

László Práger

Within and beyond global economy

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In his preface to his book *László Práger* starts with the thoughts he delivered in the introduction to a fine art exhibition, how fittingly so, because – to a certain extent – his book is also made up of a series of pictures. There is no doubt that this picture-like quality is a conscious choice of the author. Conscious, because it is clearly impossible to describe within the limits of a 300-odd page book the world economy of the 21st century, the history of the 60 years following World War II (or even earlier than that) that led to globalisation or the Hungarian efforts aimed at catching up and adjusting to these trends. Within the limits of a book, such events can only be flagged up, and the interrelationship only briefly referred to. To do so, a series of pictures seems to be the best approach. This picture-like character is also supported by the aspiration that Práger's book is also intended to be a university textbook. You can rightly raise the question: how

much of this school material will the students remember after the examinations? The answer is: they remember a few pictures. For instance, the series of maps illustrating the development of European integration: in the first map (Figure 36, page 108) there are only six unified territories of only six integrated countries in the centre of Western Europe, whereas the last map (Figure 42, page 144) depicts 27 countries whose territories – with the exception of Eastern Europe – cover Europe as a whole. Práger's book – unlike other professional textbooks – contains an exceptionally large number of illustrative pictures, well-structured figures and meaningful graphs. Moreover, the pictures are followed by picture-like language: a seemingly talkative surface and serious meaning; within and beyond the dividing line of integration. In the concluding chapter, the author admits that it was about 30 years ago in the course of a discussion with the outstanding fig-

ures of modern Hungarian painting that he realised: “the economy and the world beyond it are not separated, rather, they are intertwined, and efforts aimed at exploring and understanding them are of the same nature.”

■ The picture-like character of the book is very well illustrated by the first chapter which introduces the reader to a global world. Rather than collecting thousands of different definitions that exist about globalisation, the author chooses eleven mosaics of globalisation selecting topics from a one-week news material of a daily paper. He continues the exercise by identifying the clues, the key words that organises these mosaics in a system (global world, simultaneous world, fibrous world and insular world, business world). How the individual components fit together is left to the reader. However, the above key words will resurface again in later chapters of the book in addition to globalisation regional integration – and what is more – even the position of the Hungarian economy can only be understood by the use of such clues. Indeed, understanding them is impossible without getting to know the development and the character of multinational corporations.

One other key notion, which the author considers inevitable in understanding the world today and the recent past is: competition, the competition of countries, world systems, regions and enterprises. “This book is about the world. And the world is about competition” declares the motto at the beginning of chapter eight (page 190). The second chapter describes the competition of countries. First the indicators of the individual countries' fields of potentials are listed (the size of the economy, economic development, the size of population and territory, foreign trade, human resources, the conditions of the environment, technological level, military force). The list clearly indicates how limited the widely accepted indicators, such as GDP or per capi-

ta GDP, are to describe the de facto size and development level of a given country. This is followed by the problem of the ranking of countries, an analysis illustrated by graphs and summary tables, which explain how different the ranking is depending on whether the chief indicator is per capita GDP, military spending or the HDI indicator characterising the quality of life.

■ The third chapter of the book deals with an economic history survey about the development of new potential fields during and after World War II. This survey is closely linked with chapter four which describes the objectives, operational mechanism and the development of global international organisations that were established following World War II. Chapter five focuses on Europe by offering a brief summary of the history of European integration. This is a chapter with an emphasis on school-text like character, a chapter which makes reference to an abundant source of professional literature and which describes the subject highlighting the trends that are valid even today.

■ The following three chapters go beyond providing information. They make an effort to understand the world around us by offering a detailed explanation about the key terms which are only mentioned briefly in the first chapter. Chapter seven is about the world of differences, he points out the globalisation by no means eliminates the enormous differences between countries, regions and individual human beings. It emphasises that despite the success of some countries and regions in catching up, some indicators continue to show growing differentiation. For example, income discrepancies in the past twenty years increased in the United States, in the European Union and in Hungary as well. Deep poverty of two billion people and the fact that some countries are seriously losing in the world competition remain even more serious problems.

■ World competition itself is dealt with in chapter eight. In sub-chapter 8.2 the competition of the countries is introduced by the author with the description of a few indicators of competitiveness and a table of country ranking based on the above. László Práger makes no doubt about his conclusion that “an endless series of competitiveness indicators can produce artificial and controversial rankings, which provide us only with a very relative picture about the real competitiveness of the individual countries. The following sub-chapters make it also clear that world competition is not limited to a competition between countries, it is a clash of different cultures: the cold war between the capitalist and socialist world orders, the tension between the American and European approaches, the competition between a liberal and a welfare state model. By now it has become evident that this competition has produced a number of losers (the socialist world order has failed, and the so-called Washington consensus, which reflected the basic principles of a liberal economic policy, has proved to be incapable of putting the developing and former socialist countries on a harmonious development path). The competition also has its winners (China, India, and some European countries which have been able to benefit from acceding to the European Union). Russia also seems to be an increasingly dominant player in the world competition.

The presentation of globalisation, the world competition is not a purpose in itself, rather, it serves the purpose of highlighting the opportunities and challenges facing the Hungarian economy and society. The external environment is going to be only one defining factor of Hungary's future development, its past development also plays an important role as to how the country can step forward. Here is a quotation from the author: “Today, in early 2008, rather than dealing with current, momentary

actual questions, I regard it more important to study the path we have so far taken, to review our track record and to analyse how the past trends and the different forces behind these trends have become incorporated into the Hungarian economic, political and power structures. The history of socialism in Hungary is also briefly dealt with by the author, who concentrates on the possible ways out, recognising the fact that for the university students of today the story belongs to the pages of history. There is also a conscious effort made by the author to indicate that this is not “old history”, but it is a page of history that still has its impact on today, for example, the author illustrates the event the 1956 revolution by quoting from his own diary. A similar illustration is a recollection of the good old dictation exercise from his school days, which used to serve the purpose of ideological education. This personal touch is present in the book in a number of different chapters, for instance, the author shares his experience of foreign study trips with the readers illustrating them with letters he received and pictures taken about him. This practice may be somewhat unusual in Hungary, but it is certainly not a purpose in itself but to illustrate that books are not enough to understand the world around us. We also need the filter of our own experiences, an exercise in which we accept that its subjectivity may be understood or may be misunderstood.

■ Chapter ten finally comes to describe the events of the recent past demonstrating that the system change in Hungary was, in fact, preceded by a change in the external arena of forces, by domestic economic reforms and by political erosion.

■ The last but one chapter has a surprising title: global Hungary in a global world. How can a country be called global? The answer is actually given by the author a few chapters earlier, when chapter six on transnational corpora-

tions and on the world on financial capital begins with the following quotation: “We are living in a global world, and the global world is living within – this is probably the most general definition in the 21st century of the correlations characterising the economy, the world beyond the economy and the various field of potentials”. I must admit that when the author writes about “within”, I interpret this word as a term referring to within us, people, whose lifestyle and consumption are significantly influenced by the supply of international enterprises, people, whose aspirations and desires are also closely associated with the opportunities offered by a global world or, alternatively, associated with the rejection of it. In chapter 11, the author himself spells out that the world “within” also means Hungary, as we are clearly witnessing the impact of the global world on the structure of the Hungarian economy. This notion is presented by the author by describing the changes in the export-import structure of this county, by presenting how foreign capital is gaining ground, how corporate structures are being transformed and by illustrating the serious difficulties caused by unemployment. Hungary has not just accidentally drifted into this international arena, rather, it has deliberately adjusted to it. This chapter, and to a certain aspect, previous chapters as well present this process in a detailed way, they describe the development as a result of which this country has become a member of every significant international organisation and, as a result of a prolonged multi-staged process, acceded to the European Union. The author, however, also make it quite clear – illustrating the subject with a number of statistical data- that while Hungary was adjusting itself to the actual world economic area, each and ever Hungarian government seems to have been deluded by many illusions and repeatedly failed to stand up strongly and firmly for the upholding of Hungarian interests.

■ Having presented the global forces and the crooked curves of the road Hungary has taken, in the final chapter, the author ventures to draw attention to some of the major challenges facing this country. The title of chapter twelve is quite telling: within and beyond the economy (about balances and potential ways out). This is the chapter that emphasises what other factors – in addition to economic factors – are likely to play an important role in the future development of Hungary. Indeed, at the very beginning of this chapter the author points out: “among the possible opportunities that offer a way out, the Hungarian people themselves have a defining role to play: the population number, the health condition, level of culture, schooling, activity, set of values and their cohesion. Or if these components are absent, the power to create them” (page 318). For the readers it is clear: this is what the author is hoping for, since he is enumerating a long list of data to prove that the above factors are the ones in which Hungary is faced with competitiveness weaknesses, in other words, the improving quantitative indicators (the number of high school graduates, university students) was not coupled with qualitative improvement. The conclusion: if we are aware of our weaknesses, then by systematically eliminating them, we will be able to improve our competitiveness in the world.

It is easy to discover most of these weaknesses within the economy. A thorough analysis is given by the author on the gap between large and small enterprises, a gap “which is extraordinarily wide in international – including European – comparison (page 324). The author also points out that the proportions of foreign-Hungarian ownership, vis-a-vis the proportion of large and small enterprises and the taxation of labour and capital are strongly interrelated. Later on, the author stresses that Hungary badly needs foreign capital investment, however, foreign capital contributes to

the widening regional gaps and also to growing disparities among enterprises in the Hungarian economy. EU funds may be mobilised to mitigate such differences and further efforts are needed to boost the domestic sector of SMEs and to assist regions that are lagging behind. It is also important to coordinate corporate investments with state development projects on local, regional and state levels. This is the context in which at the end of his book the

author formulates one of the most important rules of the 21st century which offers a hope and a chance as well: “In the world of today there is no separate local or regional balance. No transnational corporation and, as a matter of fact, no country can have an isolated development path or balanced position isolated from the external environment and from the internal conditions” (page 328).

Gyula Pulay