The idea that the economic transformation in East Central and Eastern Europe following the collapse of communism around 1990 was dominated by neoliberal shock therapy is widespread in the literature on this transformation. While this is often entirely correct, e.g. in relation to the textile industry, other cases call for modification. In the steel and automotive industries, foreign direct investment was prominent across a range of East Central and Eastern European countries. In a number of other industries, including, prominently, the ship-building industry, social protectionism on the part of the state was not uncommon. As the author demonstrates in relation to shipyards in Pula (Croatia) and Gdynia (Poland), such attempts at socially embedding the economic transformation led to a revival of the idea of the state as entrepreneur. Referring to Dorothee Bole and Béla Griskovits, Wegenschimmel talks about an “embedded neoliberal regime”.

Given that much of the booming transformation literature has examined the impact of neoliberal shock therapies on whole branches of industries in postcommunist countries, the detailed examination of the fate of these two shipyards and their long and ultimately unsuccessful struggle against closure makes for a refreshing change of perspective. The Uljanik shipyard in Pula was founded in 1856 and nationalised after the communist takeover in Yugoslavia after 1945. It became a pilot project of Yugoslav workers’ self-management after Tito’s break with Stalin in 1948. The Paris Commune shipyard in Gdynia was founded in 1922 and nationalised in communist Poland after 1945. It was one of the hotspots of the Solidarność movement in Poland during the 1980s. Wegenschimmel’s analysis starts in the 1970s and continues until the closure of both shipyards in 2009 (Gdynia) and 2019 (Pula) respectively.

By the time of their closure, both shipyards had become bywords in Polish and Croatian discourse for economic squander and the failure of the practice of providing ongoing state subsidies for declining industries. The book under review carefully analyses the pathways to failure starting from the micro-level of each local company and reaching to meso- and macro-levels (the local and regional
communities, national state and EU institutions) in order to contextualise and explain the fortunes of the company in question. Drawing on neo-institutional theory, Wegenschimmel writes a comparative business and economic history using a “most-similar” comparative approach—without reflecting on the various theories of comparative history. In his separate analysis of the two shipyards, the similarities outweigh the differences by far. At times, this reviewer would have wished for somewhat greater attention to the differences between the two cases, for example with relation to the nationalised organisational structure in Gdynia and the structure of workers’ self-management in Pula.

The five constituent chapters of the book narrate the story of both shipyards in parallel, i.e. in sections for each shipyard, leaving the comparison to a brief summary at the end of each chapter. A more integrated comparative approach would have arguably benefited the comparison. However, what emerges from the analysis remains highly interesting. Whilst the author traces the development of the subsidy regimes for both shipyards in the first chapter following the introduction, he argues convincingly in the second chapter that in both cases the state attempted to mediate between the companies and markets. However, he underlines that mediation was conducted without any genuine interest in leading modernisation and the transformation of ship-building in both countries, and without a strategic vision for the industry. The third chapter looks in detail at the various attempts to restructure the industries through state initiatives that were largely, in the terminology of Wegenschimmel, “embedded-reproductive” rather than “competitive-restructuring”. The failure in both cases to push the shipyards to adapt to the market economy and its logic ultimately resulted in their collapse, although, as Wegenschimmel points out, it was Poland and Croatia’s entry into the EU that finally brought an end to the subsidy regimes. He thus indirectly underlines the EU’s often neoliberal credentials.

The fourth chapter investigates how the long-lasting system of state subsidies to preserve a failing industry was justified. The answer lies, on the one hand, in the power of organised labour, i.e. the trade unions, to negotiate directly with the state, thereby largely circumventing company management. On the other hand, it can be found in the unwillingness of the state to leave these iconic companies (in the Polish case, a symbol of the successful anticommunist struggle and desire for freedom, and in Croatia a model of social protectionism) to fend for themselves in the harsh market climate. In the fifth chapter, Wegenschimmel points out the importance of the close links between the companies and their surrounding communities (towns and regions), which further legitimised state subsidies. The company management found strong allies in local politicians willing to argue that questions of identity and social welfare hinged on the continued survival of the shipyards. Thus, politics was more important in guiding state action than entrepreneurial and economic considerations.
In the concluding chapter, the author summarises the reasons for the survival of the non-profitable shipyards in Poland and Croatia long after the collapse of communism and seeks to trace the features of the postcommunist entrepreneurial state in East Central and Eastern Europe. His extensive work, both in business and state archives, as well as his in-depth analysis of national, regional, company and industry print media, in addition to 23 structured interviews conducted with workers, trade unionists, management representatives, and state officials, provide a polyphony of voices that tell a story of economic transition in East Central and Eastern Europe that adds substantially to what we already know. In its line of argument, the book largely follows a capitalist logic of transformation, while social and cultural history perspectives would perhaps place more emphasis on strategies of resistance against such logic.