Introduction

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1 Why Development?

Following a repetitive pattern, the world gets closer then drifts away from the complex issue of development. Development as a process is a constant presence in our lives; nevertheless, the debate surrounding it—especially with regard to its intensity and quality—is more or less articulate. How did different theories and models guide development? Looking at this topic 30 years after the end of the Cold War allows us to identify three distinct periods. The first one ranges from the end of the Cold War to the brink of the 2008–2009 economic crisis, the second covers the next decade of slow recovery, while the third, the one we are currently experiencing, is the least studied and understood of all. Before detailing these time intervals, we need to stress a fundamental fact: during the whole timespan of 30 years, *development took place within the more general context of globalization, a setting dramatically different than any other in history.*

The first period is characterized by two important processes. First, it was driven by an idealized perspective on the relationship between development and globalization. We owe to Dani Rodrik the most drastic analysis of this vision, expressed by the Washington Consensus.[1] In his book (Rodrik 2011), the American professor

This chapter has been prepared with financial support granted in the project "State of the Nation. Designing an innovative instrument for evidence-based policy-making" (SIPOCA 11, MySMIS 118305), which is co-financed by the European Social Fund through the Operational Programme Administrative Capacity 2014–2020.

[1]The term itself was first used in 1989 by John Williamson to refer to the set of measures designed for Latin American countries in their path towards modernisation and reform. The ideological connotations of the term emerged later, when it became the go-to expression to describe a more

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P. Dobrescu (ed.), *Development in Turbulent Times*,
https://doi.org/10.1007/978-3-030-11361-2_1

makes a poignant criticism of the belief that globalization will help underdeveloped nations escape poverty:

> The Washington Consensus derived its appeal from a simple narrative about the power of globalization to lift developing nations out of poverty. But rather than promote the mixed, pragmatic strategies that China and others had employed in order to develop domestic industrial capabilities, advocates of this narrative stressed the role of openness to the global economy. . .Let these countries (poor countries—editor's note) open themselves up to international trade and investment and a rising tide of trade will pull them up from poverty.

This sugar-coated view induced the false impression that no particular actions needed to be taken and thus encouraged passive attitudes. There is no need for agitation; rest assured that globalization forces are working on your behalf. It seemed that no great efforts were required for development to take place. One only needed to wait patiently until globalization process spilled their abundance over to the national communities. Under the strong impression of these beliefs, development was blatantly ignored as an issue for debate, being replaced by other sources of concern, such as modernization, dependence, Marxism, critical theory, and multiculturalism.

The second process characteristic of this period is the rise of the emerging economies, the countries from Eastern Asia, especially China. In the words of Jonathan Fenby (2017, 1), "China is the main beneficiary of globalization". His words were confirmed by other experts as well. For instance, Eduard Luce (2017, 21) pointed out that

> In 1978, China had less than 1 percent of global trade and in 2013, it had become the world's leading trading nation with almost a quarter of its annual flows. As recently as the turn of the twenty-first century, the US accounted for almost three times as much global trade as China. . . Nothing on this scale or speed has been witnessed before in history.

How can we explain this historic progress? For the purposes of this introduction, we will emphasize one aspect in particular. In the case of China, openness towards international affairs was doubled by an *internal response,* a strategy to maintain a balance between the market and governance, to offer the state leverage to respond to globalization flows, to anticipate world-wide phenomena by enforcing a long-term unitary vision (the so-called long-termism). Although we cannot argue that the delicate balance between markets and governance was deciphered and put into practice for good, many studies and analyses draw attention to China's excessive authoritarian tendencies and the prevalence of state over markets. Nevertheless, what we must reflect on from China's experience is its continuous effort to decipher and balance these two fundamental agents of development. The majority of the developed states failed to make progress in this regard, placing the emphasis on markets to the detriment of the state and on the need to intensify globalization. The relationship

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general orientation towards a strongly market-based approach (sometimes described as market fundamentalism or neoliberalism).

between the state and the markets, as fundamental for development as it may be, suffered from a one-sided, naïve, narrow approach (short-termism).

The second stage includes the crisis and post-crisis period. The most delicate problem here is the economic legacy of the crisis, especially the massive indebtedness of the developed states, which made recovery a slow and painful process.

We owe the most adequate depiction of this context to Christine Lagarde, managing director of IMF. Talking about "the dynamic role of emerging countries", she emphasized that "these countries helped pull the global economy back from the brink of another Great Depression a few years ago. They have accounted for almost 80% of global growth over the past 5 years. They now generate more than half of global output" (Lagarde 2015a).

How did the emerging economies manage to pull their developed counterparts from the brink of disaster? One explanation resides in their impressive rate of growth in the pre-crisis period,[2] one that raised questions and concerns within the developed world. The speed of evolution and growth expresses the vitality of an organism, and the emergent economies' impressive speed of development (before, during and after the crisis) should make the developed countries question their ways.

Lastly, we need to mention another warning sign, the rise of social inequality, a phenomenon that worries the IMF director to the greatest extent. Inequality is a legacy from the pre-crisis period, one that is becoming more severe in the aftermath of the crisis. Inequality was subject to thorough research by Thomas Piketty and Branko Milanovici, and is a constant preoccupation for world leaders such as Barack Obama and Pope Francis. Since the leader of an international financial institution, such as C. Lagarde, chooses to draw public attention to the phenomenon of inequality, it is easy to assume that it threatens not only the social balance but economic growth as well. "Why is this relevant right now? Because the theme of growing and excessive inequality is not only back in the headlines, it has also become a problem for economic growth and development" (Lagarde 2015b).

The third period, unfolding today, provides a picture in reverse of the first one. The exaggerated perception of the importance of globalization has been substituted by an opposite excess of nationalism, statism, and authoritarianism. When Jan Bremmer (2012) published his work, *Every Nation for Itself*, the perspective seemed rather remote. A Short 4 years later, it found its materialization in President Trump's formula "America first", which is becoming state policy for the first world power.

Renowned political leaders and experts who supported globalization are now reconsidering their position. Lawrence Summer (2016) illustrates this new prevalent approach: "Reflex internationalism needs to give way to responsible nationalism or else we will only see more distressing referendums and populist demagogues contending for high office". The shift is so radical that Xavier Solana (2017)

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[2]See in this respect Paul Dobrescu (Dobrescu 2017, 4): "In 2007, for instance, China's growth rate was 14.2%, India's 10.1%, Russia's 8.5% and Brazil's 6.1%. At the beginning of the decade, the emerging countries' GDP share in the world output was 38%; in 2013, this share was 50% (measured at PPP rate)".

warns that “If all countries put their own interests first, paying no heed to others, competition will quickly overwhelm common interests. If nobody is ever willing to yield, we will all lose”.

It is the starting point of a genuine race for development, one that involves every country on the globe. The main feature of this period is that *development is driven by very precise objectives.* These objectives stem from the new digital revolution and the unimaginable opportunities it entails. Referring to the technology race between the US and China, Kevin Rudd, former prime-minister of Australia, as quoted by Crabtree (2018), states that “There is an undeclared Cold War underway now in the IT sector”. He continues by arguing that this conflict is more important than any trade war, more important than North Korea, and even than the conflict over the South China Sea.

Many experts emphasize that the new revolution will lead to “tectonic shifts” not only in the tech area but in management, prognosis, publicity, and so on. The flagship of this revolution is *artificial intelligence.* Vladimir Putin (Vincent 2017) anticipated its impact with the following words: “Artificial intelligence is the future... Whoever becomes the leader in this sphere will become the ruler of the world”. What is certain is that the digital revolution found many were not ready to face it.

The world itself seems to be unprepared. At this point we must emphasize an aspect of great interest to us. While in the national public spheres we may discuss in detail many economic issues, we hesitate to acknowledge the real threat for the developed world: its *political division.* Development is the top priority, *the number one project to be undertaken by a society.* The fundamental impact the digital revolution is exerting on development is taking place in a context of irreconcilable differences between national political factions. These sides refuse to acknowledge each other’s legitimacy as a partner, and to open to dialogue, to agree on national priorities. They fail to embrace a common project on behalf of their nation.

The most touching description of the importance of development that we read in recent years is authored by Ian Goldin (2016): “Development is not simply or mainly about the lives of others. It is about ourselves and what we care about. Development is about who we are and our collective future”. The life of a nation can be analyzed from many perspectives. The way in which it has managed to foster its own development is fundamental. Nothing else is more comprehensive and significant. Development accounts for what a nation is, and intends to become. That is why development is the genuine and enduring brand of a country.

The three periods described above characterize the evolution of the developed world in general, and Central and Eastern Europe (CEE) in particular. The states in the region felt the changes brought by the three stages with greater intensity as they overlapped with their own deep structural reforms after the fall of communism. The economic crisis reached CEE states when they were more vulnerable that their western counterparts. Economic and social effects were more intense as well, resulting in growing public discontent and the radicalization of the public opinion in recent years.

The third stage of development, according to our classification, finds CEE emerged in an anxious quest for development. The first technological revolution of the nineteenth century fueled the Divergence Era, when Europe grew to be the undisputed leader of the developed world. The rose of the emerging economies led to an Age of Convergence (Baldwin 2016), when development gaps between countries and regions decreased. It is our intuition that the large-scale proportions of the new digital revolution will make divergence a reality once again. The hierarchies of this era will depend on the capability of states to take advantage of the limitless possibilities offered by digitalization. The goal of CEE should be to become part of the cluster of states wise enough to rise to the potential this age has to offer. For all the reasons above, we chose to focus this volume on the fundamental topic of development, especially since many analyses led to the conclusion that the EU is not among the leaders of change at this point.

Against this backdrop, the volume *Development in Turbulent Times. The Many Faces of Inequality within Europe* explores the theoretical and empirical challenges related to the concepts of development, progress, and assessment of national performances. The contributors reflect upon pressing issues in the field and question how existing models of development can be adapted to fit the current challenges inside the European Union. The economic crisis, whose effects are still persistent today, led to reshaping the relationships between development, growth, poverty, and inequality inside and outside the European Union. In this context, the goal of our endeavor is to gather fresh theoretical analyses and empirical studies in the pages of a unitary volume to serve scholars in the field, policy makers, and the public.

We investigate the trends most likely to impact the European Union's medium and long-term development, and discuss the most suitable models for the EU and for its member states. A secondary focus is related to the methodological challenges for the research field, such as the difficulties in selecting the proper indicators, and measuring them consistently. Thirdly, we are preoccupied with the "soft" aspects of globalization and development, meaning the communication flow established between all stakeholders in the process. From a geographical standpoint, the focus of the volume is on the European Union, and especially the under-researched area of Central and Eastern Europe.

The structure of the book is two-fold. The first part, *Envisaging Development in the Contemporary Society: Theory and Public Debates*, includes contributions that revisit, from a theoretical and/or empirical standpoint, the main theories in the field, taking into consideration current crises as well as the changing patterns of globalization. This section contributes to the discussion of fundamental concepts such as development or underdevelopment, and the relationship between development and other process (i.e. economic growth; inequality, poverty). Contributions under this section also reflect upon the challenges in measuring development and progress.

The opening chapter, authored by Ian Goldin, Oxford University Professor of Globalisation and Development, questions why countries around the globe evolve very differently, that is, why some develop whereas other remain poor. By combining the historical overview of the developmental processes with insights from the academic literature, the author identifies some factors that shape the path towards development, ranging from natural resource endowments, geography, history, and culture to policies and the functioning of democracy, to name a few. Lastly, the contribution considers the role of businesses, governments and individuals everywhere in shaping a common sustainable future for development.

If Ian Goldin is concerned with the factors that favor or impede development, the authors of the second chapter, Anne Buffardi, Tiina Pasanen, and Simon Hearn, are more focused on how to accurately assess national progress in this regard. They explore four dimensions of development that are currently difficult to measure: abstract, multi-dimensional concepts, processes and issues; unpredictable changes in the general setting; uncertain pathways of change; and multi-layer implementing structures.

The last three contributions to this section are dedicated to the EU's current challenges for ensuring economic development and finding fiscal balance. As such, they provide a locus for debate on the specific, post-crisis applicability of developmental theories. Florina Pînzaru and Cristian Păun take Romania's case as an example of how development must not be taken for granted as a result of European integration. Given that Romania is currently lagging behind in many areas, the authors draw valuable conclusions on what sound policies for a systemic change to the economy should be. Clara Volintiru and Gabriela Drăgan also discuss inequalities between EU member states in the next chapter, by looking at them through the lenses of international trade. There are significant discrepancies in this regard between EU states, some of them being excessively reliant on the single market instead of opening up, as a whole, to the globalization flows. Further enriching this debate on European imbalances, Jérôme Creel envisages the Eurozone crisis as one of the most severe barriers to the EU's development. He makes a critical inventory of the many explanations for the Eurozone's growing imbalances and advances an unitary explanation to understand the whole crisis landscape. Against this backdrop, the contributor discusses the already implemented reforms within the EU, the current agenda for reform, and other proposals to stimulate future development.

The second part of the volume, *Challenges and Opportunities for Development in the Post-Crisis Period*, is dedicated to a number of empirical studies on the most pressing contemporary issues in the area of sustainable development. The contributions cover the most important domains for any given society: economy and financial markets, education, health, demographic trends, life satisfaction, and the results of European integration. The elusive realm of public opinion is also considered. The authors identify both the challenges and opportunities for progress in the turbulent times of the present, thus contributing to the public debate on development.

Under this topic, Paul Dobrescu and Flavia Durach take a look at the different perspectives on inequality and its evolution in the post-crisis period. The authors investigate the main theories on inequality within and between nations as well as the public perceptions regarding this phenomenon. The empirical contribution of this chapter consists of measuring through quantitative indicators the different faces of inequality within Romania, concluding with the country's ranking within Central and Eastern Europe. In short, despite economic growth, there is puzzling evidence that inequalities have become more severe in Romania. The conclusions encourage the reader to meditate on how to achieve progress without sacrificing equity.

In the same vein, the following chapter looks at the inequalities within Europe from another angle, namely, the East-West developmental divide. The authors, Alina Bârgăoanu, Raluca Buturoiu, and Flavia Durach, argue that this centuries-old divide is currently making a comeback, fueled by persistent differences in the level of development of the old (Western) member states, and the new (CEE) member states. The sobering realization stemming from this analysis is that the acknowledgement of this development gap is the only way to avoid one of the EU's greatest vulnerabilities in the future.

The following four chapters have a very specific focus, each narrowing the discussion down to specific issues that may ensure genuine progress for the European nations or, by contrast, raise longstanding barriers in their path. Juergen Braunstein and Asim Ali look at new sources for Sovereign Wealth Funds, especially by countries that cannot rely on oil wealth or significant export surpluses. New alternative funding sources can become a solution to meet long-term financial and socio-development objectives. As the chapter highlights—through four examples (Bangladesh, Armenia, Indonesia, and Turkey), these funds are increasingly integrated into the national strategies for economic development. The chapter may help practitioners identify creative ways of leveraging national assets in the pursuit of development.

Next, Kalliopi Kasapi, Andriana Lampou, George Economakis, George Androulakis, and Ioannis Zisimopoulos evaluate another main source of economic development: foreign direct investments. Their objective is to discuss the key macroeconomic factors that may affect inward FDI in Romania, Slovakia and Greece in the context of European integration. The authors note the downgrading effect of Europeanisation on FDI attractiveness, and advance some tailored-made explanations in the case of each state.

The tenth chapter of the volume turns to a topic of great interest at the moment: the connection between healthcare and migration as a key challenge for modern welfare societies. Since the human factor is the most important driver of development, we welcome this contribution focusing on the well-being of a very disadvantaged category: migrants. The authors, Caterina Guidi and Alessandro Petretto, discuss the differences in access and use of health systems by intra-EU migrants and migrants from third countries. Measuring the impact of migration on the healthcare systems represents an emerging issue for developed as well as developing countries. They make a compelling argument that sustainable health systems need to tackle social inequalities for the whole population, not only migrants.

The second key factor for the development of human resources, apart from ensuring their access to welfare and the health system, is education. In this regard, Diana Cismaru and Nicoleta Corbu provide empirical evidence of the consequences of education gaps in Romania, and between Romania and other states in Central and Eastern Europe. Their research identifies education gaps in some key areas, with impacts on employability, workforce quality, quality of life, and welfare. Based on the empirical findings, the chapter pleads for the implementation of new educational policies in Romania, to increase the enrolment and educational attainment by stimulating the returns of education.

Lastly, public perceptions on development within the EU framework are discussed by Florența Toader and Loredana Radu. Taking Romania, a notably Euroenthusiastic member of the EU as an example, this chapter observes and explains the patterns of EU support in Romania, despite the persistence of developmental gaps after a decade of membership. The results of the analysis challenge the utilitarian approach of EU support (cost-benefits calculations). According to the authors, the strong trust Romanians have in the EU can be more accurately explained by soft predictors, such as pessimism for the state of the national economy and symbolic attachment to the EU.

In their entirety, the chapters gathered within the pages of this volume give answers to as well as ask additional questions about the puzzle of development within the European Union. We explore an old issue (defining and assessing development) in a new context (the post-crisis period). Based on hard and soft data, we argue that hardships did not end in the EU or globally, and that rising inequalities, as well as other challenges, can impede development for many years to come. It is our belief, as well as hope, that this book can be of service to scholars and policy-makers who are willing to reflect upon issues related to evidence-based policymaking and development models.

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