

Romanian Capitalism: Oligarchic, Technocratic and Digital Trends

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Abstract: This essay stresses the transformations of Romanian capitalism after 1989, taking into account both its continuities and discontinuities along several historical and (geo)political lines. I argue that oligarchic, technocratic and digital capitalism are best understood in relation to both the internal and the externally induced transformations Romania underwent in the last three decades. In the foreseeable future, it is probable that digital capitalism will take the lead, thus further shifting apart capitalism from the more and more vulnerable democratic regime that is ruling the country today.

Keywords: democracy, ideology, anticommunism, anticorruption, anti-statism, oligarchic capitalism, technocratic capitalism, digital capitalism

INTRODUCTION

This essay briefly explores the most prominent tendencies of Romanian capitalism after the collapse of the national-communist regime that ruled the country until 1989. It starts with its oligarchic dimension, identifiable especially as a means used by the internal capital to consolidate its monopolistic position within the Romanian market during the post-communist transition. Next, it advances towards the technocratic dimension of Romanian capitalism, which, after Romania's integration in the European Union (EU), can be understood as a growing dependence of internal capital with reference to European capital, especially the German one. This capitalistic shift led to the appearance of a new type of (rather minor) local capitalists that extract their profits and generate surplus-value through development projects implemented by local, regional and national authorities with EU's financial aid (structural, cohesion and solidarity funds).

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Although reluctantly, oligarchic capitalists of the first post-communist generation have also adapted to the transformations entailed by the subordination of the Romanian market to the European one. The emulation between the (still) privileged oligarchic capitalists and the rising technocratic capitalists represents the main contradiction of Romanian capitalism today and it can be interpreted in Marxist terms as a conflict between the post-communist relations of production and the technocratic forces of production that strive to make way for a new, let's call it European mode of production which basically actualizes Immanuel Wallerstein's classical dependence theory. However, the Marxist paradigm is faced with certain limitations here, since the emergent mode of production does not transcend capitalism but signals the growing dominance of European capital over internal capital. Far from being a qualitative shift, this process is actually a dynamization of previous quantitative in the parameters of a new hegemonic perspective.

Finally, the digital dimension of Romanian capitalism cannot be outlined as clearly as the previous two. However, the pandemic we are experiencing at the time I am writing this contributes nevertheless to its affirmation. On the one hand, digital capitalism enforces the precariousness of vulnerable employees such as entry level corporate employees, call center operators, food delivery agents, part time employees and so on. This type of jobs become more flexible as the cost of the workforce decreases due to economic uncertainty in general and to the gradual abandonment of business centers buildings by multinational corporations (MNC) that find it way cheaper to convene with their employees to work from home. On the other hand, digital capitalism exerts more and more pressures on public sectors such as health, education and transport (railways especially) by constraining the authorities to resort to interconnected digital platforms that stock huge amounts of data that can eventually serve all kind of purposes, and not necessarily democratic ones. Cost reduction is the perpetual mantra of oligarchic, technocratic and digital capitalism. What better argument for the digitalization and the successive privatization of the public sector? Romanian health sector underwent attempts like this in 2012, and in 2019 and 2020. Until now, they have failed. However, attempts like these are becoming more and more assertive.

The main research hypothesis brought forward here is that we simply do not know how this metamorphoses of capitalism will impact the Romanian society as a whole but, based on previous experiences, it

is expected that social polarization, migration (due to both push and pull factors), the deepening of the divide between urban and rural areas will increase, thus amplifying a general sentiment of resentfulness. Even if Romania's Gross Domestic Product (GDP) and the purchase power have considerably increased during the last years, the country still has a tremendous migration rate and, with growing inequalities new frustrations emerge along the old ones, although Romania is probably going through one of the most favorable economic periods in its modern history. This has little importance, since the considerable difficulties of the past cannot be used to rhetorically legitimize present day difficulties; they may be less harsher than the previous ones, but they are the only ones posing challenges for the present society: the past is gone and the future is, according to the French philosopher Gérard Granel, faceless.

OLIGARCHIC CAPITALISM AND ANTICOMMUNISM

Post-communist Romanian capitalism underwent not only structural, but also ideological transformations. However, there is a stronger continuity between the ideological variations of capitalism than between its structural metamorphoses. Of course, one cannot fully distinguish between ideology and structure, as Antonio Gramsci argued over a century ago: there is no structure that predates ideology. There are only hegemonic continuums, approachable in different ways (see Forgacs 2000). Simpler said, the super-structural aspects of Romanian capitalism are more intertwined than the structural ones.

Oligarchic capitalism emerged after the implosion of the former state socialist regime in 1989. But repressed capitalist tendencies were nevertheless present within the previous socialist developmentalist regime. Their main nurseries were the foreign commercial activities of communist Romania, but also the cultural sphere, where, due to the economic crises of the 1970s, the ascendance of neoliberal capitalism in the next decade and, last but not least, the inherent difficulties of a strongly centralized economic system – self-financing became the main tenet of cultural activities like concerts, theater spectacles, movie watching, videoteques, and so on. This boosted the speculative abilities and the individualism of the top members of the Communist Youth Union, preparing them to become the resourceful and ruthless capitalists of the 1990s (Pârvulescu and Copilaş 2013; Ban 2014; Poenaru 2017; Stoica 2018; Copilaş 2019).

Basically, the young communist technocrats of the 1970s and 1980s became the new capitalists of the 1990s. Fully making use of the central concepts of post-communist capitalism such as “free-market”, “privatization”, “freedom” or “initiative”, they bought large parts of the huge industrial state sector for ridiculous prices. In many cases, reforms were risky and not profitable enough: dismembering and selling the actives of the former socialist enterprises was easier and more lucrative. Consequently, unemployment skyrocketed. Other methods used to diminish the public sector resided in the creation of mixt companies, financed through both private and public capital; and the end of the fiscal year, all profits were reported on the private sector and all loses on the public sector. A new type of companies appeared, with the sole purpose of privatizing public resources and discrediting the state for being a weak, unskillful and corrupt administrator of public assets. As a result, the country’s GDP shrunk so much that it attained the level it had in 1989 just in 2004 (Zamfir 2004; Pasti 2006).

Anticommunist ideology served the purposes of the primitive accumulation brought forward by oligarchic capitalism, but only up to a point. Capitalists that favored the newly formed social-democratic party cautiously relied on it to legitimize their commercial successes and rapidly growing fortunes; however, beyond this mercantile tactic, they risked lacking credibility since most of them were rising stars of the former communist nomenklatura. Nationalism, xenophobia and slogans like “we do not sell our country” seem to work better for these representatives of oligarchic capitalism.

The other capitalists, who favored the liberal party and the national-peasant party, both dismantled by communists in 1947 and then reestablished in 1990, in a radically different political and historical context – fully used anticommunism. Along with the right-wing intellectuals that are dominating the Romanian cultural landscape ever since, they even tried to question the electoral results of May 1990, when the Front of National Salvation, the precursor of the future social-democratic party, won almost 80% of the parliamentary and presidential votes - by appealing to the West and arguing that the young Romanian democracy is under threat (Zamfir 2004).

In the second half of the 1990s, anticommunism was boosted by the 1996 electoral success of the Democratic Convention, a right-wing political alliance that implemented radical deregulation measures (which were presented as unavoidable economic reforms), responsible for a powerful wave of austerity that brought back in power the social-

democratic party in the 2000 parliamentary elections. By now, oligarchic capitalism gradually renounced anticommunism in favor of different types of nationalist discourses that better fitted its aspirations, while recognizing and preparing for the challenge brought about by the foreign capital, aiming to secure a larger slice of the steady growing Romanian market.

Anticommunist ideology maintained its grip on the cultural sphere, while being appropriated by a breed of technocratic capitalism in the making. This encounter led to the birth of a new capitalist ideology: anticorruption (for the relation between anticommunism and anticorruption, see Poenaru 2017, 141-157).

TECHNOCRATIC CAPITALISM AND ANTICORRUPTION

According to the sociologist Cătălin Zamfir, the postcommunist transition ended in 2004, when Romania's GDP reached the level it had back in 1989 (Zamfir 2004). From now on, a new type of transition emerged, the European one. Placed in the European semi-periphery, Romania's dependent development gained a new momentum. This is not to say that oligarchic, internal capitalism, with its nationalist stances and distrustfulness towards foreign capital, was more sensitive towards social issues than foreign capital (Pasti 2006). However, local resources are easier reclaimable from the internal capital than from the foreign one.

The economic growth that followed Romania's integration within the EU is not doubled by a similar growth of social awareness. Not from the part of authorities, and not even from the part of large segments of society. This is due partly to the way the EU itself functions as a hegemonic capitalist project. Although the EU is nevertheless preoccupied to a certain extent with lowering the structural disparities between regions and state, it proceeds so not with the intent to create a substantially economic and social integrated union, but to prevent some of the existing polarization to become politically destabilizing and to affect, in the least instance, the profits of the German capital.

As a somewhat regulated capitalist project, the EU works by managing economic crises, not by preventing or solving them. The wave of austerity implemented immediately after the 2008 global economic crisis is only one example in this regard. However, as a successful hegemonic order, the EU tends to transform political issues into administrative tasks and therefore decrease the access to its own

genealogy, to make use of one of Michel Foucault's core concepts. This management approach of the political is not new at all. It is nevertheless successful at the EU level and especially in Romania.

European technocratic capitalism has reverberated in Romania through the creation of a local variety of capitalism that is different than and rather hostile to oligarchic capitalism. Although peripheral and semi-peripheral types of capitalism are generated by the state, from above, unlike the Western type of capitalism that was generated by social contradictions rather than by political decisions *per se* (Pasti 2006), Romanian technocratic capitalism departs from this paradigm in four important ways. First, unlike oligarchic capitalism that was generated by the reconfiguration of the post-communist state, even if turned almost immediately against it, technocratic capitalism is a product of Romania's EU membership. Second, Romanian technocratic capitalism represents the consolidation of the lower and middle class, while oligarchic capitalism is put in practice by the upper middle class, high state officials and important parts of the organized crime. Third, technocratic capitalism is localized almost exclusively in urban areas, while oligarchic capitalism was from the start both urban and rural but gained a more prominent rural profile in the last two decades. Fourth, technocratic capitalism maintains a dependency relation with reference to foreign capital, while oligarchic capitalism is hostile to the growing presence of the foreign capital on the Romanian market.

However, Romanian technocratic capitalism remains semi-peripheral in one crucial aspect: it is a type of commercial capitalism, based on providing all sorts of service rather than producing commodities. Oligarchic capitalism is industrial and makes its presence felt in the productive sector of economy, while technocratic capitalism works within the tertiary sector of economy.

It follows that technocratic capitalism is more vulnerable than oligarchic capitalism to the fluctuations of the global market. Its relations with the public sector are poor and underdeveloped, due to the privileged connection that oligarchic capitalism still maintains with the state. Drawing on the still thriving anticommunist ideology that oligarchic capitalism was never fully able to embrace due to the reasons above mentioned, technocratic capitalism advances the derived ideology of anticorruption. Anticorruption is anticommunism actualized to the internal and external changes Romania has undergone since it became a member of the European Union. Its main

components are the never-ending plea for a minimal state, deregulations, smaller budget expenditures for social protection, meritocracy, competitiveness, flexicurity, larger military budgets and, in general, austerity and low incomes for the lower classes in order to make them more attractive for the European workforce market (Poenaru and Rogozanu 2014; Poenaru 2017; Copilaş 2017a; Copilaş 2017b; Zamfir 2018). Interestingly enough, the anticorruption discourse is often doubled by a neoliberal theology that admonishes the poor for being lazy, the public sector employees for being unproductive and unwilling to tackle risks in their careers and life plans, and the retired people for entertaining all sorts of communist nostalgias (Racu 2017).

Technocratic capitalism was consolidated under the presidency of Traian Băsescu (2004-2014) and under the successive governments of the Democratic-Liberal Party, later absorbed by the Liberal Party. An expression of the profound social and international changes experienced by Romania in the last two decades, technocratic capitalism succeeded, with the help of foreign capital, in securing its place inside a rapidly expanding market and in placing oligarchic capital into not necessarily a subordinate, but nevertheless a more precarious position than the one it enjoyed during the post-communist transition. Obsolete, nationalist and retaining a firm anti-globalization position, oligarchic capitalism has retreated towards the rural and the small urban areas (while never fully abandoning large urban concentrations); however, it continues to occupy an important position within the present mode of production.

DIGITAL CAPITALISM AND ANTI-STATISM

From oligarchic to digital capitalism, one can observe a growing ideological opacity. If the former national-communist regime was openly ideological, the oligarchic capitalism that followed strived to be less so, aiming to guide the country in its transition from the ideological “lie” of communism to the narrow, individualistic definition of freedom that neoliberalism was eager to use as a discursive magic formula in order to increase its access to the virgin markets of the former socialist East European countries.

However, through its ardent anticommunism, oligarchic capitalism could not entirely disguise its ideological propensities. Technocratic capitalism, legitimated through its “Europeanness”, succeeded better in this regard: the old political problems are history; by entering the EU,

Romania has reached a realm of plenty; what matters most now is how we administer resources, not some irrelevant political and ideological quarrels about the growing asymmetries between the states and regions of the EU, the structural pressures entailed by the Euro currency, which prolonged and amplified the austerity measures implemented after the 2008 global economic crisis, or the gradual subordination of East European markets to the German capital. In the new European administrative discourse, this amounts to a growing of political coherence and institutional integration, opposed however to a growing process of structural divergence, although economic coherence also occurs, but in smaller and almost insignificant terms (Leonardi 2005).

Even if recently experienced by Romania, this is a process that the Western world experienced since the 1930s (the United States of America), or the 1950s-1960s (Western Europe). The growing “scientification” of social sciences contributed a lot to this tendency: the premises and results of economic “science” are essential and irreproachable; no notable alternatives can be put in its place, with the risible exception of communist utopias, conspiracy theories, or Russian/Chinese propaganda. If economic “science” leaves no room for negotiation, and eventually no room for democratic debates and decisions, political economy is a whole different matter. How can anticorruption be an ideology, technocratic capitalists claim, since everyone disavows corruption except corrupt people themselves? Since every ideology aspires to become more and more universalistic and to camouflage its social particularity within a set of discursive practices that everyone can take for granted (Laclau and Mouffe 2001) – it follows that anticorruption is less openly ideological than anticommunism and, for that reason, more successful.

Managing itself as “non-ideologic”, the technocratic capitalism and now the digital capitalism are also bringing forward the illusion of a less “material” form of capitalism. Production is gradually pushed aside from the visual centers of society, which are becoming more depoliticized and more idyllic, so to speak. Comfort, relaxation, meditation, the art of getting in touch with your inner child, all these “techniques of the self”, as Foucault referred to them, absorb our emancipatory energies and channel them towards reinforcing the present order. With digital capitalism, Romania has finally become a full-time member of what Guy Debord theorized as being the “society of the spectacle”.

But what is digital capitalism? The concept is at least two decades old (Schiller 1999; McChesney 2013) and it covers the rapidly expanding presence of capitalism on the internet and in the social media, thus pushing the digital environment further and further away from its democratic potential. I would venture to argue that the media capitalism of the 1990s, analyzed convincingly by Petrovski and Țichindeleanu (2009, 27-53) paved the way in many respects for the contemporary digital capitalism. Making use of the restrictions brought by the Covid 19 pandemic, technocratic capitalism is rapidly converting itself into digital capitalism, while accusing the state that is incapable of providing fast and sustainable solutions to the challenges posed by the new context, which is highly dynamic, unpredictable and threatening. The state responds by digitalizing education, introducing more and more administrative services and even by attempting to privatize the health sector in order to make it more efficient and more adaptable to the needs of the citizens, perceived mostly as customers.

Furthermore, the state is also accused for not being able to ensure the security measures needed in times of crisis. The state responds by tightening the security measures until the resilience of the population itself is being tested to its limits. Since 2020 is an electoral year, the liberal government does not see fit to expose itself to unnecessary risks and partially lessens the restrictions. Still, the craving of digital capitalism for surveillance capitalism and, even better (and cheaper), for state led surveillance, is becoming more and more obvious.

Since customers are not citizens and have to simply choose between the alternatives presented to them without putting them into question, demanding more alternatives or even new types of political regimes – digital capitalism understands society as a huge company where profit is the measure of every virtue there is – becomes almost impossible. And since many members of a society are not yet or no longer profitable (children, unemployed people, students, retired people), they can only be second class citizens. Just like the French Revolution distinguished between first- and second-class citizens, the first being actively involved in the reproduction of the new *status-quo* while the last simply enjoying their rights in a passive manner (Wallerstein 2011, 145), digital capitalism distinguishes between top, regular and modest customers. Just like two centuries and more ago, private property is at the basis of these types of hierarchization, even if they are more “political”, as in the first case, or more “economic”, as in the second case.

As anticommunism metamorphosed in anticorruption, so does anticorruption metamorphose in anti-statism, an all-encompassing ideology that paradoxically urges the state to protect it and in the same time accuses the state of being authoritarian, invasive and threatening for the negative liberty of the new individualistic, narcissistic, isolated and depressed subjects of digital capitalism. As Wallerstein (2011) rightfully asks, how can individual rights be guaranteed by minimal states better than by socially consolidated welfare states is a contradiction that still hunts the political philosophy of capitalism, namely liberalism, to this day.

PROVISIONAL CONCLUSIONS: CAPITALISM AND BEYOND

Tracing the avatars of Romanian capitalism in the last three decades, this essay argued that social tensions are not necessarily eased but at most occasionally alleviated by the capitalist transformations that occurred after the fall of Romania's national-communist regime. Migration contributed a lot to this result, along with the changing class structure and the growing dependence of the country towards foreign capital.

I am not trying to give credit to the idea that social tensions were not troublesome before 1989; they certainly were, but they never become as antagonizing as they are nowadays; even if in the 1980s and today Romania was and still is one of the European countries with some of the smallest budget allocated for social protection (Zamfir 2004). To put it in simpler terms, it matters more how the (social) cake is divided between the ones who contributed to its making than how big and/or tasteful the cake is. The capitalist cake is more big and tasteful than the communist cake, but it is not sliced in fair pieces and, no matter how much the cake will keep on growing, this unbalanced and eventually unrighteous situation will produce negative effects, eroding the fragile procedural democracy that coexists along with (thanks to?) the oligarchic, technocratic and digital trends of capitalism Romania continues to experience.

If capitalism is the only political horizon available for now, things seem pretty bleak. But if digital capitalism is only one step towards the substantial mechanization of the workforce and the gradual replacement of workers by robots, capitalism itself is being put into question. Without proletarians, capitalists cannot exist; this is the old Hegelian master-servant dialectic in which one part exists only through the existence of the other and no part can be free without recognizing

the freedom of the other. However, robots and machines can exist without both capitalists and proletarians, since they are no part of a greater historical dialectic, but just a residual product of it, a quantity that accumulates itself without fostering new qualitative openings, but slowly closing the fragile ones that still struggle to exist. What Marx named in his *Capital* the “organic composition of capitalism” is permanently shifting. Today, however, it is shifting against capitalism itself, not within the capitalist order, as it did until now. No one knows what the future will bring but, in a pessimistic scenario, it is highly possible that capitalism is one of the last *political* orders that ultimately recognizes alternatives, although it ridicules or portrays them in exaggerate terms. In capitalism, political decisions are still possible, although confined within the limits of this mode of production and only seldom and reluctant gazing beyond them. Tomorrow, the political itself might very well be a thing of the past.

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