

# “We are now at the dawn of a new era.”

**Summary of the interview with Professor Annamária Artner, Professor Gracjan Cimek, Professor Dragana Mitrovic, Professor Bruno Drweski and Eszter Kovács**

Review of Economic Theory and Policy (RETP) organised a roundtable on industrial policy with some experts from the region. The topic was chosen for two reasons. Firstly, it is a turning point in long-term economic policy, as the discussion on industrial policy shows the decline of the neoliberal way of thinking. Secondly, our region, the V4, the Baltics and the Western Balkans, is involved in the debate on technology and economic policy at the European level, and RETP would like to contribute to the theoretical background of the discussion.

At the beginning of the discussion, László Trautmann, representing the Development Department of the Hungarian Economic Association and RETP, introduced the panelists: Annamária Artner, Professor of Political Economy at Milton Friedman University and Senior Research Fellow at the Institute of World Economics of CERS, Hungary; Gracjan Cimek, Lecturer and Researcher in Political Science and International Relations at the Polish Naval Academy; Dragana Mitrovic, Professor and Head of the Centre for Asian Studies at the Faculty of Political Science, University of Belgrade, and Founder/Director of the Institute for Asian Studies in Belgrade, Serbia; Bruno Dworski, Associate Professor of History and Political Science and Director of the Polish Section of the National Institute of Oriental Languages and Civilization, a member of the Sorbonne University, France. The session aimed to provide insights from these experts, starting with Professor Artner's opening remarks.

Annamária Artner's presentation provided a comprehensive analysis of the historical and contemporary dimensions of industrial and economic policy, with a particular focus on Hungary and Central and Eastern Europe. She highlighted the dichotomy between sovereign, popular economic policies and comprador or elitist approaches, underlining their influence on national development. Artner navigated through historical epochs, noting the relative ease of national development before 1945, the socialist-oriented policies between 1945 and 1989, and the subsequent challenges of integration into Western capitalist economies after 1989.

Artner argued that the nature of economic and industrial policy is inextricably linked to social class relations and a nation's place in the global order. The two poles she identified - sovereign, popular policies and comprador or elitist policies - set the stage for her analysis. The former prioritises the long-term interests of the nation and the people, framing industrial policy in the context of national security and mutual international cooperation. The latter, on the other hand, prioritises profitability and competitiveness, leading to a reliance on a 'competitive environment' of low wages, low taxes and an infrastructure that caters for private enterprise.

In the current global landscape, Artner noted significant changes since the early 2000s. The rise of China, challenges to Western competitiveness and a changing world order present opportunities for semi-peripheral states such as those in Central and Eastern Europe. Against this backdrop, she assessed Hungary's current industrial policy, highlighting its reliance on foreign capital, particularly foreign direct investment (FDI).

Artner identified challenges, including the limited prospects for independent development of the small and medium-sized enterprise sector. She proposed a forward-looking industrial policy for Hungary and the wider region. This includes a combination of outward and inward strategies, reducing dependence on Western industries, joint ventures for technology transfer and a focus on self-sufficiency in key sectors.

Artner also advocated the development of information, communication and software industries, international cooperation with non-European countries, increased public ownership in financial and strategic sectors, and the creation of networks and clusters between companies in Central and Eastern European countries.

In essence, Artner's presentation called for a strategic, forward-looking industrial policy that prioritises national interests, reduces dependence on external powers, and exploits international cooperation for mutual benefit, taking into account the changing dynamics of the global economic landscape.

The roundtable began with the first question from László Trautmann, who was interested in the existence of an industrial policy in the region. Mitrovic answered the question first. She elaborated on the historical circumstances and the dominance of narratives centred on market economies and multi-party states. However, she pointed out that 30 years after the regime change the reality has become clear. The growing influence of the German economic and industrial influence, the geopolitical factors driving the migration crisis and the close links of Central and Eastern European countries to the German and Russian economies are highlighted. The outbreak of war in Ukraine marked a significant shift in the geopolitical landscape, prompting a reassessment of industrial policy. Prior to the war in Ukraine, Mitrovic found that industrial policy was being shaped by EU standards and definitions, including responses to climate change. The influence of the European Union, particularly through negotiations and specific norms, limited the autonomy of member states in designing independent industrial policies. Mitrovic identified two facets of the situation: an institutionalised effort to impose policies within the EU's sphere of influence, and a lack of real autonomy in the choice and implementation of national industrial policies.

Gracjan Cimek provided insights from a geopolitical perspective. He emphasised the geopolitical moment that Central and Eastern Europe is experiencing, moving from an old era to a new one with the increasing influence of non-Western powers. Cimek provided a critical analysis of Polish industrial policy, tracing its development from the high rate of industrial plant closures after 1989 to the recognition of the need for re-industrialisation in the 21st century. The introduction of the Strategy for Responsible Development and the Polish Deal under the Law and Justice government raised hopes for reindustrialisation. Cimek acknowledged the promising plans, but stressed the need for further discussion on their concrete implementation and impact in Poland.

Bruno Dworski continued with a perspective on Central and Eastern Europe as a peripheral region, especially after the transformation that began in 1989. Drawing on his recent experience in China, he highlighted China's awareness of the strategic importance of Central and Eastern Europe in its development and re-industrialisation plans. Dworski underlined the potential of Central and Eastern Europe to become a hub for economic and industrial development, especially in the context of the Belt and Road Initiative. However, Dworski expressed difficulty in understanding the politics of most Central European countries, suggesting confusion and influence by interests divorced from the well-being of citizens. He saw Central and Eastern Europe as a key player in a new era, challenging the perception

of being on the periphery of the Western world. Dwerski emphasised the need to raise awareness among the people of Central and Eastern Europe of their pivotal role in the evolving global landscape.

Annamaria Artner added to the discussion the geopolitical importance of Eastern Europe, drawing on Halford Mackinder's century-old vision. Artner noted that whoever controls Eastern Europe controls the heartland, which controls the world island (Eurasia), and ultimately the world. She emphasised Eastern Europe's crucial position in the world and its potential for strategic leadership. Artner responded to Dwerski's mention of China by identifying Hungary as one of two countries with rational economic policies. While maintaining some criticism of Hungary's industrial policy, she acknowledged positive aspects such as openness to the East and the South. Artner saw these elements as a blueprint for a robust industrial policy in Central and Eastern Europe.

In the second part of the discussion, László Trautmann asked about the key industrial sectors and policies in Central and Eastern Europe and explored their global and European implications. In this part, Gracjan Cimek provided insights from Poland, Dragana Mitrovic offered a historical perspective on Serbia, and Bruno Dwerski contributed an analysis of the broader economic challenges. Together, the speakers emphasised the intricate links between economic policies, geopolitical strategies and global power dynamics.

Cimek began by highlighting Poland's reindustrialisation efforts, citing examples such as a gas terminal port that has evolved from enhancing energy security to primarily importing American gas. He discussed ambitious plans such as the Electromobility Plan and the Solidarity Port project, and highlighted the challenges posed by changing political perspectives, particularly in relation to Poland's relationship with China.

Mitrovic provided a historical context for Serbia, detailing the impact of UN sanctions and NATO bombing. She described the transition to a liberal government, which led to increased foreign competition in the Serbian market and the closure of domestic banks. Mitrovic discusses the role of China in Serbia's economic landscape, highlighting pressure from the EU and the US to limit cooperation with China and align with Western interests.

Dwerski broadened the discussion by examining the global economic landscape. He argued that the economic stagnation of the West is acting as a barrier to the independent development of other regions. Dwerski suggested that Central and Eastern Europe could benefit from adopting a new form of state-planned economy, similar to the Chinese model. He argued that significant changes in the political system are necessary

for successful reindustrialisation.

In the final part of the discussion, László Trautmann asked the participants for their views on the potential success of the new industrial policy. Anamaria Artner and Dragana Mitrovic agreed, provided that governments in Central and Eastern Europe are committed to long-term interests, partial sovereignty and the well-being of their populations. Mitrovic acknowledged the challenges, citing geopolitical pressures and the potential disintegration of smaller economies.

Gracjan Cimek linked the success of new industrialisation to a global shift towards prioritising social development over profit motives, highlighting recent efforts at the BRICS summit. He saw hope in a paradigm centred on win-win interactions and suggested that European countries, including Serbia and Hungary, could potentially become part of BRICS.

Bruno Dworski, on the other hand, was pessimistic, arguing that the concept of industrial policy was lacking in Central Eastern Europe. He characterised the region as facing a neo-colonial status, with governments acting as compradors, prioritising foreign interests over domestic development. Dworski is sceptical about the existing political landscape, emphasising the lack of alternative forces to propose and implement new solutions. He singled out Belarus as the only country in Central Europe that he saw as truly developing.

Unfortunately, the fifth invited participant, Eszter Kovács, a researcher at the Central Bank of Hungary, was unable to attend the discussion in person. However, she sent her answers to RETP. In her response, Eszter Kovács examined the status of industrial policy in the Central and Eastern European (CEE) region, emphasising the potential of such policies for economic growth. She noted the historical dominance of Western multinationals and EU regulations in driving technological developments, but pointed out that this era is changing. Kovács discussed the challenges facing CEE countries, in particular the technological skills gap between Western and CEE countries. Using the car industry as an example, Kovács showed that while the CEE countries have a significant share of total production, the value added and production ratio lag behind the western EU member states, indicating a reliance on labour-intensive production.

In terms of government ambitions, Hungary was highlighted for its shift towards battery production for electric vehicles, attracting significant investment from East Asian sources. The projected values of these investments indicate a significant presence of battery factories in Hungary by 2030.

However, Kovács noted that these operations may not contribute significantly to employment growth due to a focus on automated processes and potential labour shortages, leading to the use of Ukrainian and Asian migrant workers.

Kovács questioned the realism of industrial policy ideas and their impact on employment. She emphasised the need for knowledge, innovation and smart investment to increase productivity and economic growth. Kovács argued for increasing the share of domestic value added, integrating inward capital and helping domestic companies enter foreign markets in order to increase the growth capacity of the domestic economy.

In conclusion, Kovács suggested that while CEE countries are making progress in attracting investment, particularly in emerging sectors such as battery production, there are challenges related to the nature of employment, potential labour shortages and the need to focus more on increasing domestic value-added and economic integration to ensure sustainable growth.

**The full interview will be published in *World Politics and Economics (Világpolitika és Közgazdaságtan)*.**