

BOOK REVIEW

Ruling Ideas. How Global Neoliberalism Goes Local
by Cornel Ban, Oxford University Press, 2016, 314 pages

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Cornel Ban's book provides an economic and historical narrative of two distinct articulations of neoliberalism: the case of Spain and the case of Romania. These two compelling cases are presented as vastly different from each other. Spain on the one hand represents a moderate market economy, and thus seen as embedded neoliberalism, with numerous social measures aimed at regulating the free market impetus. On the other hand, Romania is regarded as a more radical case, having newly adopted this type of market economy, termed disembedded neoliberalism. The book is structured into four parts, each with two chapters dealing with different aspects of the two cases. For the purposes of this review, the chapters discussing Spain will be combined into a continuous narrative, likewise for the case of Romania.

In the case of Spain, resistance to free market liberalization was a common occurrence. In numerous instances during the country's history, Spanish elites retained a significant degree of welfare measures. Beginning with the 1970s economic policies started shifting from Keynesian to new Keynesian economics, emphasizing monetarist strategies instead of interventionist ones. The economy stood on middle ground between state intervention and market fundamentalism. Key industrial assets received state support, while liberal elements from the new classical school were gradually implemented. The long-time socialist governing party, PSOE (Partido Socialista Obrero Español), lost its left leaning members during the early 1980s, while the national workers union, UGT (Unión General de Trabajadores), failed to maintain existing Keynesian policies. In 1989, Spain's central bank joined the EMS (European Monetary System) leading to more drastic export oriented neoliberal policies with significant effects: monetary schemes aimed at reducing inflation, labour market deregulation, tax cuts for higher income and privatization of major state owned

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companies. The early 2000s continued along roughly the same lines, with a balanced liberalization model, rejecting income flat tax and steering the economy toward complex technological production. Post-Lehman crisis Spain initially resisted IMF imposed austerity packages by defending public spending, increasing taxes for higher income and stimulating production, but in 2011 austerity programs were finally implemented due to EU structural pressures.

A period of dictatorship is a common factor in both cases. The main difference is that Franco's Spain had relative academic liberty which enabled a number of scholars to study liberal economics in U.K. and U.S. based universities, while Ceaușescu's Romania was isolated, with marginal or no contact with western academia. This degree of isolation was a major factor in radicalizing neoliberal policies in Romania, bearing resemblance to theoretical economic models – an 'idealized market economy model' – which prevailed over the existing neo-developmental policies of the early 1990s. Ban attributes the failure of these populist measures to 'predatory strategies' used by local oligarchs, bankrupting a number of state companies, while increasing the level of inequality.

From 1996 onwards, state intervention dwindled partly due to IMF structural reform packages postulating liberalization and privatization. Roughly 40% of state assets were privatized (industrial output decreased by 20% in 2000), public spending dropped by 50%, followed by the dismantling of the workers' unions and corporate friendly taxation. After Romania's EU ascension, the economic policies followed the competition state model present in and around Central and Eastern European countries at the time (Bohle and Greskovits, 2007; Drahoš, 2009). These measures emphasized productive flexibility and labour-side deregulation – evidenced most starkly by the 2011 Labour Code changes (see Guga, 2014; Adăscăliței and Guga, 2015) – meant to integrate Romanian industry into western supply chains.

Bearing in mind Romania's isolation during the socialist period, local translators of neoliberalism were mostly locally trained, with a few having had short-term affiliations with western liberal institutions. This lack of training directly contributed to the radically disembedded neoliberalism in the country. Certain local NGOs, or 'public policy think tanks' aiming to legitimate neoliberal ideas benefited from foreign funding. For example, the Joint Vienna Institute (JVI) – with ties to the IMF, World Bank and the OECD – trained economists who would later form the local economic elite of the 2000s. Other instances include CERPE (Centrul Român de Politici Economice) and SAR (Societatea Academică din România), both with ties to the Hayek Institute and AmCham (an international neoliberal lobby group). These think tanks extended their influence over local academia, political parties, private companies and civil society in general.

Neoliberal ideas were proliferated in two ways: along technocratic lines – economic theories and models voiced in technical terms –, and using a simplified rhetoric, or ‘folk neoliberalism’, predominantly used in the media.

The post-2008 period saw the emergence of drastic austerity packages conditioned by international coercion, although the IMF granted a certain degree of freedom in implementing these reforms. Romanian elites embraced this freedom by enforcing even harsher policies than prescribed by global institutions: VAT increased from 19% to 24%, public budgeting was cut by 25%, and social benefits (including unemployment, childcare and disability) were also reduced by 15%, all while maintaining a flat tax on income. Furthermore, 90% of state aid for industry was allocated to multinationals, further solidifying the country’s competition state role. On a rhetorical level, neoliberalism was synonymous with democracy, while anything welfare related meant a ‘crisis of values’ associated with laziness and backwardness.

Ban’s book provides an intricate and comprehensive narrative about past and present economic transformations in Spain and Romania. Focusing on global and local interconnections, and describing the mechanisms of ‘translation’ – encompassing a variety of international and national institutions with key individuals – linking them both, contributes to the definition of neoliberalism as a diverse entity, rather than a uniform, colonizing phenomenon. Ban’s definition of neoliberalism as an ‘evolving hybrid’ is in tune with other authors (Clarke, 2008; Comaroff and Comaroff, 2012; Ekholm-Friedman and Friedman, 2008; Tsing, 2009) who emphasize the importance of the local in relation with the global, and more specifically the portrayal of neoliberalism as a concrete manifestation in local contexts, while remaining abstract when viewed globally. Assuming such a perspective opens opportunities for a grassroots endeavour, especially one centred on regional industries in periods of economic transformation.

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