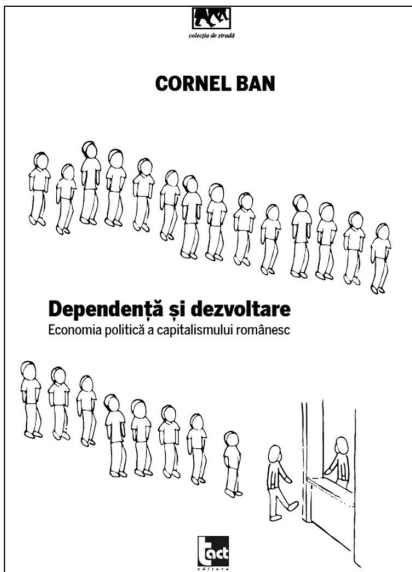

EDITORIAL EVENTS

Romanian Capitalism: Out of the Frying Pan into the Fire Lessons in Dependency and Development

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CORNEL BAN, *Dependență și dezvoltare: Economia politică a capitalismului românesc* (Cluj: Tact, 2014).

FOR THE past two and a half decades, capitalism has remained largely outside the purview of Romanian social scientists. With few exceptions (e.g., Pasti 2006), local social scientists have ignored political economic structures and dynamics, while at the same time producing countless analyses of “transition,” which take capitalism more as a normative given than as an object of critical inquiry. All this in spite of capitalism being a traditional topic of theoretical reflection and empirical interest and, just as importantly, in spite of the ongoing turmoil that characterizes present-day Romanian economy and society. Hence, with little to no locally produced knowledge, the Romanian case has been severely underrepresented in the growing literature on the development of capitalism in Central and Eastern Europe (CEE) in the aftermath of 1989 (e.g., Bohle and Greskovits 2012). More recently, this situation has been partially compen-

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sated for by the work of a handful of Romanian scholars educated abroad, who have published a number of detailed analyses on topics related to the political economy of Romanian capitalism (e.g., Cernat 2006; Gabor 2011; Pop 2006). Despite their significance, these works have enjoyed only a modest circulation on a local level and have yet to be translated into Romanian.

Cornel Ban's new book *Dependență și dezvoltare: Economia politică a capitalismului românesc* (Dependency and development: The political economy of Romanian capitalism) constitutes a big step forward in filling this knowledge gap. Based on the translation of several chapters from Ban's Ph.D. dissertation and other research projects of his, the book offers the Romanian public not only a privileged first insight into Ban's work on Romanian economic history, but also a long-awaited attempt at making sense of the political economic transformations that have led us to where we are now. Since the book was written for a general audience, the author hopes for it to benefit from a wider circulation than previous works on related topics and thus contribute to public debates on the nature, origins, and development of Romanian capitalism. In this respect, Ban aims at offering sufficient evidence and interpretations solid enough to support "a social-democratic critique of the versions of capitalism that have been tried in Romania during the past one hundred and fifty years" (p. 9).

In setting up his critique, Ban draws on two interrelated bodies of literature. On the one hand, the phrase "Romanian capitalism" is conceptually legitimate only from the standpoint of the varieties of capitalism approach, upon which Ban explicitly relies and to which the book obviously contributes. According to Ban, in comparison with other CEE states, Romania stands out as "a form of dependent neoliberal capitalism, different from the dependent capitalism with social-democratic (Slovenia) or neo-corporatist (the Czech Republic, Hungary) characteristics" (p. 12). On the other hand, the book is inspired by Karl Polanyi's *The Great Transformation* and the burgeoning body of literature that came in the aftermath of Polanyi's reappraisal at the turn of the millennium. Ban relies much more heavily on Polanyi than those authors working strictly within the varieties of capitalism approach. Though he does not claim it to be so, at first sight Ban's book can be said to be nothing less than a Romanian version of *The Great Transformation*. Even if it cannot claim to make such pioneering theoretical contributions as Polanyi's work, Ban's book is similarly ambitious when it comes to its historical reach. Or at least the author seems to want it to be.

There is a third body of literature on which the book relies less, but to which it nonetheless contributes. The local debate on dependency and backwardness dates back as far as the second half of the 19th century. The main contributors to this debate were the Marxist social-democrats, from Constantin Dobrogeanu-Gherea at the turn of the 19th century, to Șerban Voinea in the interwar period, and Henri H. Stahl during the second half of the 20th century (Chirot 1978;

Love 1996; Rizescu 2012). While it is true that the Romanian Marxists were much more in line with the classic dependency theory that Ban explicitly rejects, they were similarly concerned with the specific features of Romanian capitalism and the possibilities for setting the country on the path to economic and social development. Until recently, this line of critique had failed to yield any inheritors after 1989. Bogdan Murgescu's (2010) recent book took it upon itself to rejuvenate this intellectual tradition, though without the theoretical and political ambitions of his Marxist predecessors. Ban credits Murgescu with putting the issue of Romania's dependency back on the intellectual map and sets his efforts in direct continuation of Murgescu's book. Fortunately, *Dependența și dezvoltare* puts forward a much more sophisticated and worthwhile interpretive effort than *România și Europa*.

The book is an economic history of Romanian capitalism from the mid-19th century to the present, including the state socialist hiatus. Ban argues that this history can be broken down into three "basic phases": "the first Romanian capitalism (1829–1948), the national-Stalinist developmentalism (1948–1949), and the second Romanian capitalism (1989–2???)” (p. 17). Together, these three phases add up to a "history of attempts—mediocre in terms of results—to reduce the country's development gaps" in relation to advanced capitalist countries (p. 251). During this time, Romania moved from a position of classic dependency before the 1930s to one of semiperipheral dependency during the second phase, with the latter being further consolidated once the second Romanian capitalism took the neoliberal path in the second half of the 1990s (p. 15). Though these categories are reminiscent of the standard tropes of dependency theory, Ban rejects explanations that primarily focus upon external constraints and argues that the responsibility for Romania's trajectory lies "to a great extent . . . with local political and technocratic elites and the way in which they negotiated the country's external constraints" (p. 16). Consequently, Ban's analysis puts special emphasis on the role of political and economic ideas, intellectuals and the "capacity and autonomy of state bureaucracies" (p. 17) in understanding the country's continued dependency and (under)development. Ban insists on an understanding of "development" in terms of both economic and social progress and claims that in each of the three phases local elites failed on both accounts.

The strongest parts of the book are by far those dealing with the period between 1965 and 2000. These are not only the most empirically detailed, but also the most consistent with Ban's analytical framework. They deal with the demise of what Ban calls the national-Stalinist developmentalist project and of the post-89 neodevelopmentalist experiments, with the latter setting the country on the path to neoliberal dependency.

Developmentalism is another term Ban borrows from the vocabulary of dependency theory. The national-Stalinist developmentalism was radically differ-

ent from the classic and national liberal projects according to which capitalism was built in Romania before 1945. It achieved substantial economic and social advances but eventually succumbed, as Ban shows, due to a complex combination of factors including the intransigence of the country's leaders, the mismatch between investment decisions and international events like the two oil shocks of the 1970s, or the country's dependence on international financial institutions from the capitalist world. The austerity of the 1980s, which led to the downfall of the Ceaușescu regime, was neither automatic, nor an intrinsic feature of state socialism as such, but rather represented a contingent result of the local elites' attempts at balancing out these internal and external constraints. Ban's analysis of the demise of state socialism in Romania is undoubtedly the best work written so far on the subject.

1989 did not bring about an immediate and absolute victory for neoliberalism. As Ban painstakingly shows, establishing a neoliberal orthodoxy in post-socialist Romania was in fact a relatively protracted and convoluted process in which alternative, neodevelopmentalist projects failed to negotiate between external dependency and internal development pressures. Ban spends a great deal of time showing that neoliberalism had strong opponents among both policy- and decision-makers. For the first six years after 1989, this opposition materialized into two neodevelopmentalist projects—one liberal, the other populist—comprising different combinations of neoliberal and developmentalist ideas. During this period, neodevelopmentalism was the running orthodoxy. Neoliberalism replaced it only as a result of two interrelated processes: on the one hand, similar to their state socialist predecessors, the local neodevelopmentalist elites failed to negotiate external and internal requirements satisfactorily enough to make their projects sustainable beyond the short term; on the other hand, neoliberalism became a viable contender and provided a credible alternative once the neodevelopmentalist project reached its limits.

Ban argues that, starting with the second half of the 1990s, neoliberalism could present itself as the only possible alternative to neodevelopmentalism due to the imbuing of key governmental institutions and nongovernmental actors with neoliberal ideas. This was accomplished through the socialization of the personnel of these institutions and organizations in supporting neoliberal policies on economic, political, social, and even cultural fronts. The merger of the neoliberal agenda with that of advancing democracy and political freedom gave this all-encompassing character of the Romanian neoliberal project. Ban offers a fascinating account of this process by showing how local administrative and intellectual elites became connected to transnational networks of educational and policy-making institutions. In obvious Polanyian fashion, he concludes that “the Great Transformation in Romania was an intensely political process, through which external agents granted authority to the [local] translators of neoliberal-

ism and marginalized and/or coopted its previous enemies, through a combination of mechanisms of coercion and socialization” (p. 193).

The maturing of this neoliberal project in the 2000s, says Ban, brought Romania closer to the Visegrád countries, in the sense that it became heavily dependent on foreign direct investment and vulnerable to external financial shocks. In the absence of an alternative political-economic project, the Great Recession of 2008–2009 only exacerbated the traits of the country’s neoliberal dependency as it “experimented with new forms of market fundamentalism, but also of wealth redistribution in favor of neofeudal networks and the shareholders of multinational and local corporations dominating the Romanian economy” (p. 212). This variant of dependent neoliberal capitalism has massively privileged capital and disfavored labor, while obtaining modest economic results at the cost of bringing the country on the brink of social disaster. The obviously pessimistic undertones of this analysis notwithstanding, Ban believes a change of policy toward a new form of developmentalism is the only way out of the trap of neoliberal dependency.

In spite of the level of detail, Ban’s treatment of the post–2000 period lacks the analytical complexity of the interpretation he gives for the last three and a half decades of the 20th century. After convincingly arguing against seeing the 1990s as a homogeneous period in which neoliberalism reigned triumphant from beginning to end, Ban fails to provide a similarly nuanced interpretation of the 2000s, which he portrays as uniformly and unambiguously hardcore neoliberal. In comparison to his treatment of the first postsocialist decade, Ban’s analysis of the 2000s is much more concerned with macroeconomic dynamics than with historical detail or intellectual and policy networks, even if the reader is provided with few reasons why this is legitimate or necessary for the book’s overall argument. Similar things can be said of the very brief inquiry into the pre–1945 “first Romanian capitalism,” which seems largely out of joint with the rest of the book. Though Ban’s portrayal of these two periods is definitely insightful, their analytical disconnection from the core chapters means that, despite its declared goal, the book falls short of putting forward a fully-fledged economic history of Romania from the mid–19th century to the present. It looks more like a history focused on the second half of the 20th century, to which the author has added separate analyses of the (neo)liberal regimes that came before and after the rise and fall of three consecutive (neo)developmentalist attempts.

Ban’s analysis of the 2000s also points toward a classic dilemma of dependency and development studies, to which he does not provide a definite answer, despite claiming to do so. In this section of the book, Ban stresses the importance of external dependency much more forcefully than that of local elites and state capacity. To be sure, local politicians and the Romanian branches of international banks and multinational corporations are depicted as carriers of eco-

conomic vulnerability, but the narrative no longer puts the emphasis on the agency of elites and emphasizes Romania's geopolitical and geoeconomic location to a much greater extent than in the case of the 1990s. With little to no choice available but to deepen marketization and in the absence of a viable historical alternative to neoliberalism, we are led to believe the post-crisis outcomes would have been largely similar regardless of who populated the ranks of the country's leading cadres. This hardly points to an inconsistency on Ban's part, but rather to the difficulty of providing an analytical balance between external constraints and internal political developments. Indeed, the old cleavage between dependency and modernization theorists was mapped out along this difference in analytical emphasis: while dependency theorists stressed the role of external pressure in leading countries on the path to (under)development, modernization theorists emphasized the importance of local elites and politics. Just like the more sophisticated dependency theorists (e.g., Chirot 1976), Ban struggles to find an equilibrium between the two, but in the end seems to force himself to make an explicit choice for the latter. A direct consequence of this is Ban's insistence that, with different outcomes for the internal political strife, present-day Romania might have resembled the more social-democratic dependent economies of Slovenia or the Czech Republic, or might even have escaped semiperipheral dependency and become an European version of South Korea or Brazil. If the former comparison seems somewhat legitimate, the latter claim is rather outlandish.

In comparing Romania to its Western CEE neighbors, Ban ignores the literature on the *longue durée* accumulation of development differentials between these countries (e.g., Chirot 1991), as well as the importance close proximity to Western Europe had in determining post-1989 outcomes (Kalb 2002). While this comparison is still debatable, saying that Romania's political elites failed to grab available historical opportunities of turning the country into a developmentalist state similar to those of East Asia gives up on all the lessons of dependency theory and fully harks back to the methodological nationalism of modernization theory. As some of the inheritors of dependency theory have shown (Arrighi, Hamashita, and Selden 2003), the rise of East Asia during the past decades has been part of a global geoeconomic and geopolitical realignment through which states like South Korea not only rose from the semiperiphery but also became part of an emerging core. This was the outcome of a highly complex and multipronged process, one in which local elites played only one part of many. Both before and after 1989, CEE—or, for that matter, Europe as a whole—has occupied an entirely different position in this changing global geography of uneven development, and this puts in doubt any claim that the Romanian state, or any of its neighboring states, has lost opportunities of turning itself into a developmentalist state similar to those of East Asia or other regions of the globe. After all, developmentalism in the semi-periphery might be nothing more than a pure

illusion—less of a real historical possibility, than a belief which, when substantiated in policy, merely transforms and strenghtens mechanisms of dependency (see Arrighi 1990). What Ban’s book misses most is a global perspective on the historical trajectory of CEE, as well as a more thorough comparative analysis of Romania’s position as part of a regional periphery. These are up for grabs for future research projects. For now, Ban’s book does an excellent job at opening up the debate.



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