

1139 GEOECONOMICS IN CENTRAL AND EASTERN EUROPE: ECONOMIC DEPENDENCIES OF THE EUROPEAN PERIPHERIES REVISITED

ABSTRACT

The paper investigates the long-term historical problems of capital accumulation in the context of dependency models of varieties of capitalism (Nölke and Vliegenhart, 2009, Myant and Drahokoupil 2011) and the “world system” models (Wallerstein, 1974, Arrighi et al. 2003, Amin, 1977), the systemic and geo-economic features of Central Europe’s post-socialist integration process. The major pattern that emerges is one of a high dependency on FDI, foreign multinational firms, European Union funds and exports to Western Europe. The economic transition of Central and Eastern Europe, and Visegrad 4 countries in particular, was fuelled by neoliberal ideologies and political agendas of “East-West convergence” that involved marketization and privatization. Both of these created a moral, legal and structural environment that rapidly cemented new modes of dependent integration into the EU and the global division of labour. At the same time, the most important historical dependencies of the CEE region, such as financial, technological and market ones, have remained constant (Gál and Schmidt, 2017). This is complemented with the large energy dependency of CEECs on Russia and the increasing Chinese economic interest towards this gateway region.. This not only further strengthens the external vulnerability of the region, but also makes re-interpretable the geopolitical and geoeconomic features of Central Europe as a ‘buffer zone’ situated between German and Russian spheres of interest. We will first examine the geo-economic features of the externally managed and financed integration of post-socialist transition countries of CEE into the global economy and the European Union. We will also focus on the impacts of FDI and European Union structural funds on growth, gross fixed capital accumulation, per capita GNI and export in selected Central European countries using OLS regression for the period between 1995-2015. Preliminary results do not indicate a strong correlation between convergence and FDI, rather domestic savings and higher incomes are the most important factors. As a result, domestic policies based on wage competition and that give little support to small and medium-sized enterprises exacerbate core-periphery asymmetries and support an economic buffer zone narrative. In conclusion, we suggest that such economic gaps within the EU could have long-term consequences for political and economic cohesion in the EU as a whole. The research also contributes to policy debates in terms of achievement of transition, EU accession and the impact of the crisis on regional imbalances and tries to answer the question why even the most successful CEECs, being too dependent on foreign capital and multinationals, suffer setbacks from time to time and cannot fill the income gap existing between CEE and Western Europe.

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