

## Béla Tomka, *Austerities and Aspirations: A Comparative History of Growth, Consumption, and Quality of Life in East Central Europe Since 1945*

Central European University Press, New York 2020, 445 pages

Doi: 10.51918/ceh.2021.2.7

Béla Tomka's latest English-language book is not entirely new to the Hungarian readers, being it a revised version of his monograph entitled *Gazdasági növekedés, fogyasztás és életminőség: Magyarország nemzetközi összehasonlításban az első világháborútól napjainkig* [Economic Growth, Consumption and Quality of Life: Hungary in International Comparison from the First World War to the Present, published in 2011]. On the one hand, Tomka narrows the time frame, omitting - albeit not entirely - the pre-1945 period, and, on the other hand, he broadens the scope of his analysis, covering now the economic development of the East-Central European region, not exclusively Hungary.

The author's main aim is to present the economic growth not only in terms of GDP growth, but also in terms of improvements in consumption and the quality of life, as opposed to previous research. His argument is convincing: GDP has a number of components that do not at all reflect the real living standards of a society. However, it is also clear, and the author makes no secret of the fact that numerous methodological problems rise in providing a credible representation of the real living conditions. Most importantly, there is a lack of reliable data on consumption and the quality of life, as well as the depth and quality of the case studies carried out by economic and social historians to date vary. The absence of equally reliable data series for different countries and regions, alongside with different periods make comparisons rather complicated.

However, Tomka overcomes the abovementioned methodological obstacles. In presenting economic growth, the writer uses Angus Maddison's GDP per capita data at purchasing power parity as a proxy. Tomka applies the Gini index, named after the Italian economist Corrado Gini, as a measure of consumption in order to rank countries, but here he focuses on the recent international social history research on

topics ranging from consumption structures to gender inequalities and generational consumption patterns. Nevertheless, the most comprehensive factor to measure is the quality of life, which the author considers key. Of the many surveys, the most important is the Human Development Index, which the writer compares among regions, supplemented by mortality data.

The question arises: what is the author comparing with what? Firstly, East-Central Europe, in the title of the book, refers to three countries: Czechoslovakia, Poland and Hungary. The analysis is ostensibly Hungary-centred, but not confusingly so, as Tomka, in his book, sights to draw on relevant English-language literature on the economic history of the other two countries. The author does not compare the three countries - although he sporadically refers to dissimilarities among them. Instead, Tomka compares data from the region with the 15 most developed countries of Western Europe (EU-15). Hence, each chapter is divided into two main sections. First, the developmental characteristics of Western Europe and then East-Central Europe is presented and compared with the EU-15. The title of the book is therefore inaccurate, since it is as much rather about the eastern half of Europe as it is about the western half.

Tomka's main purpose is to show, through growth, consumption and the quality of life, when convergence and divergence occurred between the EU-15 and East-Central Europe during the 20th century. Its main findings include that between 1913 and 1939 the East-Central European region converged, while between 1945 and 1989, it diverged after a period of temporary stagnation, and after the collapse of socialism, which was followed by a brief transitional period, it converged again with Western Europe in all three areas.

Overall, the book is an excellent synthesis that can be used as a handbook for anyone wishing to learn about Europe's chief economic indicators. However, it is also clear that in a synthesis, certain issues are only sketched out in a general way, or not at all. Thus, there is a complete lack of political history background, which is not a major problem in a work of economic and social history, yet, it would have been useful to at least trace the motivations behind the main policy decisions. One of the reasons behind is that without it, the reader is not aware when and why the political direction of the socialist system changed between 1945 and 1989, as well as why this change used to have economic policy implications. In the post-1953 reform era,

the purpose was the socialist emancipation of the society through the application of the scientific and technological revolution's achievements, then in the 1970s, in the face of the increasingly complicated international conditions, the political leaders were concerned with the maintenance of growth, but no longer with the pursuit of growth. A few examples to illustrate: during the 1970s' in Poland, not only did the leadership borrow or invest massively in the heavy industry with a view to growth, but also because population growth was so high that new jobs had to be created for the 2-300.000 young people annually entering the labour market. The target was to comply with the system's ideology of full employment, housing (should have been built) for the new generation, meanwhile providing food for the ever-expanding industrial districts, without the power to monopolize food production and distribution due to the lack of collectivisation. In Poland, growth and the construction of modern industry were propaganda slogans, but in reality, survival was at stake. In Hungary, during the 1970s, after the halt to the further liberalisation of the economic mechanisms and the half-hearted implementation of the COMECON integration reform, which Kádár had also supported, the primary objective was also not for the growth, but to maintain the living standards through the more or less advantageous trade agreements followed by the negotiations with the Soviet Union, as well as the Western loans, which were more or less achieved by the end of the decade, stabilising the position of power.

Nevertheless, a more serious shortcoming of the book is that Béla Tomka utterly ignores the positioning of the East-Central European region in the world economy. In my opinion, this would have been necessary. How does the author view the region? Does he consider it an integral part of Western Europe, or rather a semi-periphery / periphery? Unfortunately, Tomka does not devote a single paragraph to the vast literature on this issue, thus his position on the matter is absent, too.

This is deliberate on his part, though, since according to his narrative it is not the region's position in the world economy but the centralised socialist command's economy, which is responsible for the region's divergence from Western Europe in the post-1945 period. Recent research, however, has nuanced this narrative. It was not only the existing socialist system itself - which underwent numerous modifications - but also the constraints imposed by Soviet policy and the consequences of the integration of the ECE region into the world economy that contributed to the region's divergence from the West from the second half of the 1960s onwards.

More recently, a growing body of literature has appeared on the subject based on archival sources. Oscar Sanchez-Sibony's monograph *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (2014), or the case studies in *Cold War Energy: A Transnational History of Soviet Oil and Gas* (2017), edited by Jeronim Perović, provides a very rich source material that sheds a different light on the economic history of the Cold War and the socialist bloc. Between 1953 and 1973 - the 'golden age' of the Western European capitalism - the East-Central European region somewhat kept up the pace of development, despite missing out on the Marshall Plan, the full benefits of the European integration, and even facing trade embargoes, protective tariffs, global trade barriers, including a lack of capital and technology. Meanwhile, under the banner of the scientific and technological revolution, they were trying, in vain, to reform their systems, to switch their industries from heavy industry to chemical industry, which would have boosted consumption and thus were to raise living standards, but they became fatally dependent on Soviet crude oil. It was only in the 1970s that the region indeed began to globalise and integrate into the international economic world system, at a time when the global economic crisis hit the most with a huge impact. Thus, as a semi-periphery of Western Europe, the only way to produce the export necessary goods in order to finance the growing volume of imports and obtain the resources needed to maintain living standards has been through indebtedness.

Overall, therefore, the narrative of this volume, namely that the divergence was only due to the socialist management mechanisms of East-Central Europe, cannot be justified. In fact, during its period of forced autarky, the system performed better than during its rather opened and more coherent relations with the world economy. Divergence thus occurs when contact is more intense, when the semi-peripheral economy is more strongly integrated into the international division of labour.

Tomka's hypothesis is that if it had not been for forty-five years of socialism, the differences between the two parts of Europe would have presumably levelled out. He supports his view with the pre-war divergence and the levelling-out of the Western European states against each other. Until 1989, Tomka argues relatively well that the socialist system had inhibited growth in almost all areas. However, 30 years after the regime change, the argument that growth is still inadequate because of inherited structures is difficult to accept.

An analysis of the semi-peripheral nature of the region (less developed nations, delayed urbanisation, poor infrastructure, sparser transport network, persistent capital-poor middle class, worst credit system, still distrustful Western banks, market vulnerability, lower quality human capital, etc.) would have brought the reader closer to comprehending the economic divergence and convergence of the last thirty years. Although Tomka, using GDP data, argues - in agreement with several economists - that a significant convergence was seen between 1995 and 2006 within East-Central Europe and the EU-15, the period cannot be regarded as the golden age in the history of the EU-15. If we go back to that two decades after 1953, discussed in chapter 2, when the EU-15 was growing at an annual average of almost 4% and the ECE countries were able to keep up with this growth rate in the face of much worse international conditions, the performance of the decade following 1995 does not seem to be such a great success. In particular, when one considers the significant reductions in social and welfare benefits, including the size of the foreign capital inflows. Indeed, as Tomka repeatedly points out, regarding welfare transfers, the level of public consumption in East-Central Europe was practically in line with the Western European average after the Second World War and especially from the 1960s, yet this was far from the case in the 1990s.

In conclusion, and the data in this book confirm this, the decades of state socialism have reinforced the East-Central European region as a semi-periphery of the Western Europe. And the three decades after the fall of communism also show that the 'reintegration' was also asymmetrical, i.e.: semi-peripheral (mainly as a market and a cheap labour base).

Despite all these shortcomings, Béla Tomka's book is indispensable for those looking for data on the history of the post-1945 era. One can argue with the narrative, but much less with the data. On the other hand, it is also clear that despite a bibliography of some half a hundred pages, there is still plenty of ground to cover.

Miklós Mitrovits