The Consensus of Hierarchy

“Post-communist countries have become the success story of the model of hierarchical economic globalization, with the accelerated liberalization and privatization offering, on the one hand, the politically correct explicative formula for the transition and, on the other hand, the path for conformation to the waves propagating from the powerful summit of the global economy.”

In the past two decades a powerful logical inversion has occurred in the creative algorithm of Economics: the referentials of the explicative framework most often stem from the geostrategic vision of globalization. The most relevant assertions in the world of economic ideas are marked today by hypotheses of political thinking which are specific to the Washington Consensus.

Economic policy arrangements target values inspired by the theory of free international commerce and reach their peak with the liberalization of the capital account, reacting thus to the advantages of highly developed economies. The immediate consequence of this unexpected inversed economic determinism – with the effect generating the cause – is that the usual economic theory offers adverse solutions to the democratic objectives of economic development. The achievements of transition economies are not found, as it would have been expected, in spreading the effects of wealth, nor in the “forward leap” assumed by the concept of a global world on which the promises of the Washington Consensus are based.

The stated destination of the Consensus of being the reservoir for sustaining the exit of underdeveloped countries from the poverty trap, by resorting to the harmonization of existing policies with those of Western world economies’, remains a deceiving assumption. The increasingly pervasive sentiment in society is that the post-communist countries have remained still between two mirrors with opposed reflections.

For instance, the Consensus did not favor Central and Eastern Europe’s real transformation of the economic mechanism especially because it did not provide the framework favorable to the market with regard to the decision and action of the individual. The leading actor of the capitalist dramaturgy, the entrepreneurial-inclined individual, not only did he not discover – as was natural – the first scene of the transformations leading to the market economy, but didn’t even get to insinuate himself into, and survive on, a free market; the roles were assigned to the Western stars.

Visibly, in post-communist Europe the forming of private property has largely been represented by the acquisition of public assets almost exclusively by foreign capital, with the creation of new companies being situated in the marginal area of added-value creation. The processes of economic liberalization did not push into a critical mass the entrepreneurial behaviors which were founded on the acceptance of investment risk and neither did they bring about functional markets.
The indigenous contribution to capitalization remained too insignificant to offer the necessary potential for a natural plug-in of post-communist economies into the global markets. Due to the economy being rather taken over by the forces of the mature markets, the process of transition was an effect of communicating vessels, the abundant liquid of western markets entering and covering the empty economic space of the post-communist orient.

Thus, what are considered to be the own market-creating forces have succumbed under the pressure of the free flowing capital originating in the economies with centuries-old functional markets. It was, essentially, the takeover of the forming markets by economies with consolidated competitive capacities. In fact, the success of the Consensus was limited to breaking the dependency on communist ideology and on external political control, while economic independence remained an unsolved issue.

It is interesting that were the orthodoxy in applying the ideas of the Consensus has been broken, especially with regard to the keeping of a more consistent segment of indigenous capital, be it either public or private, the post-communist economy’s capacity of dealing with the market forces was beneficial in this crisis. The economies with a balanced capital structure, both by sectorial criteria centered on favoring the manufacturing industry and also by criteria of allocating profit based on the owner’s location, have shown better resilience to external shocks and a proven predisposition for attenuating disequilibriums.

The obvious consequence of applying the policies inspired by the Washington Consensus is that the post-communist countries have become the success story of the model of hierarchical economic globalization, with the accelerated liberalization and privatization offering, on the one hand, the politically correct explicative formula for the transition and, on the other hand, the path for conformation to the waves propagating from the powerful summit of the global economy.

The conceptual pattern of the Washington Consensus has mostly established a mechanism for converting the local economic trends into a support for the efficient performance of the capitalized economies.

The reality of post-communist transition shows that economic dependence is proven under the new conditions as well to be a force which blocks the exit from the periphery, emergence remaining still an atypical case of dealing with development – a heroic formula for dissidence to the Consensus of hierarchical globalization.

The forward leap, of yesterday and of today, forced in the mirrors of ideologies, was proven to really be a leap backwards, and if it won’t be fatal it is because nature hesitates in making deadly jumps.

In ontology, commonsense and the well-done job function as unbendable law.

Marin Dinu
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Note: The authors are responsible for the content of their articles and for obtaining necessary permissions.

Text revision:
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Cover:
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Subscriptions distribution:
Mircea Dinu
Tel./Fax: 021/210.73.10; 021/210.63.07
021/210.63.08

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http://www.icaap.org
CNCSIS B+

www.economieteoreticasaplicata.ro; www.ectap.ro

Reception of texts: economia.ta@edeconomica.com

ISSN 1841-8678 (Print)
ISSN 1844-0029 (Online)