be linked to agency of social forces, some of which have identifiable interests.

All in all, the book provides a valuable contribution to the sociology of foreign direct investment in Eastern Europe in the time of transition. It is only a pity that the concern with developing the discipline appeared to prevent a sustained focus on the politics and political economy aspects of FDI. That would have made the answers to the questions asked here even better.

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Joachim Becker – Rudy Weissenbacher (eds.): ***Dollarization, Euroization and Financial Instability. Central and Eastern European Countries between Stagnation and Financial Crisis?***
Marburg 2007: Metropolis, 280 pp.

Almost two decades have passed since the fall of communism in Central and Eastern Europe (CEE). This part of the world enjoyed political sovereignty and independence in economic decision making in the interwar period for the same amount of time. But today CEE is in a completely different situation: 1938 was marked by the Munich Agreement and it was only a year before the start of total destruction, while today stability has been achieved through a difficult transformation, which for most countries was then crowned by accession to the European Union. The symbolic start of new era came when Slovenia adopted the Euro, and now Slovakia, too, has just replaced the Slovak Koruna with the Euro. It seems that the time has come to summarise this period and try to look into the future.

One such attempt is the book *Dollarization, Euroization and Financial Instability. Central and Eastern European Countries between Stagnation and Financial Crisis?* edited by Joachim Becker and Rudy Weissenbacher. The title suggests less than what the book actually contains: alongside financial issues, it looks at Euroisation, financial crises, and there are passages on development, transformation and the implications of Foreign Direct Investments in the region.

The first section consists of two articles, which can be viewed as the background to the whole book. In the first article, 'From Socialism to EU Membership', Jože Mencinger attempts to draw some similarities in the process of transformation and its results in CEE. However, the analysis concentrates mainly on the darker sides of the transformation, mentioning the positive aspects only when they are obvious, and usually without a deeper analysis. This trend is best seen in the section *Outcome of Transition*, which focuses mainly on the costs: in the analysis of GDP growth after 1993 the period of two years 2001–2002, when growth slowed to 2.4% annually, seems to be more important, than almost one-third GDP increase in the whole 15 year time. The conclusion seems gloomy: by joining the EU, CEE countries lost their economic independence and became just another region within an enormous bureaucratic moloch that is unable to solve its own problems. The second article, 'Historical Considerations of Uneven Development in East Central Europe', is by Rudy Weissenbacher and refers to a much longer period. Following Anderson [1978] it argues that the reasons for the economic split between Central-Eastern and Western Europe are much older in origin and can be traced back well beyond socialism to the 12th century. The analysis takes us