

CONSTRUCTING A POST-COMMUNIST ECONOMIC ORDER

David Szakonyi

Economic Liberalism and Its Rivals: The Formation of International Institutions among the Post-Soviet States

Keith Darden

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In addition to being the largest country outside of the trading bloc, Russia has also recently achieved another undesirable distinction in the annals of the World Trade Organization (WTO): the longest candidacy bid at over sixteen years, surpassing China's previous record. Russian leaders have notably fluctuated in their desire for entry and their demands along the WTO accession journey, leading to serious uncertainty about where the entire process is headed.¹ Rising interest in regional organizations such as the Shanghai Cooperation Organization and the Eurasian Economic Community may even herald the decline of the supremacy of Western institutions, at least among many states in Eurasia.² Deciphering how post-Soviet states determine their policies in the international arena is a treacherous affair, but an important one for the economic order.

Capitalizing on the "natural experiment" of state development following the collapse of the Soviet Union, Yale professor Keith Darden has woven a magisterial work that examines economic relations in the post-Soviet world. His book *Economic Liberalism and Its Rivals* attempts to explain variation in the choices of international economic institutions made by the fifteen newly independent republics. Darden looks beyond traditional realist, constructivist, and nationalist explanations, instead focusing on the role of economic ideas in shaping the calculations and choices of governing elites.³ Strikingly original and meticulously argued, *Economic Liberalism and Its Rivals* makes a much-needed contribution to the literature on economic transition and asserts the role of ideas as an integral variable in explaining economic outcomes.

Darden explains that during the first decade of independence, three different sets of economic ideas competed for ascendancy among pivotal decisionmakers of the post-Soviet states: economic liberalism, integralism, and mercantilism. When shared among a sufficient portion of the ruling body, these sets of ideas profoundly affected the formation of states' national interest. Low levels of public accountability and accessibility engendered a situation in which leaders had nearly unquestioned control over ideas, information, and policymaking. Although these elites were constrained by various structural and cultural factors, Darden claims

contingency, legacies, and pragmatism highly influenced the selection of ideational paths. This novel reading prompts scholars to look closer at how ideas and actors, not factor endowments (land, labor or capital) or structures, set countries on one of the three mutually exclusive international trajectories: membership in western international institutions, regionalism, or autarky.


Darden links the prevailing ideational paradigms with institutional paths for each of the fifteen countries. Elites favoring “economic liberalism” champion individual ownership and competitive markets, guiding their states toward membership in international organizations such as the WTO. Next, the “integralist” approach places the state at the heart of development plans that direct all economic activity and emphasizes regional integration through the Commonwealth of Independent States (CIS), the CIS Economic Union, and a regional customs union. Lastly, followers of “mercantilism” view global economics as a zero-sum game and fear their states will succumb to dependency and exploitation at the hands of stronger world powers. This line of thought leads to attempts to achieve autarky, economic independence, and self-sufficiency. In this comprehensive volume, the trajectories and critical junctures for each post-Soviet state are mapped out and compared, giving the reader a firm grasp of how ideas are translated into policy.

The strength of the evidence bears witness to another important contribution of the book, namely the innovative qualitative and quantitative approach utilized by the author. First, Darden draws upon over 200 in-country interviews, content analysis of relevant policy documents, and astute observational fieldwork to examine which sets of ideas predominated political decisionmaking and to what effect. Inventive coding techniques are also employed to gauge official commitment and support for either international or regional economic institutions. Progressive steps toward accession and membership, ratification of agreements, and compliance with agree-up regulations (such as tariffs) are all meticulously analyzed, coded, and rigorously tested to show how each set of economic ideas led each country on its relevant international trajectory. In all, scholars will benefit from the unique way in which Darden measures ideas, an achievement that grounds his empirics and buttresses his argument.

Notwithstanding its considerable contributions to both the literature and methodology, Darden’s work could go further in elucidating both the origins of elites’ support for economic ideas as well as reasons why shifts occur over the period examined. A central part of the narrative for each of the case studies is that economic ideas adopted at the outset are subject to change, with consequences for the institutional trajectory chosen. Darden references economic crises and the role of Western advisors as promoting such change; however, no clear mechanism is outlined to explain when these shifts happen and what direction they might

take.

On a related note, the argument would benefit from a study of how domestic politics affect the adoption or rejection of ideas. Benefitting from low levels of public accountability and accessibility, early post-Soviet leaders had substantial control over implementing ideas according to their preferred idea sets. As the decade progressed, however democratization enabled citizens in some states to influence policy through elections and other political channels. How did these developments in the political sphere affect both how leaders viewed economic relations abroad and their capacity to act upon their own privately held ideas? Bringing the regime into the discussion, including paying attention to public opinion and elections in post-Soviet states, might give a fuller picture of which economic ideas matter and when.

All in all, scholars of post-Soviet political economy and international relations would be remiss not to closely ponder the arguments presented in *Economic Liberalism and Its Rivals*. More than just an authoritative overview of institutional choice in the 1990s, Darden gives us a tangible theoretical framework with which to investigate the shifting international order and Russia's place within it.⁴ The challenge presented by an ideas-based approach to both economic determinism and collective action theories merits intense scholarly attention, and Darden has done the field great service in setting the debate in motion. 

NOTES

¹ Anders, Aslund. *Russia's WTO Accession: Testimony at the Hearing on EU Economic and Trade Relations with Russia*, Committee on International Trade (Brussels: European Parliament, 21 November 2006).

² Radio Free Europe/Radio Liberty, "SCO Ministers Discuss Economic, Energy Cooperation In Beijing," 14 October 2009.

³ Under Darden's individualist approach to constructivism, variation occurs in state behavior within the international order as economic ideas affect policy choices from below (such as membership in regional institutions). Traditional "holistic" constructivism posits a universal order by which a singular set of collective ideas and norms governs actors and their behavior.

⁴ Matthew Saltmarsh. "WTO Chief Sees Russian Interest in Joining Waning" *New York Times*, 2 October 2009