

**ANXIETIES ABOUT MODERNITY:
THE DEVELOPMENT OF THE ROMANIAN
WELFARE STATE FROM THE LATE-19th
CENTURY TO 1938**

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Copyright declaration

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Vienna, 22 April 2021

_____**Sergiu Delcea**_____

Signature



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Abstract

On the whole, the literature on the origins of welfare states in late industrializing Central and Eastern Europe argues that redistributive institutions emerge as corollaries of modernization. Typically informed by the experience of North-Western Europe, existing studies depict how the various sequences of modernization generate the socio-economic issues that prompt policy makers to design welfare intervention. In this sense, CEE welfare states appear as a result of various functional or instrumental needs – insuring against new industrial life-course risks, cementing state-building by pacifying labor, bolstering economic productivity by replicating global best practices, or framing nationhood by cutting across ethnic cleavages.

Yet, while such studies depict important mechanisms, they ultimately underestimate the complex inner mechanics of late industrialization. Specifically, existing studies do not fully capture that competing against the “core” collapsed in at the same time all of the transformations typically associated with modernity. This essentially forced political elites in late developing CEE, who lacked adequate resources to tackle simultaneous challenges, to proactively theorize solutions that cut across the challenges of state-making, nation-building and the economic transformation. Against this background, the lack of adequate experimentation time for a gradual and layered approach, prompted political elites to use self-reflexive logics, which essentially precluded any sequential-functionalist institutional development.

The dissertation thus argues that dissecting in a precise manner how late modernization informs welfare state creation requires analyzing political elites’ open-ended ideational debates seeking to elevate specific socio-economic issues to the rank of a social question. In this line of thought, the dissertation argues, through a case-study of Romania from the mid-late 19th century

to 1938, that welfare institutions were developed to replicate a specific class matrix believed to underpin Western development. In the contingent view of Romanian political elites, a holistic and integrative class matrix was envisaged to articulate the bottom-top demands that guided top-down theorizations of cutting across parallel challenges. To develop this argument I first draw on theories of self-reflexive modernity which open up space to analyze late development as an open-ended ideational construction. On a second level, I draw on sociological theories of social policy which analyze welfare state development as the process wherein political elites define problems of socio-economic integration and worthy addressees of would-be state programs.

The dissertation proceeds by breaking down political elites' narrative bricolage into its constitutive elements – the inherent contradictions of states and markets, the additional challenge of nation-building as a modernizing project and the co-constitutive national-international relationship. At each step, the dissertation analyzes how political elites used self-reflexive debates to identify the relevant socio-economic groups whose interplay was envisaged to generate the causal chains specific to Western modernity. To fully capture political-ideational conflict, the dissertation relies on a complete review of plenum Parliamentary debates from the 1880s to 1938, alongside additional Governmental sources ranging from legal texts to official journals.

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List of Abbreviations

CEE – Central and Eastern Europe

DCD – Debates of the Chamber of Deputies

DS – Debates of the Senate

ELF – Ethno-linguistic fractionalization

NAC – National Archives Collection

NSI – National Statistical Institute

RE – Romanian Encyclopedia

Introduction

By the early 1900s, Romanian political elites recognized with increasing anxiety that Western-style modernity could not be achieved by waiting for development to trickle down, but only through proactive agency (Lascar, DCD, 9th Apr 1904). For instance, as shown by the Western countries who had already leaped ahead, top-down welfare intervention was *the* key to tackling the worker turmoil that threatened capitalist economic modernity (Govt Expose, DCD, 25th Nov 1909¹). To some degree, “policies built on ideas [from the West]” could reduce anxiety by galvanizing specific common transformations (Romanescu, DCD, 16th Febr 1902). Yet, if welfare policymaking successfully modernized Germany by 1891, but France barely by 1910, it was not immediately clear if it would engender catching up in late 19th century Romania, where capitalism had barely emerged (Gradisteanu, DCD, 10th Dec 1911). In this line of thought, Romanian MPs faced even greater anxiety at the realization that, in some (semi)peripheries, using Western tools had in fact generated dependency and colonialism (Stefanescu, DS, 26th Nov 1901). Such deep anxieties implied that while more developed countries could simply copy welfare templates (Mille, DCD, 20th Febr 1902), late industrializing Romania required an in depth ideational debate to disentangle how creating redistributive institutions would usher in modernity.

By centralizing the role of open-ended ideational debates, the present dissertation implements a new conceptual approach to studying the origins of welfare states in Central and Eastern Europe (CEE). The dissertation offers a case-study of mid-19th century-1938 Romania,

¹ For editorial purposes throughout the dissertation I use the following acronyms for archival references – *DS* – Debates of the Senate; *DCD* – Debates of the Chamber of Deputies; In text reference style – Speaker, Chamber, Date of session; *NAC* – National Archives Collection; in text reference style - NAC, Collection Number, Folder number / year; *NSI* – National Statistical Institute; *RE* – Romanian Encyclopedia; Archival journal and/or book sources are quoted as regular citations. The list of references contains the entirety of the archival references with summoning numbers for the particular collections.

which analyzes that the creation of a welfare state was theorized by political elites as a solution that cut across the simultaneous challenges of state-making, nation-building and the economic transformation. By drawing on scholars who argue that modernity in the “core” itself was contested and contingently-defined (Stråth and Wagner 2017), the thesis argues that unpacking how late modernization informs welfare state creation requires disentangling ideational debates, rather than simply focusing on the role of structural pre-requisites (Leisering 2018). On a first level, since Westernization appeared to comprise both law-like concepts and significant ambiguities, Romanian political elites faced great anxiety in identifying the constitutive elements of development. On a second level, competing against proven models further increased the tension as Romanian MPs were forced to deal at the same time with mutually obstructive processes that had only been layered in Western states in a gradual fashion over a long time (Stråth and Wagner 2017). Against this background, Romanian political elites, who lacked adequate resources and fixed guidelines, theorized that they could only navigate parallel challenges in a self-reflexive and trial and error manner, by bundling anxieties and open-ended questions into projects such as welfare institutions, envisaged specifically to cut across multiple areas of socio-economic life at the same time (Case 2018).

While scholars broadly agree that CEE welfare states appear as “corollaries of modernization”, the existing literature has thus far however remained underspecified in terms of discrete causal mechanisms. Broadly speaking, existing studies can be grouped in two major categories – one family of studies typically argues that CEE welfare states emerge as elites react in various ways to the tensions inherent to the state-economy-nation nexus; a different family argues that the elevation of the Western-path to supra-historical validity (Stråth and Wagner 2017) provided late-comers with templates that informed welfare state creation above and beyond local

requirements. The common denominator is a macro-structural approach to unpacking the common experience of grappling with late modernity (Moses 2018), through the sequential search of exogenously given challenges. On the whole, this literature has reached an impasse in delineating the causal mechanisms through which the un-homogenous nature of late industrialization informs the creation of “hybrid welfare states”. To a high degree the impasse stems from the fact that existing studies analyze actors as either passive rule takers, struggling to adapt a putatively ill-equipped structural background, or as impulsive deviators from an exogenously given teleology. This neglects the fact that since political actors recognized that both the apparent pillars of modernity and their co-constitutive links were highly ambiguous, they pro-actively theorized solutions to dealing with the multiple anxieties of late onset development.

The first family draws on key tenets of studies analyzing the development of welfare states in the “core” and, as such, argues that since state-making, nation-building and capitalism are mutually obstructive, political elites in late modernizing CEE design welfare institutions as reactions to functional or instrumental needs within the continuum. One class of such top-down reactions involves the emergence of welfare states as a functional requirement of new life-course risk or as a functional need of state- and regime-building (Haggard and Kaufman 2008), in a context where capitalism breeds class fragmentation (Inglot 2008, 57). A different class of top-down reactions involves elite-driven crisis management, wherein welfare institutions emerge to tackle immediate issues (Inglot 2008, 15). Because spurt-like late industrialization (Tomka 2004) generates uneven growth, it creates a plethora of ongoing socio-economic issues that force elites to respond through “emergency policymaking” (Inglot 2008). The reactive view of agency has however been increasingly criticized by sociological theories of social policy, which show that political elites in both early and late modernizing states debate specific couplings between state,

society and economy and proactively choose, according to complex ideational constructions, which of their socio-economic anxieties ultimately came to inform welfare state development (Kaufmann 2013a; Leisering 2018).

The second family of approaches to the origins of welfare states in CEE argues that since modernity rested on an international public sphere (Case 2018), political elites resorted to ready-made templates as shortcuts to sustain competing against the “core” (Szikra and Tomka 2009, 19-20; Collier and Messik 1975). In one interpretation, scholars who draw on World Society Theory (Meyer, Boli, Thomas 1997) argue that because international discourses embody cumulative knowledge, they are recognized as “best practices” which override national paths (Leisering 2018, 26). This suggests that world-level waves of policy adoption (Abbot and DeViney 1992) prompt late comers to adopt templates such as welfare institutions that exceed the functional requirements of host societies (Meyer, Boli, Thomas 1997; Collier and Messik 1975). In a different interpretation, because elites are constrained by sticky national paths (Moses 2018), they “domesticate” international solutions to the pan-European social question (Case 2018). Scholars in this tradition argue that international welfare templates are “translated” and applied as part of actors’ own interests, which reflect path-dependent national policymaking (Djelic and Quack 2010). Increasingly however, studies on “differential internationalization” (Fetzer 2009) show that, because the convergence-path-dependence literature operates with a homogenizing view on agency (Strang and Tuma 1993), it typically misses that the logic of identifying relevant international templates and crafting the strategy for using them can only be understood in the contingent view of actors (Zeitlin 2006).

On the whole, while existing studies on the origins of welfare states in CEE offer some important insights, they ultimately miss the inner mechanics of dealing with the simultaneous

challenges of late modernization. Specifically, existing studies neglect that, since political actors recognized they lacked resources to tackle parallel challenges at the same time, they were forced to proactively theorize cross-cutting solutions. In this sense, because political elites did not share a conceptual unity regarding the multiplicity of challenges, they “welded” questions together into bundles that sought wide-scale solutions, as part of specific political aims (Case 2018, 4, 6, 104). Bundling implied proactively theorizing specific causal connections between atomized questions, which allowed creating an integrative solution that could cut across between mutually obstructive or parallel challenges (Case 2018). Furthermore, since elites also lacked adequate the experimentation time needed for gradual and layered projects, cross-cutting solutions could only be crafted by resorting to ideational constructions predicated on self-reflexive debates (Case 2018). This both precludes any functionalist logic tying putative pillars of modernity to welfare state creation *and* suggests that elites respond to parallel questions through coherent ideational constructions rather than in ad hoc, crisis-management fashion.

Because existing studies adopt a static view of agency, they do not adequately highlight the crucial role of ideas in political elites' theorizations of cutting across the multiple questions inherent in competing against the “core” (Case 2018). This can be visibly seen for instance in that existing studies struggle to fully dissect how nationalism, as the key vision of modernity across the globe (Brubaker 2015), informed welfare state creation in late modernizing CEE. While both families of existing studies agree that the creation of welfare states as “capstones” of nation-building in the “core” had clear echoes across the (semi)periphery (Gough and Therborn 2010), they typically offer underdeveloped arguments on elites using the topoi of nationalism and nation-state-building to justify welfare measures (Inglot 2008). In this sense however, existing studies do

not fully explain how nationalism provides the conceptual grammar of inclusion and exclusion that stands at the core of social policy development (Béland and Lecours 2008; McEwen 2010).

Similarly, the neglect of agency and ideas implies that existing studies miss how internationalization did not unfold homogeneously within a supply-and-demand model, but rather as part of the contingently-defined logic of bundling, wherein both questions and solutions were nationalized and internationalized (Case 2018, 106). Specifically, since CEE political elites observed that Western-style modernity in fact comprised multiple success stories, they recognized they were aiming at a moving target. In this sense, since the right ordering of society was not fixed and immutable (Kaufmann 2013a, 240), political elites in late modernizing CEE were forced to debate in a self-reflexive and trial-and-error fashion the legitimate social problems which required Western-style welfare intervention (Leisering 2018, 37). In this sense, by underestimating the role of agency, existing studies on CEE welfare states do not fully capture elites' broader search for international welfare templates, wherein the "best practice" quality was contingently defined rather than exogenously given. In this process, emulation and translation were neither mutually exclusive, nor the only strategies for internationalization theorized by political elites seeking to use international models as shortcuts or fixed guiding points.

Against this background, the dissertation argues that a holistic explanations of welfare state creation in late modernizing CEE requires fully dissecting how, within the cross-cutting logic of bundling, political elites engaged in self-reflexive debates that elevated some socio-economic problems to the rank of "social questions" (Leisering 2018, 3-5, 37). Given the previously outlined gaps in the literature, the dissertation draws on studies on open-ended modernity (Stråth and Wagner 2017; Case 2018) and sociological theories of social policy (Kaufmann 2013a; Leisering 2018), which argue that agency was central to the global transformations that underpin welfare

state creation. By showing that the conceptual grammar of redistribution is embedded in multiple anxieties inherent in the ebb and flow of transnational processes, the dissertation not only offers a more comprehensive argument on historical welfare state development in CEE, but also outlines mechanisms regarding welfare policymaking which have a wider temporal scope.

1.1 Main argument

The dissertation argues that political elites in late modernizing Romania developed, from the mid-19th century to 1938, welfare institutions envisaged to replicate a specific socio-economic class matrix believed to underpin modernity (Stråth and Wagner 2017). A top-down defined class nexus was argued to be capable of articulating the demands which guided elites in cutting across the simultaneous challenges of state-making, nation-building and the economic transformation (Stråth and Wagner 2017). This was needed because Romanian political elites recognized they lacked adequate resources and as such could not manage exclusively from above mutually obstructive simultaneous processes that had been settled in the “core” only in a layered fashion, over a long time.

To develop this argument the dissertation draws on two sets of literatures – self-reflexive modernity and sociological theories of social policy. The dissertation starts by unpacking late modernization using the conceptual toolkit of scholars who take modernity as an open-ended transformation, which is neither sequential nor devoid of ambiguity, but rather demands specification in socio-historical situations (Stråth and Wagner 2017, 3, 87). As such, the dissertation defines modernization as embodied in historical actors’ own terms, by open-ended questions (Case 2018) which prompt the need for institutionalizing new couplings between state,

society and economy (Stråth and Wagner 2017 91-103; 187). This was warranted because state-making, nation-building and the economic transformation contained fundamental tensions which could only be solved by layering trade-offs (Stråth and Wagner 2017). Yet, if in the “core” these tensions were solved through a slow maturation, in late modernizing Romania, multiple questions needed to be solved at the same time. Essentially, this forced political elites to seek “omnibus” solutions (Case 2018) that cut across simultaneous challenges.

This elite-led process was warranted because questions embodied an ethos of “emancipation” wherein lack of agency was tantamount to catastrophe (Case 2018). In addition, because *all* questions demanded resolution, Romanian elites, who lacked both resources for multiple projects and time for adequate observation, needed to devise strategies for elevating the profile of some questions over others (Case 2018). By drawing on scholars which show that questions juxtaposed local realities with law-like metanarratives of progress, the thesis thus argues that elite agency in late modernizing Romanian progressed through open-ended ideational debates and trial-and-error logics (Case 2018; Stråth and Wagner 2017). The high decision load and lack of adequate resources essentially precluded any of the sequential mechanisms depicted by conventional explanations, prompting instead ‘historicizing’ and self-reflexive logics (Case 2018).

To offer an integrative account of the modernizing gestalt of welfare state creation (Kaufmann 2013b), the dissertation applies the self-reflexive view of modernity within sociological theories of social policy (Kaufmann 2013a; Leisering 2018). Framed as a critique to mainstream studies of on welfare creation in the “core”, studies in this tradition argue that welfare state development is a top-down process whereby elites use social, political *and* economic markers (Kaufmann 2013a), to define problems of integration and worthy addressees of would-be state programs (Leisering 2018, 11). Sociological theories of social policy therefore open up space to view the idiom of a

social question as a specific solution to perceived tradeoffs inherent in the state-nation-capitalism nexus (Leisering 2018, 34; Kaufmann 2013a). Yet, while such studies centralize that political elites define the public commitments associated with welfare state development (Leisering 2018, 12), they do not offer a fully-fledged model of elites' ideational debates, which provide the conceptual grammar of difference.

Consequently, in order to fully spell out a sociological approach to welfare state development in CEE, the dissertation follows, according to the self-reflexive view of modernity, the way in which Romanian political elites used the topos of a social question to create bundles of questions that cut across the otherwise mutually obstructive processes of state-making, nation-building and forging capitalism. A first crucial anxiety felt by Romanian political elites was that the undeniable welfare effect of industrialization (Janos 2000) both relied on and subverted statehood, itself a hallmark of Western development. In this sense, debates on state structures for instance were not just about independence and/or foreign policy, but also on engendering the economic transformation. The crux of the issue thus became that selectively prioritizing states over markets or vice-versa, which was known to engender fundamental tensions, needed to be subsumed to a logic of bundling that sought to make state-building and the economic transformation co-constitutive. Against this background, political elites theorized that creating a specific social structure would engender the bottom-top demands that fully circumscribed the virtuous synchronism theorized in a top-down fashion. The creation of welfare institutions was therefore intended to offer the opportunity structure for a specific social mobility, towards the classes which elites argued would cut across the state-economy continuum.

A second crucial anxiety was that the Western-European profile also involved the modular nation-state container (Goswami 2002), predicated on a holistic and integrative social class

structure that propelled growth. This however stood in stark contrast to the mostly linear, rural-agrarian class structure of Romania, raising the need to “complete” modern nationhood. In this sense, political elites created and/or redesigned welfare institutions envisaged as “compensatory” projects that built the missing core of the nation (Brubaker 1996). This was not however straightforward, as nation-building qua modernization faced elites with the need to disentangle in a self-reflexive and trial-and-error fashion the dual class *and* ethnic dimension of the missing core, which essentially added a further complication to existing solutions envisaged to cut across the state-economy continuum.

The third crucial anxiety was that Romanian political elites observed that pan-European questions were “chronically” redefined both at the international and the national level (Case 2018). This meant that learning from proven models, which most state-makers held as crucial for catching up, essentially implied aiming at a moving target. Consequently, since political elites recognized the shape-shifting nature of the social question (Case 2018), internationalization in welfare policymaking essentially unfolded on a continuum, wherein elites defined available alternatives in a contingent manner, through self-reflexive logics. In this sense, identifying relevant models, defining the “best practice” quality and formulating options for implementation followed the logic of bundling.

1.2 Research Design

1.2.1 Case-study research

On the whole, the dissertation argues that, since the corollary of modernization / hybrid typology literature relies on macro-level variables drawn from the experience of the “core”, it is unable to capture the complex interaction effects (George and Bennet 2005) specific to late industrialization. In this sense, existing studies lack the integrative theory building required to fully explicate how late modernization informs welfare state development (Leisering 2018). In order to address this limitation, the dissertation offers an in depth case study, which allows delineating causal mechanisms that involve interaction effects in a more precise manner than quantitative and/or comparative studies (George and Bennett 2005, 41). Whereas comparative studies lumps together cases according to overarching fixed criteria, case-study research allows both testing existing explanations and charting alternative causal paths (George and Bennett 2005, 215-224).

Because “a case study is a well-defined aspect of a historical episode rather than a historical event itself” it allows transforming a historical narrative into a causal explanation that factors in complex interaction effects (George and Bennet 2005, 35, 207-212). Specifically, against the background of simultaneous challenges and high ambiguity specific to late industrialization, an in depth case-study allows dissecting the co-constitutive relationship of agency, structure and contingency (George and Bennett 2005, 41). This in turn opens up space to track how cross-cutting questions came to provide the basic conceptual grammar of welfare state development.

Case-study research allows focusing on mechanisms by analyzing operational links unfolding over time (Yin 2008, 30). As will be further explored, because elites lacked resources to tackle the parallel challenges they sought to theorize cross-cutting solutions, which shifted over

time, either by recalibrating individual questions or *in toto*. Whereas comparative studies typically emphasize frequencies (Yin 2008, 30), case-study research opens up analytical space to observe “any conditions present in a case activate the causal mechanisms” (George and Bennett 2005, 41). In this sense, the dissertation offers an in depth analysis regarding the way in which open-ended anxieties about modernity informed welfare state development.

An in depth case-study couches a historical narrative in the explicit theoretical form needed to fully spell out the relationship between late modernization and welfare state development (George and Bennett 2005, 212). The dissertation thus draws on “diagnostic pieces of evidence understood as a part of temporal sequence” to create a detailed enough picture wherein phenomena at each stage is adequately described and specified (Collier 2011). In this sense, conducting process tracing allows specifying precisely when an initial factor or condition can become a causal agency (Roberts 1996, 252). Consequently, the dissertation can overcome the lack of data many previous scholars consider as the key hurdle in studying welfare state development in late industrializing CEE (Inglot 2008).

1.2.2 Why Romania? - An understudied representative case

On the whole, late 19th- early 20th century Romania embodies many of the structural features of late development in CEE – weak urbanization, delayed industrialization unfolding in a un-homogenous fashion, underdeveloped capital markets etc. (Murgescu 2010). Yet, despite being widely considered as a typical “middle income country” (Haggard and Kaufman 2008, 17), Romania is all but missing from the comparative literature on welfare state development in CEE².

²Missing from Inglot 2008; shallow analysis in Cerami and Stanescu 2009 or Haggard and Kaufman 2008

Because the more analyzed Visegrad cases run the risk of selection on the dependent variable, the underexplored Romanian case can better identify the causal mechanisms missed by existing studies (George and Bennett 2005, 43-45). In this sense, late modernizing Romania can be used as a building block for a broader theoretical scaffolding (Yin 2008, 71-75).

Above and beyond similar structural conditions, late modernizing Romanian represents the “perfect example of a peripheral society” that was “directly or indirectly” debating theories of catching up for “backward societies” (Chirot 1978, 35-38). The Romanian case fully displays how the realization that the state-making-nation-building-capitalism nexus comprises mutually obstructive processes (Chirot 1978, 39) forced political elites into self-reflexive debates which sought to engender cross-cutting solutions. Specifically, political elites in late modernizing Romania strove to identify a holistic socio-economic matrix capable of articulating the bottom-top demands that circumscribed a virtuous synchronism within projects essentially drafted in a top-down fashion. This is representative of a much broader process, wherein elites in late modernizing Romania, similarly to their counterparts in the broader CEE region, recognized that in the absence of conducive macro-structural conditions and fixed pegging points, an integrative class matrix can cut across parallel challenges.

At the same time however, the few existing studies on the development of the Romanian welfare state offer either a fragmented analysis or a reification of the shortcomings of macro-level comparative literature. Cerami and Stanescu (2009) for instance apply Inglot’s “emergency politics” framework, reaching only the underspecified conclusion that “rural-urban modernization conflicts” generated a social-insurance model, atypical in agricultural countries. Conversely, Hariton (2012) analyzes old age pensions for bureaucrats and blue-collar workers respectively, as specific instances of Romanian state-building. Following a different approach, Rizescu (2018)

traces early conceptualization of redistribution in interwar Romanian corporatism. While such studies highlight some causal mechanisms associated with *parts* of the welfare sector, they do not offer an overarching account of welfare state development as a modernizing project.

1.2.3 Defining the welfare state

The dissertation defines the “welfare state” according to sociological theories of social policy as comprising “welfare politics” – a concerted pattern of action based on normative orientations vis-à-vis social solidarity, *and* a “welfare sector”, comprising redistributive institutions (Kaufmann 2013b, 28). Within this multi-layered approach, welfare state development unfolds only when institutional creation is predicated on the discursive-ideational commitment of a state for the wellbeing of a top-down defined body politic (Leisering 2018, 37). In this sense, welfare politics represents a specific type of political debate wherein elites frame, in an essentially top-down fashion, that the wellbeing of (some) individuals is a political concern (Leisering 2003, 179). While publicly funded insurances emerge in virtually all societies as responses to discrete social issues, welfare states only develop where elites specifically debate the ideational underpinning of a societal production of welfare (Leisering 2018).

The welfare sector emerges as a conglomerate of institutions that directly tackles the standard risks of industrial capitalism: workplace accident, invalidity, illness, poverty and old age (Kaufmann 2013b, 34-43). Because late modernizing Romania sought to construct industrial capitalism, I therefore primarily analyze the development of accident insurance, healthcare, old age pensions and unemployment for state and private sector employees. This follows the well-

trodden path of existing literature, arguing for the political salience of this specific cluster of benefits (see for instance Inglot 2008; Haggard and Kaufman 2008).

At the same time however, because Romanian elites recognized the plasticity of the social question (Case 2016), they applied the conceptual grammar of “big five insurances” to other redistributive programs (Leisering 2018). Because elites lacked time to gradually layer solutions to the simultaneous challenges of late modernization, they theorized that social policies broadly defined could buttress the virtuous synchronisms expected from social insurances. Consequently, public health measures, labor laws or the national education system were also conceptualized as a type of welfare intervention (Kaufmann 2013a), envisaged to warp the state-society relationship similarly to social insurances (Leisering 2018, 79-180). While the focus on conceptual languages seemingly glosses over intricate program specifics, it opens up space to analyze the broader scope of welfare policymaking in CEE, where capitalism was more of a desired project than an established reality (Dimou 2009)

1.2.4 A note on elite agency

Broadly speaking, the crucial coordinate of Romanian modernizing projects from the mid19th century to 1938 was that the “purpose of political competition was not to compare the merits of competing stands, but to determine which side the symbolic and social benefits of modernization should go” (Barbu 2005 for mid-late 19th century; Manner 2004 for the 1930s). Modernization thus consisted of discursive clashes (Sdrobis 2015, 26) carried out by a “class of professional politicians”³ whose shared topoi of emancipation (Case 2018) “constituted policies in a more

³ Barbu 2005, 552 for the late19th-early20th century; Sdrobis 2015 for the interwar

fundamental way than contingent ideas and partisan ideologies” (Leisering 2018, 12). In this sense, a political elite wherein partisanship was only a subordinate question⁴, carried out the modernization debate above and beyond the conceptual grammar of the “social nation” (Heinen 2013, 478; Mishkova and Daskalov 2014 more broadly on CEE). In addition, because partisanship was subordinate to overarching programs, the article analyzes elites’ debates in a diachronic fashion, as instances of long-running scripts on modernization (Sdrobis 2015)

Within the overarching frame of completing nationhood, which provided ideational coherence, the oscillation between alternative narratives of absence mirrors to a high degree the logic of unsettled times. In this sense, exogenous shocks open up space for elites to use self-reflexive logics to forge “unanimity” around a selected virtuous synchronism defined as “national interest” (Sdrobis 2015, 35). Between such moments, contestation unfolded in the background, around subordinate questions, rather than at the level of overarching “programs”, which typically aimed above and beyond contingent partisan debates (Sdrobis 2015, 45). While background debates offer the conceptual building blocks of a new virtuous synchronism, they only gain sufficient thrust for major ideational change in conjunction with exogenous factors. To a high degree, this is specific for late modernizing CEE, where debates on catching up essentially unfolded through shifts between ideational constructions predicated on developments in the “West” (Mishkova and Daskalov 2014, 96).

Consequently, throughout the dissertation I analyze the debates of a broadly defined “political elite” which held virtually exclusively purview over framing modernizing projects (Barbu 2005; Heinen 2013). Because partisanship was also greatly undermined by the institutional infrastructure

⁴ Barbu 2005, 552 early 1900s; Manner 2004, 238 notes that for instance in the interwar virtually all parties were equally “nationalizing”; Sdrobis 2015, 51 notes that “left” and “right” were highly interchangeable in the interwar

(Manner 2004; Marton 2009), I refer to the Romanian political elite as consisting primarily of Parliamentary representatives, Governmental officials and employees. Focusing on the conceptual grammar of a political elite debating above and beyond party affiliation opens up analytical space to dissect how state officials worked to define the boundaries of the emerging welfare intervention (Moses 2018). Although state officials did work with other actors to delineate the need for and nature of welfare intervention (Moses 2018, 8; Sdrobis 2015, 196-201 one such case), this was not only highly selective, but also subordinate to the main thrust of institutional development.

1.2.5 Source material

Because existing approaches typically overemphasize institutional developments to the detriment of the ideational shifts which underpin them (Peters et al., 2005, 1276-1279), the dissertation starts from a complete review of plenum Parliamentary debates from the 1880s to 1938, widely considered the most visible locus of self-reflexive debates on modernization questions (Case 2018, 34). This allows observing the specific pattern of political action underpinning redistributive institutions, informed by and impacting on broader debates (Kaufmann 2013a; Leisering 2018). In addition, the focus on Parliaments follows recent trends in the literature on welfare state development in late industrializing states (Moses 2008; Singh 2015)

Secondly, given that Governments were also key in setting the boundaries of the emerging welfare intervention (Moses 2018, 8), the dissertation also includes primary sources from the Ministry of Labor, in its various re-organizations including separate insurance ministries and/or offices, *and* the Journal of the Council of Ministers, which analyzed the entirety of Governmental activity. Specifically, I analyze proceedings of Ministerial committees, Ministerial and

Governmental reports presented in Parliament as preambles of laws. In addition, because Governments “worked together with a wide range of actors to determine what counted as a risk and what were deemed the obligations of both individuals and the state” (Moses 2018, 8), I also analyze Ministry-sanctioned journals and gazettes (labor union publications, insurance journals etc.), as they comprise overviews of institutional developments, as well ideational debates between relevant actors.

1.3 Summary of chapters

The remainder of this thesis proceeds as follows: *Chapter II* outlines the main features of the theoretical outlook on modernity as open debates and historicized questions. The chapter then proceeds to break down and analyze the main features of the tensions underpinning modernity – the state-building-economic-transformation tradeoff; the further exogenous complications added by nation-building qua modernization; the co-constitutive relationship between national and international in shaping modernizing projects.

Chapter III provides a general chronological presentation of the development of the Romanian welfare state from the mid-late 19th century up to 1938. The chapter describes the gradual accumulation of welfare institutions in terms of timing, financing, coverage and general institutional functioning.

The detailed empirical chapters follow the way in which the tensions and questions outlined in the theoretical chapter underpin over time the development of the welfare state. *Chapter IV* analyzes the intricate evolution that starts from a state-centered view of modernity in the mid-late 19th century and ends in 1912 with an overarching consensus that industrial capitalism is

coterminous with modernity. The chapter follows the development of the welfare state against the ebb and flow of debates surrounding the intricate relationship between political independence, which can be achieved through state-building but is insufficient to forge capitalism, and the economic transformation, which comes its own dangerous ambiguities such as dependency.

Chapter V analyzes the intricacies of nation-building as the key search for alternative paths of modernization. Superimposed onto the state-economy dilemma, nationalism qua modernizing ideology selectively reinforced, tore down or erected barriers of exclusion based on exogenously given criteria that blended in ethnicity and class into a sui generis definition of worthiness. At the level of the welfare state, this was reflected through crucial questions regarding delineating the political nation through social rights.

Chapter VI analyzes the influence of the increasingly interconnected international arena emerging in the 19th century on Romanian developments. Adopting a bottom-top the point of view of policy makers faced with the anxiety of competing against the “core”, the chapter analyzes if and how the general procession from indefinite to definite of the social and European questions had an echo in the trajectory of national solutions (Case 2018, 141).

Chapter VII sums up the findings with a range of conclusions and directions for further developing the case-study itself and more broadly, the research agenda based on historicized questions and sociological theories of welfare state development.

2. Modernization as a fluid transformation

As previously noted, the dissertation aims to explain the emergence of the welfare state as a highly specific project designed to overcome late modernization. The present chapter lays out in greater detail the main features of a self-reflexive understanding of late modernization and the way in which its constitutive tensions lead to the articulation of the “social question”, as the underlying basis for welfare state development.

Section 2.1 challenges the conventional topoi of “late modernization” and describes the logic of self-reflexive debates and bundles of open-ended questions. This section spells out the nature of the high decision load faced by late modernizing states, spread across simultaneous challenges such as state-making, the economic transformation and nation-building. In this sense, I argue that late modernization unfolds through elite-imposed blue-prints that reduce uncertainty by organizing some of the simultaneous questions into coherent causal nexuses, in the form of bundles of questions that constitute a cross-cutting modernizing project. Within such bundles, the social question, informed by evolving understandings of the state-society-economy-relationship, was ascribed a range of roles.

Section 2.2 zooms in on the innate tensions between state-building and economic transformation, as a specific facet of Western-style modernity. This section reinterprets the typical arguments on welfare state development as a solution for productivity and/or integration. Specifically, I analyze the way in which the incomplete nature of both state-building and industrial capitalism warped the elite consensus on at risk groups.

Section 2.3 analyzes the additional complications ushered by the inclusion of nation-building into the specific Western-European profile that late modernizing states sought to achieve.

As an additional challenge to the innate tensions of state-building and capitalism, nationalism as a modernizing project added further ethnic and class dimensions to the ongoing search for the specific sociohistorical matrix that propelled growth.

Last but not least, Section 2.4 analyzes modernization in the “core” and (semi)periphery as an international framework. Above and beyond a compromise of national histories and putative virtuous Western-centric teleology, I argue that internationalization was used across various modernizing project in a plethora of ways that interweaved instrumental-strategic reasoning with perceived substantive value. Because, as argued previously, elites in laggard states were aiming at a moving target, the way in which internationalization became co-constitutive to modernizing projects can only be understood from the contingent perspective of historical actors.

2.1 Self-reflexive modernity

2.1.1 Modernity as open-ended questions

In the conventional view, modernity “had” to emerge in Western Europe because of specific propositions inherent in Europe itself, which gradually became constitutive pillars of a meta-narrative of progress (Stråth and Wagner 2017, 13, 87). Challenging this sequential thinking, a range of scholars argue that Western-style modernity was a contingently defined mode of world-interpretation, wherein historical actors react to the “insight that human societies undergo major transformations, during which they may adopt radically new self-understandings” (Stråth and Wagner 2017, 187). In this view, modernity “demands specification in socio-historical situations” (Stråth and Wagner 2017, 3), because historical actors respond to new challenges by framing

questions which, albeit seemingly couched in timeless concepts, were self-consciously of their time (Case 2018, 3-6).

Whereas conventional views centralize pre-requisites, the focus on modernizing questions opens up analytical space to dissect the co-constitutive interaction of agency, structure and contingency (Stråth and Wagner 2017). This is warranted because on the whole there is “nothing inherent” in *unsettled times* that “determines the precise features of the response” (Eisner 2000, 3). Specifically, while all modernizing questions demand “emancipation” and “resolution” (Case 2018), the sheer number of parallel challenges meant that historical actors needed to prioritize (Stråth and Wagner 2017). This meant that the realm of questions was highly competitive as actors strived to imbue some with a clearer sense of urgency (Case 2018, 4). In turn, contingently-defined constellations of questions lead to varying institutional models that were all associated with “organized modernity” (Stråth and Wagner 2017, 15-16).

Centralizing the role of agency and contingent policymaking does not however overturn the constitutive role of tensions between states, markets, classes and nations in circumscribing the specific European profile (Stråth and Wagner 2017, 4, 168). Rather, the crucial addition is that the transformative power of any such pillar in isolation is greatly overestimated (Stråth and Wagner 2017, 7), because historical actors worked *across* the multiple challenges associated with modernity (Eisner 2000, 3). For instance, while the dawn of capitalism was the cumulative result of states and markets (Stråth and Wagner 2017, 154), the survival of capitalism amidst late-19th century global turmoil was the result of deploying nation-building precisely to de-escalate social conflict and to stabilize markets to continue growth (Stråth and Wagner 2017, 154).

In this sense, interactions between state, society and economy are neither sequential, nor functionalist. Because actors worked backwards from favored solutions, questions and problem-

definitions were constantly recast, meaning that prioritizing could only be done through self-reflexive debates (Case 2018, 4). Such open-ended debates sought to justify action in the present through a rich history that propelled specific problems to the status of imperatives (Case 2018). Since actors rarely, if ever, shared a conceptual unity regarding the nature of ongoing transformations (Kaufmann 2013c, 24) the drive to reflexively redefine questions (Case 2018), led to a ‘metamorphosis’ of modernizing projects (Castel 2003) that did not follow sequential logics.

The most effective strategy for raising the profile of some questions was bundling within projects aiming to penetrate multiple realms of socio-economic life at the same time (Case 2018, 6, 73). Because state-making, the economic transformation and nation-building unfolded on a continuum (Stråth and Wagner 2017), prioritizing questions in isolation held the danger of generating tradeoffs that exacerbated the innate contradictions of modernization (Goswami 2002). Bundling created a formula for an “omnibus” solution (Case 2018, 170) that cut across the layering of tradeoffs between state, society and economy. By tying together questions with the implications that one could not be solved without others, even across different realms of transformation (Case 2018, 6), actors intended to create virtuous synchronisms within the state-making-capitalism-nation-building nexus.

Self-reflexive questions open analytical space to observe co-constitutive dynamics between internal and external driving forces (Stråth and Wagner 2017, 90). Whereas conventional approaches take “national” as “international” as separate and internally consistent, I draw on scholars who argue that questions are defined by debating a shared experience of common problems within and across borders (Case 2018, 44-46). Furthermore, the increasing range of questions meant that for bundles to be successful they needed to become more wide-ranging, which lead to theorizing fluid interactions between national and international arenas (Case 2018, 46).

Specifically, questions allow actors to use their innate “Europeanness” to both elevate their profile *and* to prompt debates on “domesticating” modernity (Case 2018, 46-50).

The self-reflexive view of “organized modernity” raises the need to reconsider developments in late modernizing states avidly seeking the sociohistorical matrix that underpinned the “Great Divergence” (Goswami 2002). Broadly speaking, similarly to the “core”, late modernization entailed open-ended ideational debates underpinned by a common ethos of emancipation (Case 2018). The debate directly borrowed the conceptual language of modernization from the “core” because as long as Europe stood as *the* standard of modernity, responses could be critical, but dissent or opposition was *also tied to the standard*” (Mishkova and Daskalov 2014, 97). Consequently, by appealing to “Europeanization”, late comers essentially engaged with an ideational landscape of solving in a self-reflexive manner challenges between state-making, nation-building and the economic transformation (Mishkova and Daskalov 2014, 18).

At the same time however, late modernization implied direct competition with proven models, which warped ideational debates in highly specific ways. Firstly, while Europeanization provided a conceptual grammar, it did not offer a clear blue-print because it in fact designated a wide array of potential institutional arrangements (Stråth and Wagner 2017). As such, while international templates provided some guidance, they rarely provided the direct shortcuts that precluded the need for national debates. Consequently, the ambiguities of the international arena represented an additional dimension to national debates which needed consider not just whether policy learning was relevant, but where to target it, how and why.

Secondly, competing with proven models meant that late comers had to face at the same time an entire array of questions inherent in the state-economy-nation nexus that were typically

solved in a gradual fashion, over a long period of time. The high decision load compressed adequate maturation time, which precluded sequential logics, forcing political elites to debate questions in a self-reflexive manner (Case 2018). In this view, late modernization unfolds through elite-imposed top-down projects that strove to forge at the same time both the determinants of modern politics and the structural scaffolding of organized modernity (Stråth and Wagner 2017). This was warranted because late comers lacked both the time needed to layer top-down defined projects *and* the socioeconomic basis that could articulate the bottom-top demands needed to organize a virtuous synchronism.

Thirdly, the lack of fixed pegging points alongside inadequate resources to tackle simultaneous challenges, forced political elites in late modernizing states to resort to bundling questions so as to cut across multiple areas of socio-economic life at the same time (Case 2018). Bundling sought to create wide-scale solutions wherein individual questions were tied into a causal nexus believed to cover the entirety of the state-nation-economy nexus (Case 2018). Yet, while this offered a solution for cutting across parallel challenges, it also raised problems of its own, as elites recognized that bundles involved governing a huge number of individual parameters, each with a contingent ebb and flow (Case 2018). In this sense, bundles came with the anxiety that elites needed to debate in a self-reflexive fashion whether development lagged because of the overarching logic of bundling, or from contingent obstructive effects between individual questions.

The typical starting point for this assessment is the expectation that implementing Western-like structures would kick-start modernization. Specifically, though the boundary is porous, as long as the top-down imposed template kick-started development without engendering a direct cost on expected bottom-top change, elites typically recalibrate parameters of individual questions (class, ethnicity, occupation etc.), rather than the entire bundle. This occurs because modernizing

elites acknowledge that since modular modernity holds innate contradictions (Goswami 2002), reconstitution is bound to be impeded by local context.

If catch up continued to lag, elites start to debate the nature as well as the level of achieved success. Specifically, if a modicum of development has unfolded, radical change in the shape of a new bundle may not be required. Since recalibrating parameters had not yielded, modernizing elites proceed in a trial and error fashion to micro-manage the linkages between the constitutive questions of the initial bundle. Though variation does exist, the common denominator of self-reflexive debates is elites theorize previous success as a fixed pegging point for a potential virtuous synchronism.

Against these renewed attempts, further protracted development becomes interpreted as a kind of tipping point. With the experience that a top-down-imposed bundle can achieve some success, reform elites theorize that previous shortcomings have less to do with micro-managing and more with choosing a different starting point within the state-making-capitalism-nation-building nexus. The new bundle is designed to incorporate the trial and error lessons of previous attempts within an entirely new logic, predicated on carving a virtuous synchronisms from a new reference point.

2.1.2 The welfare state as a specific modernizing question

Within a self-reflexive view of late modernization, the simultaneity of questions and high uncertainty that characterized CEE laggards implies that the “the conditions that led to the rise of the Northern welfare state cannot be taken for granted” (Leisering 2018, 21). Broadly speaking, in CEE late comers the basic pillars of organized modernity were heterogeneous ongoing projects,

which meant that the “social question” was not always coterminous with the pan-European “worker question”. For instance, because the economic transformation unfolded through spurts (Tomka 2004), the emerging labor movements were diverse enough to have both regressive and progressive interests vis-à-vis redistribution (Haggard and Kaufmann 2008, 22-23). In this sense, welfare state development unfolded more through repression of the left rather than with its incorporation (Haggard and Kaufman 2008, 22-23). In a similar fashion, because they developed in an otherwise closed electoral system and a very limited democracy (Haggard and Kaufmann 2008, 13-17), CEE welfare states involved an unsystematic layering of inclusion and exclusion that did not directly reflect power resources (Inglot 2008, 55-56)

Because of such peculiarities, I draw on sociological theories of social policy which strive for an integrative North-South approach to the development of welfare states (Leisering 2018), specifically by analyzing how elites interpret some problems in a certain way so that they become addressed by policy responses (Kaufmann 2013b, 36). Without referencing self-reflexive modernity, sociological theories of social policy also start from elites articulating “guiding problems” with the topoi of a “social question” (Kaufmann 2013b, 32; Leisering 2018). Whereas conventional approaches stress macro-variables and pillars of modernity, sociological theories argue that welfare policies develop through debates on the nature of redistributive institutions and worthiness of potential addresses (Leisering 2018, 11), within a fluid state-society relationship permeated with problems of integration (Kaufmann 2013a). While such approaches have not been directly applied to late modernizing CEE, they open up space to argue that, in the simultaneity of challenges faced by laggards, welfare institutions develop as contingent results of “ethical ideas, diagnoses of social problems, political postulates and scholarly constructs” (Kaufmann 2013d, 24; on the Global South directly see Leisering 2018).

Drawing on sociological theories of social policy, I argue that in late modernizing states the “social question” was articulated as the problem of social integration (Leisering 2018) within bundles designed to cut across parallel challenges. Because of the simultaneity of questions, elites argued that without a specific class scaffolding that articulated bottom-top demands, questions imposed in isolation in top-down fashion could drift into policies “whose effects increasingly neutralize each other” (Kaufmann 2013a, 147). As such, political elites designed welfare interventions to alter the relations between groups so as to (re)create the integrative class matrix observed in the “core” (Kaufmann 2013a, 154-155). Welfare intervention thus needed to be both reactive, as in conventional models, and proactive (Kaufmann 2013a, 162), wherein redistributing coalitions of welfare winners and losers would recreate a class structure capable of articulating the bottom-top demands that guided the forging of a virtuous synchronism between state-making, capitalism and nation-building (Stråth and Wagner 2017).

Above and beyond interventionism that managed risk (Moses 2018, 8), the emerging welfare network was predicated on elite mandates that distinguished reasonable inequalities through the topoi of modernization from unreasonable ones deemed short-term market fluctuations (Kaufmann 2013a). Concretely, elites ascribed power and agency or lack thereof to specific groups (Mitchell 1999, 77-78), as a gateway to correcting and replacing the social, economic and political behaviors that pre-empted the creation of a virtuous synchronism (Kaufmann 2013b, 32). In this sense, welfare intervention was designed to offset the cost of the social mobility elites defined as “modernizing” – redistribution socialized risks associated with “capitalist” life-courses while withholding “a conditionality in terms of what is to be understood as productive participation and who the productive citizen is” (Andersson 2004, 73). Modernizing elites envisaged the material guarantee of welfare benefits as an immediate pull factor towards groups defined to be more

“productive” (Andersson 2004). The more productive classes, which would underpin economies capable of competing with the “core”, were expected to articulate demands that were not simply an income distribution problem (Kaufmann 2013a), but rather the fixed pillars of organized modernity that elites required.

Consequently, welfare institutions in late modernizing states develop through top-down commitments to exogenously given groups - defining a collective responsibility; articulating overarching social questions; defining a policy paradigm, which includes the definition and recognition of specific social problems and problem groups; and constructing an actual model of redistributive institutions (Leisering 2018, 12). These commitments were given weight through specific interventions that ensured the newly created class structure would foment the dynamic interplays which underpinned organized modernity (for summary Kaufmann 2013a, 162). Legal intervention grants rights to individuals, otherwise denied by those who had defined legal duties (Kaufmann 2013a, 165). Legal welfare intervention acts as a modernizing project through labor legislation which aims at equalizing power relationships (Kaufman 2012a, 165). The economic intervention in the shape of “welfare expenditure”, is designed to alleviate imbalances created by the market, completing over the long run the political access that legal intervention cannot solve by itself. Similarly, ecological intervention refers to the way in which the state warps the material and institutional environment of the body politic (Kaufmann 2013a, 172), so that individuals can have open channels to transition towards the group structure desired by elites. Whereas conventional models predict that ecological interventions only appear when the market cannot meet disparities, following sociological theories of social policy, I argue that the state proactively tailored the institutional environment to revamp the socio-economic fabric (Kaufmann 2013a, 171)

Yet, while sociological theories adequately highlight that in late modernization the “worker question” comprises shifting debates (Leisering 2018), they have not fully dissected the “cacophony of meanings” actors associated with the “social question” (Case 2016). Broadly speaking, sociological theories of social policy have typically offered an abstract analysis, confined to the conceptual level, without much empirical application (for an exception see - Leisering 2018). Specifically, existing studies do not explicate in detail the way in which the topoi of a “social question” was used by elites in late modernizing countries to forge virtuous synchronisms across simultaneous challenges with potentially mutually obstructive effects. Therefore, in the following subsections, in order to operationalize sociological theories of social policies I break down the umbrella of “modernization” and dissect the emergence of welfare interventions as specific solutions to layering tradeoffs between state-making, the economic transformation and nation-building.

2.2 The state-building-capitalism dilemma

Broadly speaking, the Western meta-narrative of progress is built around the state-economy continuum (Mitchell 1999, 93). From the perspective of late comers, achieving growth was not however straightforward, as they quickly observed that forging capitalism, while dependent on states, entailed class fragmentation that subverted state-building (Stråth 2017, 103). What further increased anxiety was that political elites in late modernizing states, who were acutely aware they lacked resources to pursue both ends of the continuum, observed that even the “core” lacked a clear conceptual unity regarding the issue (Kaufmann 2013c, 24). The crux of the issue thus became carving out an integrative solution which sought to bypass inherent tensions by rendering state-making and the economic transformation co-constitutive. In this sense, the logic of

bundling sought to immerse the tensions inherent in prioritizing state over markets or vice-versa, into a cross-cutting solution.

More specifically, the simultaneity of questions on the state-economy continuum implied that sifting a guiding “social question” was not easy because individual’s subjectivities overlapped as citizens, workers or family members (Kettunen 2011, 20). Although as will be theorized separately learning from abroad offered some guidelines, the simultaneity of challenges pushed elites to theorize new potential links between states, society and industrial capitalism (Stråth and Wagner 2017, 91-103). What compounded uncertainty in late modernizing CEE was that while the welfare effect of industrialization catalyzed feelings of perceived deprivation (Janos 2000, 18), elites could not easily disentangle the relationship between state-building and capitalism. Moreover, economic under-development implied that elites could not foment both projects at the same time and had to choose, without adequate observation time. Consequently, while all questions demanded change, only some become political problems (Kaufmann 2013b, 36), leading to a welfare intervention that cut across the state-economy continuum from a specific vantage point of legal, political and economic integration (Kaufmann 2013a).

Against this background, the development of the welfare state as a modernizing project has been analyzed from two competing vantage points. In one interpretation, the only way elites across the (semi)periphery can manage the high decision load is by proactively selecting state-building or the economic transformation as a fixed guiding point to organize modernity. In this sense, the ensuing welfare intervention responds to various functional requirements of a specific pillar of modernity that elites theorize as the driver of a virtuous synchronisms. By contrast, a different approach argues that, as state-building and the economic transformation were both ongoing incomplete projects, elites resorted to a welfare intervention envisaged as an “emergency politics”

that strove to micro-manage constantly occurring issues (Inglot 2008). Yet, though both interpretations offer a range of insights, they ultimately fail to offer an integrative perspective (Moses 2018), that adequately factors in how elites in late modernizing states theorized multi-way interactions between state-building and capitalism.

2.2.1 The development of the welfare state as a solution to the state-economy tension

In one family of comparative studies, the development of welfare institutions is seen as driven by the multiple functional needs arising from state-making (Ferrera 2005, 45). This is argued to be particularly relevant for late modernizing states, because political elites in the region often theorized that state-building would usher in modernity by allowing the build-up of capital, the appearance of markets and, in a prophylactic fashion, solving the turmoil of class fragmentation specific to mature capitalism, expected to appear in the future (Mishkova and Daskalov 2014; Stråth and Wagner 2017, 143). As such, the appearance of social rights in late modernizing states was a functional requirement of state-building qua modernization (Haggard and Kaufman 2008). More specifically, social rights contributed to state-building by ensuring the loyalty of specific groups, which were theorized to either hamper state-building – like the labor class (Inglot 2008; Haggard and Kaufmann 2008), or, conversely, were crucially needed for state-craft – such as bureaucrats (Szikra and Tomka 2009; see broader Manow 2005, 226).

For a different family of studies, the development of welfare institutions related to the functional requirements of capital (Estevez-Abe 2001, 191) vis-à-vis social relations of production (Mitchell 1999). On a superficial level, late modernizing states developed welfare institutions to compensate workers in the naturally occurring islands of capitalism for new life-course risks

(Stråth and Wagner 2017; Collier and Messik 1975). On a deeper level, the emergence of welfare institutions was envisaged to ease the adaptation of non-modern sectors to industrial capitalism (Crouch 2015). In this sense, welfare intervention was designed to modify the relative roles of economic resources so as to allow either the emergence of skill profiles that generated competitive advantage or a more efficient organization of production (in the broad sense of Andersson 2004, 72).

By contrast, a different range of scholars argue that *unsettled times* do not determine any precise features of political responses (Eisner 2000, 3). In this sense, the specificity of late modernization is that competing against the “core” collapsed in state-making and the economic transformation. The lack of adequate maturation time for layered and gradual modernizing projects thus locked elites into a crisis-management logic wherein welfare institutions appeared to assuage the rapid succession of newly emerging risks, associated with both state-making and forging capitalism (Inglot 2008, 49, 127). Above and beyond the quasi-universal fear of worker Bolshevization, elites were in fact overloaded by opposing interests striving to define the state’s welfare responsibility – bureaucrats, civil and military personnel, political parties and organized labor, each with contradictory and shifting aims (Inglot 2008, 50, 57-58). Because an underdeveloped economy struggled to adapt to an evolving plethora of risks, the emerging welfare intervention could only follow short-term, problem-solving logics (Inglot 2008, 49-58, 127). The emergency politics framework (Inglot 2008; Vanhuysse and Cerami 2009) is argued to more adequately capture how the simultaneity of challenges specific to late modernization informed welfare development across the (semi)periphery.

On the whole however, existing studies do not adequately capture the way in which elites theorized multi-way connections so as to foment at the same time state-building and capitalism

(Case 2018). Specifically, both the functionalist frameworks and the emergency politics argument do not account that political elites in late modernizing states were faced with a large number of parallel issues and as such sought precisely a coherent solution that cut across state-building and forging capitalism (Case 2018). This raises the need for a more integrative perspective, sensitive to self-reflexive debates and the logic of bundling questions to create a virtuous synchronism.

2.2.2 The welfare state as a cross-cutting strategy

Broadly speaking, the shortcomings of existing studies come from a rigid delineation between the state- or economy-idea and the state- and economy-institutions (Mitchell 1999, 77-78). This porous boundary was particularly important in late industrializing countries where state-building and capitalism were incomplete, which raises the need to interpret development of welfare states against a broader framework wherein “the factory regime and the power of the state” are simultaneous facets of a process of “emancipation” (Case 2018) leading to “new effects of abstraction and subjectivity” (Mitchell 1999, 91). By drawing on self-reflexive modernization (Case 2018) and sociological theories of social policy (Leisering 2018), I argue that elites articulated guiding problems and used the topoi of a “social question” within bundles designed to create virtuous synchronisms by cutting across the state-economy nexus.

Concretely, because state-building and the economic transformation were deeply intertwined (Mitchell 1999, 94), pursuing questions in isolation ran the risk of generating mutually obstructive dynamics. Consequently, elites needed to bundle multiple questions so as to create coherent causal chains predicated on specific hierarchies of questions (Case 2018, 6). In this view, the social question was ascribed a specific structuring tendency, allowing it inextricably to tie some questions to others (Case 2016, 749; Case 2018, 6). Since modernization relied on a specific

sociohistorical matrix, delayed development was internalized as the need to redefine the very meaning of “social”, across time and between groups (Kaufmann 2013a). As such, the successive iterations of the social question – such as the agrarian question, the worker question or the national question (Case 2018), were not tied in by functionalist logics or crisis management. Rather, each framing of the social question (Case 2016), embodied a self-reflexive evaluation of groups whose ‘unproductive’ nature stalled modernization.

In this sense, the multi-faceted welfare intervention – legal, political and economic (Kaufmann 2013c), was designed to forge a virtuous synchronism by recreating a specific social structure, capable of articulating in a bottom-top fashion, the questions that allowed elites to cut across workplace obligation, individual risk and social dangers (Moses 2018, 8). Because the creation of “stateness” and “markets” are just some dimensions on a continuum of change, the creation of welfare institutions was envisaged to engender a virtuous synchronism by redefining the reach of each sphere and the nature of inter-relationships (Moses 2018, 14, 194). As such, the legal intervention equalized power relationships that had been unbalanced by the polarization inherent in industrial capitalism (Kaufmann 2013a, 165). Similarly, the economic intervention comprised a range of questions dealing with the state’s capacity to warp society, bearing in mind it was debated as a necessary step to complete the integration ingrained in the legal intervention. On the whole however, since social rights intruded on the economic sphere, it also comprised a range of questions vis-à-vis duties imposed on the individual (Ziemann et al., 2012, 20). As previously mentioned, these questions gravitated around concepts of productivity and specific social interaction that propelled the imaginary of growth.

At the same time however, while bundling promised to systematize the high decision load, it also raised problems of its own. On one level, lack of adequate maturation time may lead to

entirely new couplings between individual questions, with unforeseen consequences. For instance, while the emerging welfare institutions offer pull factors towards putatively more “productive” groups, this may not in fact create the dynamic class structure that articulates demands for organized modernity. Rather, welfare benefits can come to function as a type of status security (Leisering 2018), which halts the momentum of modernization. This is particularly problematic for late industrializers where top-down blue-prints needed to foment at the same time the social matrix and the institutional scaffolding of organized modernity.

On a deeper level, carving out the bundle itself was not straightforward because elites in late modernizing states saw that the specific European profile meant an increasingly separate experience between impersonal, timeless laws of capitalist growth and a social and political sphere with constantly renewing problems (Stråth 2017). What further complicated the dilemma for late modernizing countries was the fact that within the “core” markets and their problems appeared to stand outside the state sphere (Moses 2018, 24). In this sense, elites in late modernizing states faced great anxiety in ascertaining whether bundling needed to directly address inherent tensions between states and markets, or whether it could bypass them. On the whole, because elites lacked fixed pegging points they essentially oscillated between bundles predicated on both alternatives in a trial-and-error and self-reflexive fashion.

In addition, the anxiety regarding disentangling the state-economy continuum also raised the need to develop a strategy that assessed whether delayed development stemmed from faulty parameters within a bundle or from the overarching logic of bundling. In this sense, successive iterations of the social question could be either attempts to reformulate the mechanics of a given bundle, or the results of an entirely new meaning of the “social” inherent in a new bundle (Leisering 2018; Kaufmann 2013a). Consequently, the creation of welfare institutions followed

the way in which, within the logic of bundling, elites argued for various prioritizations and new linkages between state-building and the economic transformation. One family of bundles relied on prioritizing the construction of state infrastructure to systematize local assets into an efficient organization that gradually buttressed capitalism. Over the long term, by creating opportunity structures, state-building would incentivize the economic transformation, which, once engendered, would interact with an established institutional scaffolding, pre-empting contradictory tendencies observed within modular modernity (Goswami 2002). This was pegged against the experience of early industrializers where state institutions allowed for revenue extraction that buttressed initial steps of development (Strath and Wagner 2017). An entirely different option defined productivity through the imaginary of unbridled growth which had propelled the “Great Divergence”. This implied that questions dealing with instituting industrial capitalism would organize modernity by firstly creating economic growth and secondly creating the functional structures that allowed the maximization of utility. The selection was typically done through debates that integrate international templates and self-reflexive assessment of historical legacies and contingencies (Case 2018).

2.3. Modernity, nationalism and the welfare state

2.3.1 The nation-state-welfare-state isomorphism

On the whole, the “specific European profile” is typically seen as the result of a continuum that includes not just states and markets, but also the socio-political container of nationhood (Strath and Wagner 2017, 92). Specifically, nation-building as a modernizing project typically comprises layered and coordinated concessions vis-à-vis social integration (Strath 2017, 230-235). To some

degree, this was theorized as a solution to the functional class differentiation ushered in by industrial capitalism (Stråth 2017). More broadly however, nationalism qua modernization was an additional question to the state-economy tension as elites could proactively select various configurations of “insiders” and “outsiders” (Wimmer 2013, 33, 96). In this sense, whether nation-building as a modernizing project followed theorizations from within the state-economy nexus, or whether it imposed a new vision of the right ordering of society was a proactive elite choice. Yet, although as explored previously, a complex literature analyzes the development of redistributive institutions within the state-building-capitalism continuum, comparatively little has been said about the relationship between nationalism as a modernizing force and the emergence of the welfare state. Typically, the development of the welfare state has been attributed to cementing the national state (Vis and van Kersbergen 2014, 40-41), or to the functional need for societal integration in the wake of class fragmentation (Wimmer 2002, 57-61). As such, the historical development of welfare institutions is argued to have unfolded in the spatial locus of the nation state (Leisering 2013, 19).

Broadly speaking, the thrust of existing studies has revolved around the “voracious centralizing appetite of nation-states” (Rodgers 1998) generating an isomorphism between nation-state and welfare state (Clarke 2005). For one large family of studies, this is the result of established nations building redistributive institutions, as an amorphously defined “capstone of modernity” (Gough and Therborn 2010). This literature argues that ethnic diversity negatively affects social expenditure and public goods provision in general (Easterly and Levine 1997; Alesina and Glaeser 2004; Bannerjee, Iyer and Somathan 2005). Therefore, the central argument is that only the shared loyalty of the nation is strong enough to overcome perceived personal costs, allowing the development of a welfare state (Mau 2003, 45). This is predicated on the “modest but consistent

evidence” that even pro-redistribution subjects exhibit a clear ethnic bias in welfare preferences (Radnitz 2015). In this sense, ethnic fractionalization delays the labor movements which were pivotal drivers of welfare state development in North-Western Europe (Flora and Heidenheimer 1990, 43; Alesina and Glaeser 2004). This also why welfare states develop only in countries where ethnic homogeneity allowed a seamless transition between the middle and lower classes (Lindert 2004, 27). On the whole, by inductively unpacking modes of nation-building and long-term patterns of public provisions (Singh and vom Hau 2016), this literature typically argues that ethnically diverse societies, particularly in late industrializing contexts, develop welfare states only after instituting nationhood (Singh 2015; Wimmer 2015, 4-5)

By contrast, a different body of scholarship argues that the causal chain between heterogeneity and public goods as component of modernity is warped by exogenous factors such as economic inequality (Baldwin and Huber 2010) or pro-redistributive ideologies (Taylor-Gooby 2005). In this view, the creation of welfare benefits serves the purpose of delineating a special community, wherein economic and social support foment belonging and solidarity (Béland and Lecours 2008). Because at its core social policy is a form of intervention, welfare states create distinctive patterns of allegiance (McEwen 2010) tied to state-wide institutions, which policy makers can present as constitutive elements of the nation (Béland and Lecours 2008). In this sense, policies designed to democratically help specific socio-economic groups are also used to institute the unitary visions of modern nationhood that overcomes socio-economic fragmentation (Inglot 2008). Studies in this tradition open up space for the more holistic argument that welfare states contribute to nation-building by overcoming ethnic cleavages (Béland, Lecours, Kpessa 2011).

At the same time however, while the instrumental function of “describing” boundaries of the political nation was central to nation-building (Lecours and Nootens 2008), it was only one facet

of a broader ideational landscape of nationalism qua modernization. Specifically, in addition to the selective fostering of identities (Béland and Lecours 2008), nation-building in late modernizing states also sought a structural transformation in the guise of forging a holistic class matrix that would cut across the state-economy continuum (Stråth and Wagner 2017). This raises the need to analyze the creation of the nation-state-welfare-state isomorphism in late modernizing states by disentangling how nationalism functioned as the key principle of inclusion and exclusion associated with modernity (Wimmer 2002, 57-61)

2.3.2 Nationalism as a modernizing project

While the previously outlined approaches depict channels through which redistributive institutions contribute to modernity via nationhood, they do not analyze the creation of welfare states as a specific instance of the modernizing project that consists of the nationalization of the social, political and economic categories of practice (Goswami 2002, 787-788). Towards this end different bodies of scholarship – political economy of development and nationalism studies, start precisely from the processes through which nationalism became the key vision of modernity (Brubaker 2015, 151). Such approaches carve out analytical space to observe that modernization implies a range of interlocking processes such as “the formation of states as spatio-temporal frameworks of power; the discursive co-constitution and growing intertextuality of nationalist discourse in a range of contexts; [and] the superimposition and interpenetration of socioeconomic and cultural relations” (Goswami 2002, 787-788).

Broadly speaking, the literature on the political economy of late development argues that nationalism as a modernizing project was the political catalyst that mobilized support for major

socioeconomic transformations (Abdelal 2005). Specifically, nationalism raises support for an overarching imagery of growth, argued as the key component of Western-style development (Stråth and Wagner 2017). As such, nationalism contributes to late development by raising support for “jumping ahead” and/or by offering various types of cohesion that offsets the short-term costs of specific economic policies, included but not restricted to protectionism and over-reliance on scarce local capital.

In one interpretation, latecomers can only achieve growth through a temporary shielding from the ebb and flow of global markets, which allows industrial and financial buildup (for a review of the literature see Fetzer 2019, 44-47). In this sense, nationalism qua modernizing ideology provides the “glue” needed to offset the costs of closure (Kofman 1997; Szlajfer 2012). This varies across different economic sectors, depending on the specific mix of protectionism and openness that political elites theorize as conducive to growth (Burnell 1986). The role of a “bonding agent” typically facilitates an accentuated look at the public sector (Ranis 1992, 91), more often than not attributing the state the role of universal developmental agent that buttressed capitalism (Evans 1995, 6, 63). In this sense, nationalism as a political catalyst can allow states to “steer” business in specific directions (Amsden 1992, 73; Kohli 2004, 242), or can facilitate the implementation of state-mandated income distributions, believed to help national firms overcome technological gaps (Amsden 2001, 18).

In a different interpretation, nationalism is argued to mobilize the costly transformation of agrarian economies into modern capitalist ones. Specifically, the communitarian ideal of nationalism either mitigates the power conflicts inherent in moving from agricultural economies to industrial capitalism (Kuznets 1966), or mobilizes the transition from pre-modern, routinized economic activity towards dynamic, market-based engagement (Gerschenkron 1962). In addition,

because the economic transformation can be threatened by outside competition from existing models of success, nationalism can also mobilize the social and political support necessary for an otherwise costly stage of sheltered growth, as a prerequisite for takeoff (Rostow 1990).

At the same time however, the incorporation of nationhood into the Western European profile also informed the conceptual language of late modernization (Stråth and Wagner 2017, 188) in a different fashion. Above and beyond an instrumental “bonding agent” that generated growth, nationalism studies argues that nation-building as a modernizing project also implied specific relations between individuals, state and economy (Goswami 2002). More concretely, political elites in late modernizing states recognized that modernity implied a complete class structure, which acted as the integrative sociohistorical matrix capable of cutting across the state-economy continuum (Goswami 2002). In this sense, nationalism studies shows that, by focusing mostly on how the imagery of growth generated strategies for mobilization to overcome cleavages, the political economy of development misses the class component of the broader social function of nationalism.

The crux of such approaches is that nation-building as a modernizing project strives to forge an “apparently unfinished nation-state” into one “of and for the nation” (Brubaker 1996, 63-65), as the specific sociohistorical matrix that allowed early industrializers to flourish (Goswami 2002). In this sense, nationalism qua modernization does not delineate a fixed policy orientation or univocal set of practices (see further Berger 2019, 34-37), but rather a dynamically changing field of competing stances (Brubaker 1996). The common trope was that a “core nation”, sharply distinguished from the total body politic, was believed to be underdeveloped or otherwise disenfranchised politically and economically (Brubaker 1996, 63-65). Consequently, nation-

building would buttress development through specific actions geared at promoting the missing core which completed a dynamic socioeconomic matrix (Brubaker 1996, 83).

In one interpretation, nationalism strongly correlates with the “incomplete social structure of the non-dominant ethnic group” (Hroch 1985, 208). Specifically, nation-building as a modernizing project attempts to complete the social structure by putting forward the individualized claims (linguistic-cultural, political or economic) of non-dominant ethnically defined socioeconomic groups (intellectual elites, economic elites or middle classes – Hroch 1985, 208). In this sense, nationalism contributes to late modernization by replicating the social scaffolding of early industrializers. At the same time however, this view of incompleteness is neither fully theorized nor empirically fleshed out, but rather subsumed as a variation of the modernizing progression from elite to mass nationalism (Hroch 1985).

Further specifying the concept, studies devoted to “economic nationalism” (Kofman 1997; Schultz and Kubů 2006; Szlajfer 2012) analyze the way in which political elites in late modernizing countries theorized incompleteness as the economic deprivation of selected groups. Concretely, this literature shows that for the mostly agrarian societies of late industrializing states the issue of incompleteness had a double dimension – on the one hand, the underdeveloped middle class was believed to preclude the dynamic market interplay that underpinned modernity (Szlajfer 2012); on the other hand, the thin middle class that did exist was comprised mostly of national minorities which could skew growth (Batou 2008). Conceptualized as completing the sociohistorical matrix of modernity, nation-building in the economic sphere thus represented a type of language of modernization which attempted to create a *national* market (Berger 2019; Szlajfer 2012). In this sense, nationalism contributes to late modernization through an array of state policies that mixed in economically advancing certain classes (Schultz and Kubů 2006),

controlling resources by co-ethnics (land, capital, finance - Kofmann 1997; Burnell 1986) and adapting the market to international stimuli (Szlajfer 2012). Although not framed in the language of modernization, the constructivist turn in the economic nationalism literature thus highlights the transformative potential of a nationalist-ideational component of economic policies (for a detailed review see Fetzer 2019, 54-58).

Yet, while such approaches specify in more detail the role of nationalism in late modernization, they have rarely been applied to the study of welfare states (few mentions in Béland Lecours, Kpessa 2011), as a specific organizational form of modular national modernity (Brubaker 2015; Goswami 2002). While the implications of incomplete nationhood have been explored in a range of economic policy areas, comparatively little has been said about the way in which welfare is enmeshed in institutionalizations of the nation (Clarke 2005). In the following subsection therefore, I outline an integrative perspective on the way in which nationalism as a modernizing project leads to the emergence of redistributive institutions designed to tackle the problem of incomplete nationhood in late industrializing states.

2.3.3 Self-reflexive modernization and the welfare-nationalism nexus

The gaps in existing studies raise the need for a new perspective which analyzes the development of the welfare state within an integrative thinking in tandem between the spread of nationalism, state-building and global capitalism (Goswami 2002; Stråth and Wagner 2017). Towards this end, I draw on constructivist theories which analyze the politically conflictual institutionalization of nationhood (Brubaker 1996, 15). Without completely overturning the conventional imagery of modernization (Stråth and Wagner 2017, 87), this opens up space to

analyze the way in which historical actors formulate and bundle the national question as an additional consideration to cutting across the state-economy continuum⁵.

To begin with, nation-building as a modernizing project is designed to address the open question that a “core” nation, substantively distinguishable from the body politic, is perceived to be in a “weak cultural, economic, or demographic position within the state” (Brubaker 1996, 63-65). This raised the need for policymaking comprising “remedial” or “compensatory” projects designed to directly respond to the various conceptualizations of “weakness” and “incompleteness”. At the same time however, the putative weakness of the “core” nation was contested between multiple stances that included, but were not limited to, the way in which the “core” owned the polity, the way in which the polity was of and for the nation, or the way in which the “core” was not flourishing in economic and political terms (Brubaker 1996, 83-84). This opens up analytical space to reinterpret the way in which the structuration of the modular nation form as a modernizing project (Goswami 2002) generated new functional links between the social, the political and the economic (Stråth and Wagner 2017, 91-103).

As one-among-many tools available to nation-builders, the development of the welfare state essentially built the nation, by responding to the grievances of subsequent iterations of the “at risk core” rhetoric (Kaufmann 2013a, 25). For reform elites in late industrializing countries the welfare state offered a unique opportunity to cut across parallel challenges, as it could make individuals comparable according to a top-down defined set of characteristics, without calling into

⁵ Truncated versions of this argument with selected bits of the empirical material that will appear in subsequent chapters have been accepted for publication as follows – Delcea, S. (2019) ‘Pro-urban welfare in an Agricultural Country? Economic Nationalism and Welfare Regime Problems of Fit: Lessons from Interwar Romania’, in Fetzer, T. and Berger, St. (eds) *Nationalism and the economy. Explorations into a neglected relationship*, Budapest: CEU Press; Delcea, S. (forthcoming) A nation of bureaucrats or a nation of workers? Welfare benefits as nation-building modernization tools in interwar Romania, *Journal of European Social Policy*, Acceptance date: 18th Febr 2021.

the question the structural differentiation inherent in the state-economy continuum (Kaufmann 2013a, 153, 183, 284). By cutting across workplace obligation, individual risk and social-collective dangers (Moses 2018, 8), the welfare state strengthened the “core” nation, which was expected to usher in modernity by circumscribing a virtuous synchronism between state-making and the economic transformation (Stråth and Wagner 2017). This fuses atomized social policies, developed as reactions to highly specific grievances along the state-capitalism continuum, into a welfare state that manages the entirety of the state-society-economy trilemma (Kaufmann 2013a).

By instituting top-down political commitments to subset of the body politic defined as the “core” nation, modernizing elites effectively construed the social recognition, which, according to sociological theories of social policy, underpin the framing of “the social question” necessary for welfare state development in late modernization (Leisering 2018, 34-35). In late industrializing countries where the functional differentiation to which welfare institutions are typically pegged was incomplete, the rhetoric of incomplete nationhood provided the type of social recognition needed to foment welfare state development (Leisering 2018, 35-36 expanding on Kaufmann 2013a). In this sense, the question of an underdeveloped “core” nation articulated a crucial component of the guiding problem of welfare state development (Kaufmann 2013b, 32). Social citizenship and the emerging welfare state thus followed a blend of risk-minimization strategies of specific classes (Wimmer 2013) and the strengthening of nationhood (Gough and Therborn 2010).

On a first level, by legally defining welfare constituencies, redistributive institutions improved the legal status of socio-economic groups defined by nation-builders as the “core” nation (Kaufmann 2012a, 162). In this sense, welfare institutions imply the recognition of the “problem groups” as reflected in the design of entitlements (Leisering 2018, 35), wherein the groups covered essentially constitute the “core” nation. On a second level, welfare benefits increased the available

resources of the ‘core’ (Kaufmann 2013a, 162). This allowed the “core” nation to better cope with the ebb and flow of global markets, without have to revert back to “lower” occupations in case of an economic downturn. In addition, the emerging welfare state attempted to pull the mostly rural demographic of late industrializing states (Schultz 2006, 10), by insuring against the life-course risks which were perceived to threatened “middle class” occupations (such as accidents, illness and old age). By creating a material safeguard, welfare benefits cushioned the cost of social mobility, which directly incentivized those outside the ‘core’ towards upward mobility.

Furthermore, the emerging welfare state improved capabilities for action and warped the material and social environment so as to make it directly conducive for a targeted social mobility (Kaufmann 2013a, 162, 172). Because the incompleteness of nationhood interweaved class and ethnicity, the emerging welfare institutions were designed not just to protect the few co-ethnics within the core, but also to allow the broader titular ethnicity to transition towards the multi-layered sociohistorical matrix that underpinned modernity. Concretely, the ecological welfare intervention (Kaufmann 2013a) was designed to open channels (education, apprenticeship and son) through which the entire citizenry, comprising the dominant rural demographic constituted of co-ethnics, to transition towards the political nation, demarcated by social rights.

Broadly speaking, nation-building qua modernization informs welfare state creation by offering a specific ideational landscape wherein a discursively defined common interest (Zimmerman, Wagner, Didry 1999, 4) was expected to usher in a more productive situation than that wherein specific group(s) dominate (Didry and Wagner 1999, 50). Political elites in late modernizing states typically used the national labelling (Zimmerman 1999, 147) to forge an integrative arena (Stråth and Wagner 2017, 151; James 2019, 71), built around a higher-order categorization that included but also transcended ethnicity (Wimmer 2013). Thus, above and

beyond the titular ethnicity formally owning the state and/or economic resources, the incompleteness of the “core” nation crucially involved, as shown by the economic nationalism literature, a specific class structure (Brubaker 1996, 104). Consequently, nation-building as a modernizing project unfolded through a range of policies that targeted highly the specific mixes of class and ethnicity.

Competing stances on incomplete nationhood were thus framed as modernizing projects which generated a discursive interpellation of individuals and socio-economic groups into normative national subjects that underpinned modernity (Goswami 2002, 776). As such, while nation-building as a modernizing project appears to unfold within the state-making-economic-transformation continuum, it was not simply a residual or superimposed layer. Above and beyond overlapping timelines, incomplete nationhood contributed directly to late modernity by prompting the institutional interpellation (Goswami 2002, 776) that redefined the bundling of questions regarding the social and professional orders (Didry and Wagner 1999, 50). This unfolded in various constellations of using ethnic markers, alone, or in conjunction with self-reflexively defined class considerations.

Yet, if in early industrializers the conflictual institutionalization of nationhood unfolded through a slow maturation, in late industrializers the need to compete against the ‘Great Divergence’ greatly compressed the available time. Because (semi)peripheral responses were inextricably tied to “the standard” (Mishkova and Daskalov 2014, 97), the incorporation of the modular nation-state into the specific ‘European profile’ (Stråth and Wagner 2017, 92), thus led to a narrow conceptualization. Specifically, the growing ideational consensus became that the ‘established’ nation was expected to usher in modernity and not vice-versa (Mishkova 1994, 87). This offered a solution to the fact that the deepening of both state-building and capitalism brought

an ever increasing number and scope of socio-economic problems construed as modernization “questions” (Case 2018), which could not all be tackled at the same time by resource deprived late industrializers. Despite being carried out simultaneously with economic modernization, nation-building was expected to create the preconditions that counter economic backwardness (Mishkova 1994, 87).

On the whole, this ideational consensus virtually equated catch up development with completing nationhood because the nation was the specific sociohistorical matrix that allowed early industrializers to flourish (Schultz and Kubů 2006). At the same time however, reform elites recognized that in the linear socio-economic structure of mostly agrarian late industrializers (Schultz 2006, 10), the sociohistorical conditions that “mediate the universally legitimate form of the nation and the conditions of its (re)production” (Goswami 2002, 775), were all but absent. Nationalism as a modernizing project thus required compensatory policies designed to inflict state power to protect the existing thin “core” nation (Brubaker 1996, 5) *and* to economically advance certain classes towards the “core” (Lorentz 2006, 10). Specifically, political elites who represented titular ethnicities typically argued that a demographically thin bourgeoisie (Batou 2006, 46) precluded modern nationhood. A key tenet of this ideational construction is that the wide-spread “high estimation of peasant culture” (Schultz 2006, 13), typically underpinning a range of peasant nationalisms, did not in fact constitute an alternative conceptual grammar of modernization. While the cooperative movement and other projects seeking to engage the peasantry in more modern economic activities may have been rhetorically justified through “romantic peasant nationalism” (Lorentz), they were typically subsumed to a broader theorization of nation-building as structural change. For instance, a key coordinate was how to accomplish land reforms to create a social basis conducive to industrialization and a broader economic transformation (Batou 2006, 46). While the

peasantry's ethnicity qualified it for inclusion, nation-building qua modernization ultimately sought to create a highly specific nexus of class *and* ethnicity (Lorentz 2006, 10), capable of generating the socio-economic interactions that buttressed development (Szlajfer 2012, 20).

At the same time however, because of the simultaneity of modernization questions and lack of maturation time (Case 2018), reform elites could not rely on the articulation of bottom-top demands to gradually carve out the subset of the polity that comprised 'core' nationhood. As such, the debate on the right ordering of society (Kaufmann 2013b, 36) was carried out in a self-reflexive fashion, between multiple elite stances that claimed to delineate the "core" nation along its constitutive makers – ethnicity and socio-economic status (Wimmer 2013, 33, 96). Consequently, because of the consensus that nationhood should usher in development (Brubaker 1996, 83; Mishkova 1994), continued delayed development prompted multiple iterations of the "underdeveloped core" argument, each with its own top-down defined cosmology of difference (Kaufmann 2013b). This meant that nation-building as a modernizing strategy entailed the accumulation over time of a string of remedial or compensatory projects in function of the discursive representation of the political nation (David and Spilman 2006, 94).

2.4 The national- international dilemma

Broadly speaking, throughout the 19th century a co-constitutive set of processes lead to an increasingly interconnected world system – imperialism facilitated the spread of institutional nexuses and the industrial revolution created an international trading system and a world financial flow (O' Rourke 2014, 2-4). In this sense, the emergence of modernization questions coincided with the formation of an international public sphere (Case 2018, 44), wherein actors increasingly

recognized the common experience of grappling with transposable challenges (Moses 2018). Against this background, organized modernity appeared as the result of “mutually reinforcing dynamics between external and internal driving forces” (Stråth and Wagner 2017, 90), wherein internationalization was both a desired result and a specific tactic deployed by actors (Case 2018, 44-46).

The crucial issue was that internationalization forced late modernizing states to compete with proven models of success, which could be achieved through a range of alternatives. One option was to directly adopt templates from early industrializers, such as welfare institutions, expecting that global technical expertise would foment catch up development. In this view, internationalization leads to convergence as international “advanced” models overcome national paths (Obinger, Schmitt, Starke 2013). A different option meant that since the international arena was built by well-defined nation-states (Moses 2018), laggards domesticated the conceptual language of pan-European questions to derive local solutions (Case 2018). Consequently, welfare states develop as projects of the nation-state (Leisering 2013, 19), wherein elites use the idiom of a “social question” in a local sense.

Yet, since the international arena was highly ambiguous (Zeitlin 2006), diffusion and translation are not fully homogenous (Strang and Tuma 1993). Rather, they are only some of the fluid options through which the existence of the “core” shaped discursive practices of late modernization (Stråth and Wagner 2017, 188). Because existing studies adopt a homogenizing view (Strang and Tuma 1993), in order to adequately map how internationalization informs welfare state creation in late modernizing states, I draw on literatures that take no a priori grounds in assuming deterministic likelihood of which international practices enter national policy-making and how they are utilized (Zeitlin 2006, 40). This allows dissecting that, within the simultaneous

challenges and lack of adequate maturation time specific to late modernization, national and international were co-constitutive in welfare state development (Case 2018, 50).

2.4.1 Internationalization in a world of nation-states: convergence vs. path dependence

To a great degree, existing studies argue that a well-specified international arena, operating above and beyond clearly distinguishable nation-states (Zeitlin 2006, 40-42), informs welfare development in the latter in two different ways - convergence, wherein global best practices offer shortcuts for late comers to organize modernity (Meyer, Boli and Thomas 1997); or reification of national paths, wherein local actors seek the best technical aid from the point of view of their perceived national specificity (Kott 2018). In this sense, the thrust of comparative historical welfare state research has been to demarcate causality between the national and the international (Conrad 2011).

In one family of studies, since modernity is a global framework with transposable processes (Goswami 2002), global discourses prompt late modernizing states to adopt institutional templates that exceed the functional requirements of society (Meyer, Boli and Thomas 1977). For instance, because industrial capitalism is modular, the global discourse on a shared experience of risk (Usui 1994, 270) prompts countries where the economic transformation is not completed to converge towards “best practices” (Obinger et al., 2015). In a broader sense, internationalization generates convergence as late comers adopt “best practices” owing to a range of mechanisms stemming from the intricacies of competing with proven models of success (for full review see Obinger, Starke, Schmitt 2013, 113-115). For such studies, the strong data on world-level waves of policy adoption (Abbot and DeViney 1993, 266-267; Obinger et al., 2015), constitutes proof that welfare state

development throughout the (semi)periphery occurred through diffusion rather than in a functional-local way (Collier and Messik 1975).

By contrast, a different range of studies argue that national forces determine the nature of internationalization (Hu and Manning 2010) because sticky paths constrain actors' capabilities and views (Metiu 2010, 199-200). In this view, while internationalization may enrich the conceptual grammar of distributive strife (Moses 2018, 14-15), welfare state development is tied to its specific capability of tackling "national" grievances and pre-existing local cleavages (Kaufmann 2013a). Consequently, as shown by coalitional approaches (Baldwin 1992; Luebbert 1991), internationalization affects countries very differently (Thelen 2014), within and across levels of industrialization (Strang and Chang 1993), because international templates undergo phases of incubation and translation (Leimgruber 2012, 39), designed to graft them onto existing cleavages. In highlighting the contrasts of specific themes that differentiate among "worlds of welfare" (Esping-Andersen 1990) and/or "varieties of capitalism" (Hall and Soskice 2000), such comparative studies argue against convergence, by clustering national-paths into well-defined trajectories, circumscribed by the interplay of a range of macro-level variables.

At the same time however, by adopting a homogenous view of internationalization existing approaches do not fully capture the inner mechanics of learning from abroad, as they fail to adequately explain for instance, why actors otherwise sharing a consensus on the nature of the national path, choose, within the same policy area, to adopt templates from radically different sources and in potentially contrasting manners of implementation (Béland, Lecours and Kpessa 2011). Directly addressing this, a range of studies argue that diffusion and path dependence are in fact not mutually exclusive but overlapping options. By focusing on national idioms, scholars in this tradition for instance explain more systematically how and why vastly different levels of

industrialization develop redistributive institutions that seem to share an ideational core (Béland and Petersen 2014).

Yet, while this captures an additional range of mechanisms, it still underestimates the breadth of “regulated improvisations” (Goswami 2002) wherein internationalization informs welfare state creation. On one level, because of a supply-and-demand logic, existing approaches do not fully explicate why, even within the same policy area, some “best practices” succeed while others are rejected (Zeitlin 2006, 40). On a deeper level, because of the homogenizing view of the mechanisms involved in internationalization, existing studies do not adequately account that implementation can unfold almost entirely decoupled from a putative international original (Campbell 2006, 82). The crucial problem is that since actors chronically redefined modernization questions (Case 2018), both the national path and the international arena were fraught with significant ambiguities recognized as such (Zeitlin 2006). This suggests that convergence, translation and/or their various permutations represent options on a multi-way continuum tied in only by the contingent perspective and strategic interests of actors (Zeitlin 2006, 11, 40).

This raises the need to draw on broader internationalization literature, which approaches transfers as “political and contested processes” (Almond and Ferner 2006, 69), precisely aiming to capture that variation between “foreign” and “local” is interpreted in multiple ways by strategic actors (Leisering and Liu 2016). Specifically, I draw on scholars which argue, based on the intricacies of branch-headquarters relationships within MNCs, that learning from abroad is typically carried out by actors with “divergent interests in transfers and differential power resources to affect it” (Almond and Ferner 2006, 29). While this literature does not directly address welfare states, it clearly highlights the shortcomings of the convergence-path-dependence line of reasoning by arguing that, at an abstract level, the way in which internationalization informs

policymaking resides exclusively with the intentionality of actors (Carstensen 2011). Because such studies explicitly seek to bypass the limitation of supply-and-demand theoretical framework (Zeitlin 2006, 40-42), they open up analytical space to also understand other policy areas, such as redistribution⁶.

2.4.2 Self-reflexive questions and strategies for internationalization

Because the literature on transfers and welfare state development overwhelmingly offers insights within a path dependence-convergence continuum, the dissertation draws on studies on differential internationalization within multi-national companies (Fetzer 2009). Firstly, such studies argues that since actors use ideas creatively (Carstensen 2011), they operate with distinct logics of action (Almond and Ferner 2006, 16), amounting to a national path that can be construed as both malleable and immutable (Zeitlin 2006, 14). Because the national path is malleable, actors have the capacity to “appropriate” transfers (Birkinshaw 2000), which implies that internationalization depends on the contingently defined intentionality of political elites (Carstensen 2011). Secondly, as actors recognized the ambiguous nature of their own national path, they also recognized internationalization meant aiming at a moving target (Zeitlin 2006, 11). Specifically, international templates were seen as comprising a more-or-less stable “core”, but also significant ambiguities that were constantly re-evaluated (Zeitlin 2006, 11-12). In this sense, internationalization is an ambiguous project with “multiple and ambivalent connotations” ascribed

⁶ Truncated version of this argument with selected bits of the empirical material that will appear in subsequent chapters have been accepted for publication as follows – Delcea, S. (forthcoming) ‘A national path to transnational modernity? Nation-building and policy learning in the development of the interwar Romanian welfare state’, in Radu, S. and Jens-Schmitt, O. (eds) *Romania interbelica: modernizare politico-institutionala si discurs national [Interwar Romania: political-institutional modernization and national discourse]*; the text will be published as Romanian translation.

by national actors, rather than an “underlying message” being “switched up or down (Zeitlin 2006, 10, 15).

To begin with, because the national path is contingently contested, drawing from the international arena is neither linear nor homogenous (Strang and Tuma 1993). On a very basic level, because actors used the topoi of a social question in a self-reflexive and trial-and-error fashion to cut across the state-nation-economy nexus, diffusion and translation are only two options in a much broader debate that sought to disentangle both what made some models relevant and how to use them. Therefore, on a broader level, the contested national path suggests that the identification of relevant international content stemmed from the logic of bundling. Specifically, because actors sought to cut across parallel challenges, they operated with fluid distinctions between intrinsically and instrumentally oriented activity (du Gay and Pryke 2002, 9). For instance, within the theorization that state-building can drive a virtuous synchronism, international templates can build a welfare state that buttresses modernity in a “substantive” manner by smoothing social integration. Alternatively, international welfare templates can serve the instrumental goal of creating the appearance of a modern state (Weyland 2006), which brings international recognition and access to the foreign credit needed to buttress the economic transformation. In this sense, the intrinsic and/or instrumental value of any “underlying” message shifted over time with actor’s self-reflexive re-evaluation of bundling, wherein they ascribed new contingent meanings to imported ideas (Carstensen 2011, 156).

Secondly, because actors recognized they were aiming at a moving target, the “best practice” quality of international templates was not exogenously given, but contingently-defined. Specifically, within the logic of bundling, the “best practice” quality could stem either from an intrinsic ideational component or from an instrumental role, as part of tying together multiple

questions. In this sense, the “best practice” quality of welfare transfers was defined in a self-reflexive manner, taking into account economic, social, cultural and political considerations (Gilardi 2009 on unemployment for instance). One option was to define “best practices” by their capacity to contribute to state-making, nation-building or the economic transformation, selectively defined as drivers of a virtuous synchronism. A different option was to define the “best practice” quality by the specific capacity of templates to engender linkages within the logic of bundling. In this sense, the “best practice” quality of welfare transfers can oscillate over time for instance between their capacity to engender modular capitalism and their role in creating linkages within an unsystematic industrialization.

Furthermore, aiming at a moving target implied high ambiguity in choosing between multiple available models, embodied by either individual nation-states or by international organizations. This suggests that mechanisms such as coercion, regional contagion, international conferences and so on (Obinger et al., 2015) only explain very specific instances of prioritizing some models over others. More broadly, because political elites needed to cut across simultaneous challenges they layered, even within the same policy area, transfers from different sources – including both IOs and nation-states (Obinger, Schmitt, Starke 2013), in a fashion that can only be understood within the self-reflexive logic of bundling. For instance, bilateral learning was typically argued to contribute significantly to questions that involved complex political interactions (Gilardi 2009), because learning from individual countries typically came from a background of complex interactions and long timespans, which yielded better observations (Rodgers 1998 for instance). This was not however exclusive, as IOs offered a type of multi-national experience that could be construed as ‘intrinsically’ richer than even bilateral observations. A highly specific argument could thus become that IOs cut across vested interests, allowing the creation of an overarching

virtuous synchronism. What further complicated the equation was that international actors – IOs or nation-states, were also not passive, but pro-active in proposing templates, which further increased ambiguity (Béland, Lecours and Kpessa 2011).

On the whole, the contested nature of the national path and the recognition that the international arena was a moving target suggest that internationalization can only be understood from the historically-contingent logic of national agency (van Daele 2008). Specifically, the alternatives in terms of how to define, where to look for and how to use relevant templates were available to elites in late industrializing states (and debated) both at the level of formulating a bundle, as well as within its mechanics. On the whole, international templates are used as fixed pegging points to navigate the simultaneity of ongoing challenges. This was warranted because international frames came packaged with experimentation that was not available to late modernizing states, due to the urgency of competing against the “core”. In a more specific sense, the way in which national actors shift between available alternatives follows a self-reflexive and trial-and-error logic (Case 2018). The typical starting point is that as elites theorize the specificities of late development, they conceive of the possibilities and potential roles of learning from abroad in national, cultural and competitive terms (Moses 2018, 62). In addition, the variation between available alternatives follows the logic of bundling. In this sense, when elites debate the choice between bundles, internationalization interacts with macro-level goals of the virtuous synchronism (Kaufmann 2013a, 155). Conversely, if the central debate involves recalibrating the mechanics of a given bundle, internationalization typically generates sequential transfers, tied together only by the overarching logic of the bundle.

3. The Historical Accumulation of Welfare Institutions in Late Industrializing Romania – Chronological Overview

3.1 Institutional development mid19th century – 1912

3.1.1. General context

In the wake of the Crimean War (1853-1856), the European Powers sanctioned the creation of the autonomous United Principalities of Moldavia and Wallachia, which effectively juxtaposed two different provincial administrations (distinct ruler, distinct judiciaries), linked through a Central Commission (with minor legislative prerogatives) and a single High Court. The election of a single prince in Alexandru Ioan Cuza in 1859 started a complex process of forging a single institutional scaffolding – administrative-bureaucratic unification (December 1861), single government (December 1861), unitary Parliament (February 1862). This underpinned by a more broad modernization process - electoral law, agrarian reform, judicial reform, public education (Sora 2011, 25-26). The projects aimed to simultaneously impact the major rural-agrarian demographic (some 400.000 peasants gaining land through the agrarian reform of 1864 – out of a total population of 4.100.000 – NSI 1935-1936, 31), as well as the comparatively smaller middle classes,.

The simultaneous pursuit of “national” and “social” questions continued in Romania (formally named as such from 1862), under the rule of Carol I (1866-1914). On the one hand, the gaining of independence as a consequence of the participation in the Russo-Turkish war of 1877-1878, pushed further the impetus of economic Westernization started by Cuza (Hitchins 2015). On the other hand, the Western-style institutional scaffolding continued to be expanded, expected to generate “safeguards for the productive classes within the country” (Ionescu, DCD, 28th Nov

1909). Political Westernization, comprising a limited democratic opening and institutional proliferations (Marton 2009), skewed the allocation of resources within the “political nation”. Specifically, the demographically shallow middle class that did engage with the state infrastructure benefitted disproportionately more than the dominant rural-agricultural fabric of the country (450-500.000 “heads of agricultural households” conservative estimate by Axenciuc 1992, 288). According to some notable estimates of the time, out of a roughly 6.000.000 total population, the non-military state sector may have barely comprised of 102.560 employees in 1902-1903 (from a starting point of around 16.764 in 1863 – Sora 2011, 124-125). This however constituted well over a third of the entire literate population at the time (Sora 2011, 125 quotes the study of Negulescu 1906).

3.1.2 Development of the welfare state

The construction of welfare institutions in mid 19th – early 20th century Romania stemmed from the aforementioned attempts to tackle the national and social question. On one level, the creation of the modern nation-state lead to the emergence of a bureaucratic-administrative corpus that quickly became a key welfare constituency. The deepening of state-building as *the* modernizing project gradually revamped pre-modern institutions that offered “rewards for service” into more modern social rights (Hariton 2012, 5-6), which underpinned welfare benefits for state employees such as early forms of old age and invalidity pensions.

On another level, the appearance of islands of capitalism (Stråth and Wagner 2017) and their slow congealing into industries and national markets, lead to rise of a second key welfare constituency – workers, craftsmen, tradesmen and private-sector functionaries. From the late 19th

century and particularly on the eve of the 20th century, the slow moving pace of industrialization gradually overcame state-building as the desired modernization project. In effect, this reformulated the original 19th century Romanian “social question” – namely the peasant issue, towards the more pan-European “worker question”. The consequence was the multi-faceted emergence of welfare policies – from labor laws broadly defined as social policy in the late 19th century (professional associations, working conditions, safety and hygiene etc.), with only incipient welfare benefits (some accident and invalidity insurance, burial aid etc.), towards fully fledged social insurance systems in the early 20th century.

a. State employees

The creation of the United Principalities juxtaposed two pre-existing systems of old-age pensions for state employees, both based on mandatory salary contributions and state funding, but differing widely in terms of replacement rates. In Wallachia, salaries over 200 lei were charged with 5% contributions since 1852, used to fund old-age pensions awarded after retirement at the age of 50, amounting to a third of the former salary for 8 years of service, or two thirds for 16 years (Hariton 2012, 13). In addition, a new 1853 law further spread coverage to those with salaries under the 200 lei threshold, on the condition of having served for at least 15 years (Hariton 2012, 13). While contributions were bolstered through a state budget, pensions were paid only after funds became available through the termination of existing allotments (Hariton 2013, 13). By contrast, in Moldavia since 1851, the same 5% contribution generated old age pensions of one third former salary were offered for 15 years of service, half in case of 20 years and two thirds for 25 years of service (Hariton 2012, 13).

After the harmonization of contributions to a common level of 10% in 1863, the law of 1868 created the basis for a unitary system of old-age bureaucrat pensions across Romania

(Hariton 2012, 9). In addition to the previously covered central administration, teaching body and military apparatus, the 1868 also covered the clergy. The law fixed retirement ages at 60 years for the central administration, 50 for military personnel and 70 for the clergy, each profession with specific terms of service for eligibility. Bureaucrats not covered by the system were those working in village administrations and some of the functionaries working in commercial activities. The old age pensions were paid from a special fund, administered by the state but separate from the general budget, which was fueled by the aforementioned 10% salary contributions, 10% taxes on pensions themselves and a fixed yearly state contribution (Hariton 2012, 14). Furthermore, the new law did not work retroactively, but covered only newly hired bureaucrats, up to 1890 when a subsequent law offered more general coverage (Hariton 2012, 22)

Between 1870 and 1900, a range of special laws fragmented the 1868 system, creating 29 individual pensions, which different between various branches of the state (RE 1938, 553) in terms of conditions and terms – 1888 Romanian Railway Company; 1892 postal-telegraph system; 1893 sanitary system; 1894 state-employed engineers; 1896 State Monopolies Trust; 1897 county and local councils (Hariton 2012, 19). Most of the sub-systems shared the common financing mechanisms and separation from the general budget set out by the 1868 general law (Hariton 2012, 19), with only small-scale and imperfectly codified cases being collapsed into specific ministries (such as those for opera houses and national theaters – Chiriac 1932). Factoring in that the 1868 did not cover current employees, the mid-19th century string of old age pension laws, which varied greatly in terms of conditions (Hariton 2012), initially covered few people, but steadily grew over time – 2507 under the pre-1868 system (as an approximate comparison in 1866 the “administration” counted 12.915 agents – Sora 2011, 124); 402 on the basis of the 1868 Law until

1889; 939 between 1889 and 1890 on the basis of the 1889 Law; and 12304 between 1890 and 1902 on the basis of the 1890 Law (Hariton 2012, 22).

The 1902 Pensions Law superseded the 1868 system and harmonized the administrative maze – 60 years retirement age for all central administration bureaucrats, 70 for all ecclesiastical functionaries and 55 for lower military personnel. Furthermore, the 1902 Law collapsed the atomized funding bodies, such as those of the railway system, into a unitary state budget (Hariton 2012, 22-23). The 1902 Law set up a unitary system of adjustments to allow the financial stability of the benefits, above and beyond previous atomized funds. To ensure that the funds could adequately cover the widened constituency (as insufficient funding has been a constant problem), the new law capped the individual yearly pension at less than half of the 1868 provision (Hariton 2012, 22-23), and increased the state's contribution.

In addition, the 1902 law also created a system of proportional representation for partial employment or cutting across the previously different years of service (Hariton 2012, 22-23). This came attached with a new calculation for the pension amount, factoring in the average salary for the last 5 years of employment – 50% in case of 20 years of service; 65% for 25 years; and a 3.5% increase for every year of service over 25, to the threshold of 100% for 35 years of service (DCD, 14th February 1902). On the basis of the 1902 law (and its subsequent minor modifications), 18.554 people were pensioned until the 1925 Pensions Law created an entirely new system across Greater Romania (Hariton 2012, 21; as a comparison Sora 2011, 128 documents 90.334 around state employees in 1914).

The 1902 law, which legally codified old-age pensions as a reward for service, was further modified vis-à-vis the retirement age (1904, 1906, 1909 – Hariton 2012, 23). More substantive changes were codified through the Pensions Law of 1904, which added new clarifications for

foreign bureaucrats based on citizenship status and duration of residence. The 1904 Law also introduced an important eligibility condition, by codifying “absenteeism” (spending pensions outside of Romania) as a criterion for disqualification from pensions. Subsequent additions to the 1904 Law lead to the annulment of the proportional system that tailored to bureaucrats who had not served for the entire legal duration (DCD, 19th Dec, 1905). Furthermore, in 1905 the previously neglected village and county-level bureaucrats, were brought under a special law with a completely separate fund, but similar funding mechanisms to the 1902-1904 system (Rainu, DCD, 19th Dec 1905).

b. Private sector employees

The earliest proposals dealing with the private sector in the mid-late 19th century were overwhelmingly rejected (Chiriac 1932, 7, 55). Initially, these projects did not involve insurances, but broadly defined social policies (such as an 1881 project for improving working conditions in industries and mines). Gradually, policy proposals grew in scope and came to interweave social policy with early welfare benefits. For instance, the more developed 1888 Carp project (subsequently picked up by Bratescu 1890 or Filipescu 1900) proposed the creation of mandatory labor associations that would finance apprenticeship schools. In addition, the associations would also benefit from state funding that supplemented members’ contributions in order to offer a modicum of healthcare aid, some accident insurance, burial aid and incipient family aids. The early projects were generally rejected as they were believed to generate a high cost for an otherwise under-developed constituency.

The first successful welfare project was passed in 1895 and coalesced pre-existing private-level initiative regarding mandatory accident insurance for miners (Chiriac 1932, 49). The newly created system of workplace accident compensation, which would enter into practice from 1900,

was administered by the state through a House of Pensions that paid out benefits from a special Relief Fund (Caisse de Secours), built on employer and employee contributions. Though on a smaller-scale, similar sector-based relief funds were developed, few functioned under the insurance principle that underpinned the miner's accident compensation, and even fewer reached large scale coverage so as to be included in the state administration (Chiriac 1932, 49-50).

At the state-wide level, the 1902 Law for Organizing Work and Professions (Missir Law) gave birth to two legally distinct worker organizations - guilds, further grouped into corporations, responsible for managing a range of social-welfare measures. The law covered workers and urban craftsmen, which were entitled, through the professional associations, to a range of benefits (sickness, accident compensation, funeral aid - DCD, 16th February 1902). The law also formally covered small industries, but in practice had many loopholes concerning rural-based craftsmen (Chiriac 1930, 9). The voluntary professional associations were endowed, in addition to worker contributions, with state backing for the specific purpose of creating apprenticeship schools and managing apprenticeship.

While an early 1908 project on introducing a state-wide social insurance was rejected, in 1909 the Missir System was reorganized through a new Law for the Organization of Professions, which instituted clearer rules managing the relationship between the previously established guilds and corporations. Specifically, the new law stipulated the way in which guilds would be organized into corporations, so that they could properly access and utilize the relevant state funds. This was further complemented by a limited legal provision allowing trade unions (1909). Further amendments were brought in 1911 by revamping the composition of corporations so that they become fully occupation-specific rather than heterogeneous, which also aimed to clarify the coverage of welfare benefits (DCD, 10th Dec 1911).

In parallel to the central laws regarding the organization of labor, a range of broadly defined social policies were centralized at the state level, aiming above and beyond private initiatives. Specifically, new laws regulated working conditions for women and children (1905), the right to free Sunday (1910), as well as general regulations for work safety (1910). Similarly, a new Sanitary Law (1910), harmonized at the state level the entirety of hygiene-related measures. In this regard, Romania also passed a more specific Law for Cheap and Healthy Worker Housing, whose aims was to create a more coherent, cross-sector administration (DCD, 5th Feb 1910).

The first state-wide insurance system passed in 1912 (Nenitescu Law), was built around the 1902-1909 system of guilds, but instituted a clearly defined insurance principle. Above and beyond a more consistent state endowment, the Nenitescu Law revamped the worker associations as professional institutions (Enescu 1930), tasked with managing mandatory insurances. The law offered insurance for work accidents and invalidity, healthcare and old age, as well as a range of maternity-related benefits (Cerami and Stanescu 2009, 113; Axenciuc 1992, 559). Concretely, healthcare benefits relied on 6 weeks of contributions, were offered beginning with the 4th day of illness, and involved medical care, hospital treatment and a proportional system of cash benefits (which factored in home vs. hospital care, family status and duration of illness – DS, 1912). Accident insurance in case of total loss of work was 2/3 of the insured salary, with the Central House having supervisory power to enforce a proportional system for partial incapacitation. Invalidity pensions required 200 weeks of contributions and consisted of a fixed yearly amount, and a monthly addition factoring in contribution over the requirement (DS, 1921). The old age pensions were defined as an aid rather than a retirement benefit, and aimed at enabling the worker to work fewer hours thus “staving off invalidity” (DS, 1912). As such, the old age pensions started from the same fixed amount for the invalidity pension, provided that the worker was still able

bodied after the legally required age of 65. In case of untimely death with full contributions, the widow or children under 16 years, would receive the amount of the contributions (DS, 1912).

The benefits were funded through a combination of employer and employee payments, with the state providing 33% of the total funds of the Central Bureau for Social Insurances. The law set up a complex system of mutualities for every class of benefits, and established a hybrid mechanism of taxation, which took into account whether industries were classed as “permanent” or “temporary”. The two classification implied either an up-front style of employer contributions or a pay-as-you-go mechanism. The state took on a dominant administrative role, with employers and employees being legally allowed only a weak level of autonomy (Draganescu 1921).

The Nenitescu Law covered 115.123 of the 385.955 salaried employees in industry (with a predictable drop between 1913 and 1915, but still in the general 25-30% coverage – Axenciuc 1992, 561), transport and commerce, by also collapsing into the social insurance system, the vast majority of previously separate emergency funds developed by autonomous state monopolies (manufactures, factories, salt mines and tobacco). Furthermore, while previously workers were completely tied down to the respective funds of specific monopolies, under the Nenitescu Law, workers even under the few remaining independent systems – such as that of the Railway Company, could leave employment without losing insurance contributions (Chiriac 1932).

3.2 Greater Romania 1920-1930

3.2.1 General context

As a result of the Versailles system, the Old Kingdom (Wallachia and Moldavia) became “Greater Romania” through the addition of Transylvania, Bessarabia and Bukovina. Though the democratic franchise was extended through universal male suffrage, Greater Romania conserved the Old Kingdom’s constitutional monarchy wherein the King designed the Prime Minister, whose party would then organize elections. In doubling its population (NSI 1930) and becoming one of the largest countries from the region and a sizeable European state (Sora 2010, 170), the new nation-state had gone from 8% minority population to a rather large 30%. More importantly perhaps, for a country with 80% rural population, minorities comprised 42% of the urban dwellers (NSI 1930-1931). A crucial debate thus became that “for some the country was not democratic enough, while for others it was not national enough” (Boia 2011, 47).

On paper, the Bucharest-style bureaucracy and institutional scaffolding was extended to the entire country, but in practice the country ran as a loose conglomerate with clear-cut regional variations (Egry 2014; Sora 2011). Though the enlarged democratic franchise initially led to a proliferation of parties that put forward many agendas, gradually, many were folded into the more dominant parties of the Old Kingdom (Sora 2011, 32-32), specifically the National Liberal Party that dominated the majority of the decade. The National Peasantist Party was the notable exception that did succeed in eroding the power base of the Old Kingdom, but only took office in 1929 hamstrung by the onset of the Great Recession. As such, the Bucharest administration managed to impose its view on rigidly centralized view on unification and congealing of Greater Romania qua new state (RE 1938, 553). In practice therefore, the string of unification laws passed in the mid-

1920s coalesced the patchwork of administrations around an essentially French-style institutional model, manned by an increasingly growing bureaucratic corpus (Sora 2011). By contrast, institutional networks pertaining to the economic or social spheres were harmonized on a more superficial level and at a slower pace.

The unification process aimed to yield a powerful overarching state structure that could pursue both the national question and the increasing scope of socio-economic questions. Though state protection did generate a seemingly fast-paced industrialization, Greater Romania displayed, similarly to the Old Kingdom, a lack of linkages between the dominant rural core and towns and industries (Roberts 1951). As such, despite gaining new impetus for development by incorporating Banat and Transylvania with legacies of Austro-Hungarian industrialization, having been comparatively worse hit by WW1 and with a relatively lower starting point, Greater Romania was one of the poorest countries in its regional clusters (in terms of GDP per capita – Murgescu 2010, 216). The major sources of growth – petrol exports and attached industries (Murgescu 2010), were highly politicized and only generated a narrow type of revenue through dogmatic nostrification policies (Kofmann 1997)

This meant that the slow social mobility that did unfold, was manifested as a mass of in-between workers, who temporarily engaged with industries, but often reverted to agriculture. Yet, because, as mostly everywhere in the region, agricultural workers were sparsely covered by the welfare network (if at all – RE 1938, 459), as much as 97% of the rural population (14.420.718 in 1930 – NSI 1935-1936, 33) was completely exposed to the ebb and flow of markets (Axenciuc 1992, 23). Protection was equally faulty for private sector employees, as the faulty welfare systems could not always cover benefits (Mihoc 1932, 144). The constantly growing welfare coverage - from 210794 in 1920; to 565 212 out of 920.616 total in 1930 (Axenciuc 1992, 512, 561) – was

thus misleading, as it reflected the overall numbers of 4 different regional insurance systems, which different greatly in terms of concrete redistributive capability.

3.2.2 Development of the welfare state

WW1 not only economically affected all major welfare constituencies, but also expanded the scope and immediacy of the social question. In the early 1920s, Romanian welfare policymaking mostly comprised financial aid (adjustments to inflation, subsidizing the various funds), designed to enable the different regional system to offer a modicum of welfare protection. Because this quickly proved to be unsustainable, nation-state-makers started to gradually formulate a layered strategy that prioritized between the welfare constituencies.

As the unification of the nation-state was elevated to be the key modernization requirement, the policy importance of state employees superseded that of the private sector, leading to a more coherent welfare reform. As such, the mid-1920s string of reforms that involved the 1923 Statute and more importantly the 1925 Pensions Law, completed the 19th century process of creating social rights for state employees, through setting up a unitary legal framework that eased accessed to welfare benefits for an increasing number of individuals. In addition, the reformed old age and invalidity pensions were financially stable, as they benefited from a large budgetary contribution. Further laws also created dedicated healthcare packaged that further completed the welfare network for state employees.

By contrast, welfare policymaking for the private sectors unfolded less systematically. First and foremost, the social insurance system was not unified, but only loosely administratively brought together through the formal expansion of the Old Kingdom laws into the newly acquired

provinces. Though on the surface coverage was extended through the implementation of ILO-mandated insurances for small groups (underage workers, harbor employees and so on), in practice this was not properly institutionalized. In a general sense this represented the common denominator of welfare policymaking in the private sector throughout the 1920s – while a significant number of projects were adopted through learning from abroad, particularly in the broad area of labor laws and more narrowly vis-à-vis social insurances,

a. State employees

The creation of Greater Romania by the Versailles treaty essentially juxtaposed different administrations – Austro-Hungarian in Transylvania and Bukovina, Russian in Bessarabia and the Old Kingdom French- and Belgian-inspired system. Early state-wide welfare measures kept the parallel systems fiscally viable, by adjusting both salaries and old-age pensions to inflation (DS, 9th Sept 1919; DS, 15th Jul 1920; Simionescu, DCD, 21st Dec 1923) and accounting for parities of savings and contributions across the different currencies in the provinces (Grigorovici, DS, 2nd July 1920). In addition, the newly created state also directly contributed to the various pensions funds, accounting for the fact that neighboring inheritor-states had not yet transferred welfare contributions. Though a small degree of harmonization was offered through state-wide administrative reforms, by 1925 bureaucrats were still entitled to old-age pensions under distinct legislations – 18.554 on the basis of the Old Kingdom law, 18.172 under the Hungarian legislation of Transylvania, and 6052 under the varying laws in the remaining provinces (Hariton 2012).

The 1925 Pensions Law created a state-wide system, with unitary conditions, a single financing body and a coherent contributions' system. The new system transferred the entire patrimony of existing pension funds from the provinces, to a general fund, solely administered by Greater Romania (Hariton 2012, 26). The law also created a special proportional system for

minority bureaucrats, whose previous taxes had not been yet transferred by inheritor states (DCD, 23rd Mar 1925). Administered by the General House of Pensions (alongside a few occupation-specific ones such as the Officer's House), the new pensions benefits were funded from 10% monthly salary deductions combined with a yearly state contribution. The law covered civil, military and ecclesiastical state employees, with the notable exception of minority cults, in both rural and urban administrations, as well as employees from "institutions with a public utility whose budget was lawfully fixed by the Chamber of Deputies" (DS, 3rd Apr 1925). In case of untimely death, pensions would pass to the widowed spouse and the underage children through a proportional system of inheritance (DCD, 23rd March 1925). The few categories of state employees that were not covered, were pooled into separate pension schemes – military, magistrates and employees of the High Court, the clergy (particularly minority ones), teachers and some postal workers (Sora 2012, 152). The 1925 Law was modified in 1929 at the level of administrative reorganization and recalculating the salary system that underpinned the contributions (RE 1938, 553).

To account for inflation and regional variations, the yearly amount of a pension was raised above the previous levels of both the Old Kingdom and Transilvania (Hariton 2012, 26). The 1925 law created a proportional calculation mechanism based on the average salary for the last three years of service (Hariton 2012, 26). The baseline was that for at least 10 years of service the old age pension amounted to 25% of the previously mentioned average salary, with every additional year of service generating a 3% monthly increase up to the full term of 35 years of service (Hariton 2012, 26). At the moment of the law's passing, based on previous legislation the number of pensioners was estimated at around 12% of the approximate total of 350.000 state employees (Hariton 2012, 22; DCD, 28th February 1928 gives similar figures for 1926 and 1927). Though as

Sora (2011, 127-129) argues the overall number is highly contested even among historical actors at the time, the common denominator seems to be that by the end of 1920s, old-age pensions as organized through the 1925 had become a major cost for the state (DCD, 28th February 1928). The process was two-fold – on the one hand, the harmonized legislation made it easier to access pensions; on the other hand, the old-age pensions were such an attractive incentive that they directly contributed to a huge increase in state employment (Sora 2011, 150-253).

The 1925 Law, which would only suffer minor adjustments until the end of the decade, covered between 42.798 (1925) and 52.557 (1927) individuals, roughly 60% of whom came from the newly acquired provinces (DCD, 23rd Mar 1925). The law set the retirement age at 57 for civil functionaries, 65 for ecclesiastical and between 50 and 55 for military depending on rank (Hariton 2012, 26). To qualify for the old-age pension, a state employee would need a minimum of 10 years continuous service and contribution, while the maximum duration of 35 years could be fulfilled also through fragmented employment (Hariton 2012, 26). The law factored in the average level of salary for the last 3 or 5 years of service, and a proportional mechanisms for longer durations. The 1925 system continued to take into account inflation and the differential development of the provinces, setting the maximum pension at 36.000 lei per year, which superseded regional provisions (Hariton 2012, 26). The 1925 Law was successful in stabilizing the viability of old age pensions, and only required further minor budgetary adjustments (DCD, 28th Febr 1928)

In addition, the 1925 Law also set the legal basis of accident and disability pensions. An injury severe enough to make a bureaucrat incapable of public service, if directly caused by the duties of the job, generated a pension of 40 per cent of contributions (with three per cent yearly increments, for the first 10 years), which could then be coupled with any other kind of salary (i.e. non-civil service). When a civil servant was rendered incapable of any kind of future employment,

the invalidity pension started from at least 75 per cent of the last salary. By comparison, non-civil service insurance recipients were only offered a maximum 2/3 of the insured salary. In case a state employee would accumulate multiple pensions from various sources of employment, the highest one would always receive priority (RE 1938, 540).

Healthcare coverage for state employees was typically fragmented and varied greatly between departments. While Sora (2011) for instance does not list healthcare benefits among the major advantages of state employment, a range of laws starting from 1925 offered fully paid vacations, including curative care, designed to ensure civil servants would function as “capable family members” (Policrat, DS, Mar 1925). In addition, in case of medical leave of absence, a proportional system was established since 1923 that stipulated state employees (in particular functionaries) would receive half of the monthly salary. At the same time however, in case the duration of the leave of absence was more than a year, the employee would be fired (Sora 2011, 150). Though no specific coverage rates are offered by official sources, some of the general sanitary laws or reorganizations of the hospital system, do mention constantly changing degrees of free care available for state employees.

b. Private sector employees

The creation of “Greater Romania” brought together vastly different welfare systems for private sector workers – the 1912 Nenitescu Law in the “Old Kingdom”; the 1907 Hungarian law in Transylvania; a Russian system in Bessarabia and an almost purely Austrian system established in 1909 in Bukovina (NAC 1038; 231/1971, 13). Though different in terms of administration, all systems shared the core of an insurance principle and offered a more-or-less similar basket of benefits comprising illness (mostly financed through worker contributions), work accidents (typically paid for by owners), invalidity (equal parts responsibility between employers, employees

and the state), maternity and funeral aid (RE 1938, 545). At a state-wide level, some coordination was generated through a Ministerial Office for Welfare, created in 1920, whose prerogatives were intended to cut across between legislations (RE 1938, 549-551). The separate systems covered between 444.648 workers in 1922 (Axenciuc 1992, 558⁷), to 565 212 out of 947.789 private sector employees in 1930 (mostly skilled workers and some employees in trade and commerce - Axenciuc 1992, 551; NSI 1935-1936, 164).

One major difference was that old age pensions were offered in the “Old Kingdom” under the Nenitescu Law, while 1907 law Hungarian law that covered Transylvania did not provide them. A further noteworthy difference was that while all systems typically covered the same range of workers (craftsmen, with or without formal training; apprentices; factory workers; miners; industrial workers broadly defined etc.), the Hungarian law of 1907 also provided a limited coverage for some agricultural employees (Enescu 1930). Minor differences included either the conditions offered, or adjacent legislation in the form of different labor regulations, such as the 8h work day that existed in Transylvania from 1919, but was only later regulated in the entirety of Greater Romania (Tasca et al., 1930).

Because of rampant inflation, in 1920 (DS, 15th Jul 1920) a range of adjustments was offered “in what regards the quantum of invalidity and old age pensions by adding some extra benefits” (Enescu 1930, 24). In addition, the law of 1924 (DCD, 19th Jun 1924) also created a more-or-less uniform system of monthly worker contributions, employer taxes and a fixed state contribution, that funded invalidity and old-age pensions (Enescu 1930, 25). At a broader level of policymaking, a number of laws started to formally spread the Old Kingdom Nenitescu Law of

⁷ According to Axenciuc 1992 the number is indirectly deduced from the number of consultations conducted for request on invalidity pensions

1912 across Greater Romania⁸. This involved both a modicum of harmonization within some benefits (for instance DS, July 1920 on extending invalidity pensions), and some degree of administrative unification. In practice however, a complete and coherent unification law proposed in 1924 was rejected and as such the administration continued to be fragmented, particularly in Transylvania. Furthermore, the very expansion of the Nenitescu Law itself was marred in administrative debacles as it involved a range of side-laws that had very little to do with typical insurance legislation (Ghiulea 1931)

The widening of insurance coverage in the 1920s proceeded at a slow pace (Enescu 1930), with only few new categories added, such as merchants (1926). In a broader sense, social policymaking did unfold in the range of labor laws, that were labelled as welfare policies - 1923 full freedom of association, 1924 Sunday Legal Rest day; 1926-1927 Law for labor inspectorates; 8h Work day 1927-1928; law for protecting and women and minors (1928). Further important reforms were the Law for Work Contracts (1928) and revamping the Chamber of Work to enforce legal parity in terms of power and contributions between employers and employees (1926; Trasca et al., 1930)

⁸ For instance in Bessarabia – 3rd March 1921, NAC 1038; 52/1921; 13

3.3 Greater Romania 1930-1938

3.3.1 General context

Despite some encouraging signs of industrial-economic growth in the late 1920s (Manoilescu 1936, 3-5; backed up by Madgearu 1936, 5-6), Greater Romania was arguably one of the hardest hit from its region by the 1929-1933 Global Crisis. The slow recovery fundamentally revamped political debates, as state-makers realized that despite Romania's great potential, development was still lagging, and a new type of policymaking was warranted (Mircea, DS, Nov 1932). The change in direction was further warranted by the global drift towards nationalistic closure, wherein many of Romania's previous linkages to the international arena needed to be reconsidered.

The economic downturn resulted in a general political realignment, similar to that on the international arena. As such, the economic constraints hamstrung the early 1930s decentralization and economic openness policy pursued by the National Peasantist Party, leading to its replacement for the rest of the decade by a proactive centralist and autarchic agenda pursued by the National Liberal Party. The constant rise of extremist nationalism through the rise to prominence of the fascist Iron Guard party, further impacted mainstream policymaking, in both social and economic terms.

Moving towards sheltered industrialization and economic independence (Kofman 1997, 44-86) involved a redefinition of productivity, which in turn mandated complex policymaking designed to revamp the socio-economic fabric of the country. As the unification process had been more-or-less satisfactorily completed, state-makers turned in the 1930s to gearing public resources towards creating a productive economic scaffolding. On one level, this process involved clamping

down on administrative spending and reforming the state to free up additional resources. On another level, a key coordinate bolstering and refurbishing of hitherto neglected institutions, created in the 1920s for the specific purpose of fomenting economic growth. Furthermore, entirely new institutions, particularly in the socio-economic realm, were constructed so as to incentivize the rural-agricultural core towards a specific type of upward mobility. By the end of the decade, in absolute terms, there was indeed a small growth in urban dwellers (around 215.512 people). Against the total population growth (from 17.888.992 in 1930 to 19 535 398 in 1938), this meant however that the percentage of urban population actually went down from 20.1% to under 19%.

3.3.2 Development of the welfare state

In simplified terms, the development of the welfare state in the 1930s unfolded as the mirror opposite of the 1920s. The Great Recession pushed nation-state-makers towards reconsidering the developmental-productive capacity of the various welfare constituencies, which in turn revamped the welfare prioritization. At the same time however, in practical terms this could not involve a complete overhaul, because previous policymaking had already created sticky institutional legacies and a socio-economic structure with a high degree of inertia.

With regards to state employees, the 1930s saw a string of reforms that attempted to curtail employment opportunities, gradually clamping down on welfare benefits and engaging in professional reorientation. Because throughout the 1920s, this specific welfare constituency has been constantly bolstered, a direct welfare retrenchment in the sense of drastic cuts to the insurance system was not possible, as it opened up the possibility of social turmoil. Consequently, nation-

state makers developed a layered strategy that used other social policy reforms (such as educational reforms, statute modifications and so on), to cut down on the costly state employment.

By contrast, owing to the need to buttress industrialization and economic development more broadly defined, the private sector welfare constituency gained policy priority, which led to multi-faceted reforms. First and foremost, the loosely organized insurance system was fundamentally revamped into a single, coherent state-wide network through the 1933 Ioanitescu Law. This created an overarching legal system that eased access to a common basket of benefits for private sector employees in industries, trade and commerce. Secondly, social policymaking in a broad sense also unfolded at a newly invigorated pace. Though on the surface Romania's rate of adoption of ILO-mandated welfare policies slowed down, in practice, nation-state-makers started to adequately implement the mostly ignored pre-existing imported policies from the 1920s. This involved the subsidizing of existing institutions to exert proper implementation and control, as well as the creation of new administrative networks that tied together policies from various fields (labor laws, social policies broadly defined and so on).

a. State employees

Throughout the 1930s, old age pensions as well as invalidity pensions for state employees continued to be organized under the 1925 law, with few modifications. Firstly, in 1930 the system was amended by reducing the total years of entitlement (RE 1938, 553). Secondly, in 1931 a new law stipulated the creation of a separate Pension Commission, to be convened by appointment, which supervised and approved, on a case-by-case basis the granting of old-age pensions (RE 1938, 553). The state-wide system was further revamped in 1937 when the National House of Pensions became an autonomous attachment to the Department of Finance. Special amendments to the central system were given on a profession-by-profession basis and mostly regarded terms of

employment, minor salary adjustments and proportional calculation measures (e.g. 1932 for university Professors and teachers; 1934 for magistrates – RE 1938, 554).

Though as Sora (2011, 123-129) argues an accurate measurement of the entire corpus of state functionaries is hard to pin down, some benchmarks can be used to glean a more-or-less insightful picture. Specifically the available figure of 93000 pensioners in 1938 must be seen against an intricate background: the total number of 455.000 state employees in 1929 (including Railway employees and temporary contracts – Sora 2011, 128), seemingly went down during the Depression (228.340 “public administration” without Railway Company employees in 1930 – Sora 2011, 128), but then continued to grow throughout the 1930s despite efforts at curtailing state employment (for instance 248.021 “public administration” in 1934 – NSI 1935-1936). Indirectly, the continued growth in terms of coverage for old-age pensions for state employees is also indicated by the growth of total state expenditure 1934 and 1937 (RE 1938, 551). Though unspecific, the figure is telling in context as there was an otherwise general drop in state expenditure between 1937 and 1938 (NSI 1937-1938, 38-32).

A further important development was the creation of professional reorientation centers designed to curb “intellectual unemployment”, which overwhelmingly meant white collar employees (Banu 1933). Coordinated from the mid-1930s with job placement offices, the reorientation centers strived first and foremost for professional reorientation, through a range of courses designed to offer candidates for white collar professions with some blue collar job skills (Banu 1933, 33-35). Unlike some experimental programs with in kind or in cash aid (Barca 1937, 7), the reorientation offices and courses were designed as a comprehensive policy tool – over the short terms they focused on finding employment, while over the long term they strove to foment a new type of skills acquisition leading to private sector employment (NAC 1038; 327/1936).

b. Private sector employees

During the 1930s, social policymaking for private sector employees unfolded along multiple dimensions, both within the insurance system and in the broader realm of labor policies. In 1933 the Ioanitescu Unification Law, coalesced the patchwork of parallel systems⁹, into a single national social insurance model. The Ioanitescu Law offered insurance to all private sectors employees with a monthly salary under 6000¹⁰ and under the age of 65 (Axenciuc 1992, 559), employed in industries and commerce, including apprentices, craftsmen, bureaucrats working in professional organizations, domestic employees, and family members with some restrictions (RE 1938, 546). The unified system was based on a Central Insurance fund, which gathered monthly wage contributions (6% up to 1938, 8% 1938-1939 – Axenciuc 1992, 561), and a range of taxes from employers (in the range of 2%), alongside a fixed yearly state contribution. The resources were spread as follows – 40% for sickness, maternity and widowing; 40% for invalidity, old-age and accidents, 7% re-insurance funds, 6% general reserve and 7% administrative costs (RE 1938, 548).

Initial estimates show that the 1933 Ioanitescu Law covered 626.134 workers immediately after its passing, a figure which continued to grow constantly until its peak - 974.488 in 1939 (Axenciuc 1992, 561, which the author considers underreported; by comparison NSI 1938-1939, 758 gives 1.060.772). Though similarly to the case of bureaucrats, a global figure of the entire workforce covered by the Ioanitescu Law is impossible to pin down, some benchmarks are available to allow analysis by contextualizing – for instance in 1930, industries, transport and

⁹ Though they had continued to be partially unified through administrative laws such as the Law for Modifying the 1912 insurance system from 1931 (DS, Aug 1931); or a special Law for Accident insurance 7th June 1930

¹⁰ 1/6 of the salary of high-ranking bureaucrats, but higher than the mean salary of 76% of state functionaries at the 1934-1935 level – NSI 1939-1940, 758)

domestic workers, which constituted a strong majority of the professions to be covered by the 1933 law, had 920.836 total employees (Axenciuc 1992, 511), the vast majority of which had a salary that qualified for insurances (NSI 1938-1939, 345-346). At the level of 1930, this represented around 30% of the total number of wage-earners (contractual employment – NSI 1935-1936, 164). More broadly speaking, the constant growth of insurance coverage throughout the decade seems to be attributable to a high degree to a slow economic recovery from the Great Depression, which pushed wages down, effectively putting more private sector employees under the coverage of the Ioanitescu Law (NSI 1938-1939, 344-245).

The Ioanitescu Law covered most of the risks included in the parallel provincial systems – sickness, maternity, widowing; invalidity and work accidents (RE 1938, 546). The Ioanitescu system in fact kept most of the previous provisions, with the notable exceptions of work accidents (where the coverage was spread and the legal burden wholly shifted to employers), further additions for dependents and a much narrower field of old-age pensions. Medical insurance offered 26 weeks of hospitalization for the salary-drawer and up to 4 weeks for family members, additional time being contingency-based on whether "extra funds were available" (RE 1938, 546). Furthermore, the Ioanitescu System, which otherwise did not include unemployment insurance, was nonetheless coordinated with a range of pre-existing experimental programs that allowed insured healthcare consultations to unemployed workers, provided they had given contributions for at least a year (Buletin 1931, 71). A further notable exception was the fact that the 1933 system did not include old-age pensions, but in some regions, funds inherited from the previous insurance systems continued in unsystematic fashion to offer some benefits (Florescu 1936, 11)

Work accidents were covered under a proportional system - "if the worker lost more than 20% of his working capacity after the injury had been healed", up to

2/3 of the insured salary could be offered in case of "full incapacity to work" (RE 1938, 551) and proportionally lower levels according to the injury. The funding mechanism was constantly shifting and was a mixture of older legislation concerning monthly stamp duties, direct contributions by the workers and state subsidies. Invalidity and accident-related pensions required a total of 200 weeks of contribution, with at least 16 weeks / year, and the benefits could be extended to spouses and descendants in case of untimely death. Maternity benefits required 26 weeks of contributions in the 12 months before birth, and offered 12 weeks of in cash benefits (proportional to salary class and level of contributions).

In addition to reforming the insurance system, 1930s Greater Romania also further developed the realm of labor laws. On the one hand, many of the international conventions ratified in the 1920s but not fully implemented, started to be formally codified – such as a Law for Women and Children's Working Hours, a Law for Placement, a Law for Syndicates, a Law for Legal Rest Days, Law for Work Inspection (Cunescu 1934, 15). In addition, many social policies that had been adopted, were given an enforcing body and mechanisms that lead to sanctions – most notably the law on legal rest days and the law on the 8h work day (Botez 1934, 16). On the other hand, completely new policies were also implemented – Law for legal parity between foreign workers and nationals in accident compensation (NAC 1038; 305/1934), Law for duration of labor in coal mines, Law for harbor employees, Law for admitting underage workers in non-industrial labor (NAC 1038, 62/1932).

4. Qui primus? The state-capitalism dilemma – 1880s - 1938

4.1. *Challenges of late modernization*

Broadly speaking, the key conundrum of late modernizing states in the late 19th – early 20th century was that, above and beyond the consensus that modernization rested on reconciling the tensions between states and markets (Kaufmann 2013a), identifying any pervasive form of modernity was highly ambiguous (Goswami 2002, 775). To a high degree, the “Great Divergence” seemed to stem from the way in which the institutional infrastructure of statehood allowed the development of markets (Stråth and Wagner 2017). This suggested that overcoming late modernization relied crucially on state-building, which created the institutional environment that buttressed capitalism. Yet, to an equally high degree, the imagery of growth associated with unencumbered markets was also central to the ideational landscape of Western development (Stråth and Wagner 2017). This suggested that catching up rested on minimizing exogenous intervention so that naturally occurring islands of capitalism could organize an institutional scaffolding conducive to growth (Stråth and Wagner 2017). What further increased uncertainty was that global capitalist restructuring blurred the lines between alternatives, forcing late comers to try and settle at the same time, processes typically layered over a long period. This essentially meant that political elites had to find, without sufficient resources or adequate maturation time, solutions to highly distinct “social questions”, which, if left unaddressed, could threaten modernization altogether (Case 2018).

The following chapter shows that Romanian political elites from the mid-late 19th century to 1938 designed welfare institutions envisaged to solve the aforementioned uncertainty by cutting across the state-economy continuum. Concretely, welfare institutions were expected to recreate a

specific socio-economic class matrix, capable of articulating the demands that guided political elites in organizing the high number of parallel challenges. On a first level, this was warranted because political elites recognized that they lacked enough resources to separately engender state-building and the economic transformation, which raised the need for a cross-cutting solution. On a second level, that cutting across rested on a specific class scaffolding stemmed from political elites' realization the multi-faceted interaction between states and markets (Kohli 2004) involved a high number of questions that could not be managed in a purely top-down fashion. Consequently, in a self-reflexive and trial-and-error fashion political elites theorized various class configurations whose interplay would settle at the same time the inherent tradeoffs between the state and the market. This in turn informed the accumulation of welfare institutions, envisaged as tools for a guided social mobility that recreated the sociohistorical matrix of modernity (Goswami 2002, 775).

Firstly, I show that between the 1850s and 1890s, Romanian modernizing elites theorized that the extractive capability of Western-style states was more likely to buttress capitalist modernity, than relying on the “vagaries” of markets (Jowitt 1978, 25). The key argument was that state-building promised to maximize whatever economic resources the country did possess, which in turn fueled the construction of capitalism. Under this ideational zeitgeist the social question became insulating state employees from the ebb and flow of economic life. This was argued to not only allow them to engender state-building qua modernization, but also to have sufficient income to act as consumers that underpinned an emerging capitalist market. As such, the emerging welfare benefits, gradually developing from “rewards” into “social rights”, were conceptualized both as a material safeguard and an incentive towards the specific life-course of state employment that was believed to be the cornerstone of a virtuous synchronism between state-building and the economic transformation.

This ideational construction would return in the 1920s, despite the early 1900s experience of failure. The 1920s re-interpretation of state-building was however built on a specific self-reflexive assessment that ‘Greater Romania’ was, similarly to the late 19th century Old Kingdom, an essentially new state, wherein state-building was known to kick-start development. As will be the object a separate chapter, in the contingent view of MPs, despite the limitations on discrimination stemming from international commitments, Greater Romania resembled the Old Kingdom in that the state’s function was representing a titular ethnicity. Yet, just like in the Old Kingdom, Greater Romania comprised a unified titular ethnicity that was yet to achieve nationhood. As such, political elites argued in self-reflexive fashion that since Greater Romania was a “new nation-state” it required state-building qua modernization, in a fashion similar to the 19th century. A further key consideration was that, despite gaining new resources through the union, Greater Romania was still a new-comer to a global capitalism that had changed so drastically that the factors mutating late 19th century state-building into a developmental pathology may no longer be relevant. In this sense, by likening 1920s Greater Romania to the Old Kingdom upon its late 19th century emergence on the global arena, political elites drew on the experience of a modicum of pre-existing success to cement the ideational construction that state-building was still *the* priority.

Secondly, I show that between 1880s-1912 and subsequently in the 1930s, prompted by international events, elites increasingly recognized that the ebb and flow of capitalism could potentially hollow out the achievements of a Western-style state structure. As such, since state-building seemed to lack enough thrust to cut across the parallel challenges of late modernization, political elites started to debate whether an all-out approach to the economic transformation would carve out a more sustainable virtuous synchronism. Since the productive capitalist economy was

envisaged to create the sociohistorical matrix of modernity, political elites started to debate a different iteration of the social question, away from state employees towards blue-collar workers.

4.2. Late 19th-early 20th century

4.2.1 The ebb and flow of the state-building-capitalism question

The mid19th century spread of “Western” goods and lifestyles marked a watershed moment which prompted Romanian state-makers to whole-heartedly embrace “Westernization” (Janos 1978). Specifically, the opening of the markets fundamentally revamped a previously free-floating elite consciousness on East-West discrepancies (Harre 2013) into a fully-fledged socio-political fear. Namely, since Romanian society appeared wedged between “barbarism” and “civilization” (Trencsenyi 2009, 142), even social strata that did not directly participate in the new “spending spree” predicated on Western goods, internalized the fear of downward social mobility as a reversal of modernity (Janos 1978, 80).

The crucial issue was that while the desired lifestyles may have been “middle class” for early industrializers, they were a heavy economic burden for late modernizing Romania, leading to a fully-fledged political debate on catch up development (Janos 1978, 80). Specifically, the “lesser boyars” and sons of small landowners, who had begun to pursue Western-style education as a gateway to social mobility (Janos 1978, 80), increasingly argued that a better use of agricultural resources could set in motion a Westernizing socio-economic dynamic. Above and beyond the circular vision of development proposed by the large landowners (Harre 2013, 154), the new elites argued that the Western-inspired laissez faire ideology would allow trade to generate

in a linear-progressive and predictable manner the “civilized man” observed in the West (Janos 1978).

This led to a search for a type of proactive agency that eschewed radical social change (Janos 1978, 89), in favor of transferring the kind of power and social prestige that the landed elites shared to new groups which gradually gained social domination, but not sufficient political and economic power (Harre 2013, 161; Barbu 2005). Designed originally as a critique to the arbitrariness of exogenously imposed Ottoman institutions (Barbu 2005), the support for Western-style institutions and state-building was thus repurposed in the late 19th century as a developmental project. By fusing the early 19th century culturally-defined idea that “good institutions are the necessary condition for progress towards civilization” (Barbu 2005), with mid-19th century pan-European liberalism, the new elites, acting as an increasingly homogenous body (Barbu 2005, Marton 2009), argued that state-building qua modernization would free society from “the economic dictatorship of land” (Barbu 2005). While some argued that industrial capitalism was perhaps a “more central” driver of development, it was not easily measurable (Montias 1978, 56). Whereas state-building appeared through international examples to have more-or-less coherent blue-prints, industrial capitalism was fraught with “vagaries” which, if gotten wrong, could deepen economic ruin (Jowitt 1978). In addition, the little experience gleaned from the 1850s-1860s showed the state-institutional infrastructure offered stable employment, which allowed the new elites to bypass both the inconsistent agricultural development (Barbu 2005) and the ebb and flow of global markets (Janos 1978).

Against this background, mid-19th century Romanian modernizing elites deemed “economic sacrifices” warranted to achieve the political aspirations of statehood (Montias 1978, 56). The free trade terminology espoused by the new elites was further used as a strategic tool to

garner international appeal for Romanian statehood, which, in the mid-19th century, was only desiderate under Ottoman suzerainty. This foreign policy logic, which will later resurface also in welfare state development, explains why up to the late 19th century, when it came to economic policymaking, partisan differences were all but annulled in favor of a collective will for modernization (Montias 1978, 65). This helped cement an essentially ideational construction - embracing Western-style politics would gain international support for independent statehood, which in turn, would foment capitalism through an internationally attractive laissez faire policy environment (Jowitt 1978, 24).

By the late 19th century however not only was state-building-lead-modernization slowing down, but, against the background of global changes, it even started to appear hollow. The 1880s trade-war with neighboring Austria-Hungary highlighted the frailty of Romanian modernity as state-makers increasingly saw that political Westernization lacked thrust to transform the entirety of an agricultural society into a modern capitalist one. In addition, pressure was also mounting internally as Western style institutions had become costly to the point of unsustainability (Hitchins 1994; Janos 1978). At the very minimum, they were unsustainable purely next to a mostly-agricultural socio-economic structure (Orleanu, DCD, 12th Mar 1904). This led to a new debate wherein modernity implied both political sovereignty and a self-sustaining capitalist market (Jowitt 1978, 25)

The new debate came with a range of thorny subordinate questions. On the one hand, the path-starting choices of the mid-19th century had already created a sticky legacy. Firstly, the existing state administration could not simply be retrenched, and as such required safeguards against economic ruin (Xenopol, DS, 27th Mar 1910). Secondly, the opportunity structure created in the mid-late 19th century also needed recalibrating according to the new zeitgeist wherein

forging capitalism drove a virtuous synchronism. On the other hand, an equally crucial question was how exactly to pursue the economic transformation. One dimension of the conundrum was whether modular capitalism should be fomented in a top-down fashion, through elite blueprints, or from the ground up, by allowing Romanian pockets of capitalism to expand (Ursianu, DS, 11th Dec 1903).

If in the early 1900s elites strove for an integrative approach that included all previous subordinate questions, by the 1910s, protracted development led elites to theorize that in order to conserve existing achievements, a proactive and unitary approach was needed (Orleanu, DCD, 12th Mar 1904), that held the economic transformation as the key to modernity (Giulea, DCD, 25th Jan 1912). Because industrialization “helped emancipate politics” (Giulea, DCD, 25th Jan 1912), lack of proactive industrialization could even backtrack the achievements of state-building (Bacalbasa, DCD, 26th Jan 1912). In fact, as will be theorized at length in a separate chapter, international comparisons also showed that all-out industrialization had transformed agricultural Prussia into a German world leader (Ursianu, DS, 8th Dec 1909).

4.2.2 From a welfare state for state-building to a welfare state that foments capitalism: Romanian institutional construction from 1870s to 1912

In the midst of a heated debate in 1901, PM Sturdza argued that the mid-19th century path-starting choices were the only logical selection - “for what could have our Greatest Generation done if not to at least establish the political forms without which we’d be doomed” (DCD, 27th Nov 1901). The crux of the issue was that while state-building qua modernization may have indeed stalled by the early 1900s, the high rhythm of institutional creation had at the very least created an opportunity structure capable of warping the socio-economic fabric of the country (Marton 2009).

The increasing need for a bureaucracy that buttressed state-building qua modernization prompted reform elites to create a type of old-age rewards system that would act as both a pull factor and material safeguard (Hariton 2012). This took the form of contributory old-age pensions, established in 1868 and revamped through the 1870-1880s (Sora 2011; Hariton 2012). While on the surface this did not appear as a complex welfare network and was not excessively lavish in financial terms, in the minds of Romanian political elites this was a very important modernizing project. At the very least, the financial incentive of pensions could act as a modernizing project by steering functionaries away from the perceived corruption that plagued early 19th century Ottoman-style institutions. On a deeper level, political elites expected old age pensions to act as a pull factor, because they offered a modicum of financial stability, which was extremely desirable in the uncertain climate of a late developing economy (Hariton 2012, 16-17). In this sense, by designing pensions to cover all manner of state employees, from the military to the central administration and the teaching body (Hariton 2012, 16-17), political elites institutionalized a clear pull-factor towards the bureaucracy, envisaged as the crux of a cross-cutting virtuous synchronism. To further increase the allure of state employment, political elites also created a series of educational opportunities such as scholarships, particularly designed to incentivize young Romanians towards state employment (Hariton 2012).

Because state-building was theorized as the crucial modernization vector, state-makers took a much more indirect approach to fomenting industrial capitalism. On one level, the 1880s saw a range of laws for Encouraging National Industry, backed up by tariff laws, designed to give further impetus to naturally occurring islands of capitalism (Stråth and Wagner 2017). On a further level however, reform elites did not follow the type of proactive strategy that incentivized social mobility towards state employment. To a high degree, redistributive institutions for the private

sector appeared as bottom-top creations, with very little in the way of state guarantees or state intervention, which were mostly confined to administration (Chiriac 1932, 40-45 shows this for a 1895 miners' accident insurance law). In fact, the isolated proposals for state-level laws with social policy aims for industries, such as an 1881 proposal for improving working conditions, were rejected, precisely because their costs could not be justified through the topoi of "modernization" (Hariton 2012).

Despite not appearing particularly lavish, the 1860s-1880s old age pensions for bureaucrats were such an important "pull" factor towards state employment that already by the early 1880s they had opened up a background debate on putative perverse effects. Specifically, by the 1880s the relatively slow pace of catching up generated an ideational critique that while state-building qua modernization could set the stage of the economic transformation, capitalism itself could not really be built by the state. The key issue was precisely that capitalism rested on a social basis rather than purely on an institutional scaffolding. This meant that for the state to act as a true modernizing agent it should "encourage private individuals" to engage in the entrepreneurship that underpins market industrial-capitalism (Aurelian, DS, 11th Mar 1888), rather than in the "non-productive" state employment (Sorescu 2017). Since the critique was pegged on the historically pre-existing trope of "over-bureaucratization" (Sorescu 2017), it gained enough thrust to rise up to the front of the modernization debate. In this sense, the 1888 Carp Project proposed a strategy for developing capitalism that mirrored the proactive ethos of state-building – by creating mandatory labor associations, which otherwise took too long to congeal in a bottom-top fashion, the state could essentially create a more efficient technical education system that fomented capitalism. The key argument was that in the absence of such previous structures of governance, state-building qua modernization in fact stifled the development of "productive forces", as

industries could simply not benefit from the existing institutional scaffolding (Carp, DCD, Nov 1911).

The mandatory labor associations were to use incipient welfare incentives – healthcare, accident insurance, family aid – precisely as pull factors that would create a socio-economic matrix more capable of growing capitalism in tune with state-building. This attempted to appeal to a further important trope of the dominant ideational consensus, namely that organizing modernity in a late industrializer required pre-emption. Because state-makers were highly attuned to international tropes they recognized that the economic transformation, regardless of the strategy used to achieve it, came with the dangerous corollary of the “worker question”. In this sense, Carp’s project was designed at the same time to foment the economic transformation and to create the channels for worker pacification (i.e. welfare benefits), that allowed industrial capitalism to grow in the “core”.

Subsequent reiterations (Bratescu 1890, Filipescu 1900) showed that Carp’s proposal offered the key topoi of a background debate that anticipated the full ideational shift of the early 1900s. This stemmed from the observation that, by the late 19th century, most European states seemed to consciously aim to detach from global markets. Against this background, the Romanian state-building that had kick-started modernization via cheap international credit in the mid-19th century now appeared as the hollow “product of barely a few international acts” (Camarasescu, DS, 13th Mar 1900). In this sense, the background Romanian debate was that state-building itself could not further progress as a modernizing project unless it was specifically leading to the emergence of a local industry (Govt Rep., DCD, 25th Jan 1912). One clear way to achieve this, based on existing experience, was to design a welfare intervention for the private sector similar to that existing for state employees. This however incurred a cost that the vast majority of MPs in the

1880s-early1890s were uncertain of, at least in the absence of an exogenous shock that highlighted in full the limitations of state-building qua modernization and the dangers of not engendering the economic transformation (Chiriac 1932, 7, 55).

What elevated the background debate into a new theorization of modernity was the trade-war with Austria-Hungary from the 1880s and the unexpected competition unleashed by agricultural powers across the Atlantic (Stråth and Wagner 2017). Against this background, state-building appeared so slow that “one bad agricultural year” could threaten the entire progress of a country devoid of a secondary source of income (Bacalbasa, DCD, 26th Jan 1912). The clear conclusion drawn by the vast majority of political elites was that the economic transformation was a more promising modernizing project than state-building (Vlădescu, DCD, 2nd Feb 1902). How this could be achieved was not however straightforward. One option that seemed to draw on the modicum of previous development, was to bear the costs of heavy industries until “capitalism established itself” (Missir, DS, 15th Jan 1910). A different option was to attempt an entirely novel strategy built around local specificities – creating in a top-down fashion small village industries that acted as linkages between the rural-agricultural core of the country (Vlădescu, DCD, 2nd Feb 1902), and the urban-based, isolated large industry inherited from the mid-19th century (Stere, DCD, 29th Nov 1900). This type of economic interaction was expected to solve the problem of economies of scale (Assa, DCD, 3rd Dec 1901).

Both options had to face similar types of challenges, stemming from the legacy of the 19th century. On the one hand, Romanian state-makers simply lacked sufficient resources for any sort of large-scale investment, regardless of the chosen strategy. On the other hand, switching course needed to be done in an unfavorable social climate, with a high degree of inertia towards state employment (Xenopol, DCD, 28th Nov 1900). Furthermore, while the class scaffolding created in

the 19th century may have become a developmental anachronism (Dobrescu, DCD, 28th Nov 1900), it could not be simply dismantled (Mille, DCD, 14th Feb 1902). This was not practically possible because the mid19th century state-building had left behind a patronage system, wherein local administrators had used state-employment as a tool to cement their own power basis (Urseanu, DS, 26th Nov 1901). This sticky legacy greatly hamstrung elites' capability to pursue the economic transformation at all costs (Xenopol, DCD, 28th Nov 1900)

Because of these limitations, early 1900s state-makers opted for a layered approach, wherein targeted welfare intervention both revamped the legacy of the 19th century and set the basis for a new social mobility believed to underpin modernity. With regards to the former, the strategy comprised two pillars, designed to allow the pension system long-term fiscal sustainability (Sturdza, DCD, 14th Feb 1902). Firstly, the string of 1902-1904 state employee pension laws reduced spending, which had grown to the point of unsustainability (Hariton 2012, 9). Towards this aim, the laws increased requirements on employment duration and tightened conditions on adding up discontinuous employment (Hariton 2012). Furthermore, the laws also established a fixed state fund and a cap on the maximum yearly amount spent on any individual pension (Hariton 2012, 22-23).

On a deeper level, elites aimed to redefine the socio-economic function of state employees cutting across the 19th century legacy of state-building and the early 1900s century desire for a proactive economic transformation. Firstly, by enshrining old-age pensions as a right, political elites both cut spending (Vladescu, DCD, 14th Feb 1902) and conserved the state's interventionist capability (Carp, DS, 19th Feb 1902). Specifically, since the state was not an insurer per se, it needed to be able to pick and choose which groups it could "reward" with welfare guarantees, according to top-down modernization blue-prints (Lahovari DS, 23rd Feb 1902; Radovici, DCD,

20th Feb 1904). Though some appealed to the history of low pensions breeding corruption (Mille, DCD, 14th Feb 1902) and others argued that this infringed upon rights earned via contractual employment (Marghiloman, DCD, 1904), they were overruled by the overarching argument that the role of pensions in cementing the modernizing state was a general “social interest”, which trumped class interests (Vladescu, DCD, 14th Febr 1902).

Though on the surface the 1902-1904 Pension laws seemed a requirement of a bankrupt state, they were neither functional developments nor ad hoc crisis management. While budget concerns may have prompted the debate, they did not provide the major ideational tropes, which were derived from attempts at forging a virtuous synchronism between state-building and the economic transformation. Specifically, elites self-reflexively assessed that 19th century pensions had only failed to engender the relevant linkages with the economic transformation. Despite renewed criticism (Ciocazan, DCD, 20th Feb 1904), keeping pensions as controllable rewards served the purpose of targeting a highly specific harmful socio-economic behavior. Concretely, “absenteeism” – the spending of the old age pensions outside Romania, was no longer an issue of individual freedom, but a developmental problem, requiring targeted intervention from above (Sturdza, DCD, 14th Feb 1902). Absenteeism was theorized to threaten modernization itself – by spending income abroad, state employees, one of the few categories with disposable income, directly damaged the development of consumer markets in Romania.

This was part and parcel of the early 20th century ideational zeitgeist, wherein elites sought to micro-manage linkages between state-building and capitalism. By institutionalizing expectations regarding the socio-economic behavior of bureaucrats, reform elites sought to ensure that state-building also generated the economic transformation: “I suggest that [people who spend pensions abroad] be made to leave a part of their pension back home [...] The pensioner must eat

up his pension within Romania [...] so that the revenue stays in the country. Otherwise this impoverishes the country, because he is effectively just giving his income away to another country” (Costinescu, DS, 5th Mar 1904). Consequently, while elites eschewed to finalize the rewards-entitlements debate even in further iterations of the pension law (1904, 1905), they unanimously and coherently sought to target “absenteeism” (Costinescu, DS, 5th Mar 1904), by increasing conditionality to the point of even annulling pensions.

A similar micro-managing logic also underpinned the direct attempts to foment the economic transformation in the early 1900s. Though on paper elites justified the need for welfare intervention through emerging bottom-top pressures (Chiriac 1932, 90), as shown previously, since the late 19th century they increasingly shared the idea that without a proactive approach to the economic transformation, modernization would remain hollow (Bratianu, DCD, 18th Mar 1905). In the early 20th century, reform elites assessed in a self-reflexive fashion that state-building was only yielding a type of self-contained success that did not spill over into an economic transformation. This success provided legitimacy to the idea that a top-down, micromanaging approach, could also potentially work to foment capitalism. Specifically, picking up the issues originally signaled by the 1880s Carp Proposal, state-makers argued that generating in a top-down fashion the institutions of labor, would create a new opportunity structure. In this sense, the protectionist measures of the 1880s-1890s were also (re)interpreted as self-contained projects that needed to be further enriched. The key question thus became not incorporating pre-existing structures of labor, but exogenously creating new ones with a specific target.

Towards this aim, the 1902 Missir Law for Organizing Work and Professions created a mixed system wherein labor associations started out as voluntary but then developed under mandatory requirements, envisaged as the socio-institutional building block of industrial

capitalism. Consequently, guilds and corporations were given state funding for the specific aim of managing pull factors, similar to those exerted by the state sector (Missir, DCD, 19th Feb 1902). Firstly, the associations could use a range of welfare benefits (sickness, accidents, burial aid, family aid) as incentives to attract young Romanians in the same way old age pensions had done towards the bureaucracy. Secondly, the labor associations would be in charge of apprenticeship schools that would run as a parallel opportunity structure, diluting public schools' thrust towards the bureaucracy.

At the same time however, the Missir Law did not fully implement the sweeping aims of the 1888 Carp Proposal, but a diluted micro-managing strategy, wherein elites “instituted the duties of worker organizations, but left it to the workers to best use their resources” (Missir, DCD, 13th Mar 1904). Specifically, the Missir Law instituted guilds and corporations that were not fully mandatory (Carp, DCD, 16th Feb 1902) because they needed to simply give more thrust to otherwise “natural forces of industrialization” (Missir, DCD, 19th Feb 1902). This was justified based on the specificities of Romanian late development (Govt Expose, DCD, 16th Feb 1902) – while mandatory associations would benefit large factories (Mille, DCD, 18th Feb 1902), what state-makers actually wanted was to create an integrative market where small peasant industries also competed (Govt Expose, DCD, 16th Feb 1902). Because village-level industries were devoid of policy tools, the emerging welfare benefits were theorized as a potent pull factor. Rural industries would both create economies of scale that congealed a capitalist market and bypass the dangerous side-effects such as proletarianization (Govt Expose, DCD, 16th Feb 1902).

At the same time however, because the Missir System aimed to micromanage so many provisions, most of them attempting to avoid “wrong” beneficiaries, it ended up de facto barely targeting anyone (Vladescu, DCD, 19th Dec 1902). Furthermore, despite seemingly tailored to

Romanian realities, the 1902 Missir Law appeared in fact to “aim too high” (Vladescu, DCD, 19th Feb 1902) – attempting to emulate Hungarian success in creating “capitalism at a societal level”, the Missir Law did not adequately account for the pre-existing privileges of Romanian large industries. This meant that in practice, the Missir System simply lacked enough institutional and financial resources to generate the desired social mobility towards rural industries (Vladescu, DCD, 19th Feb 1902).

The lack of development through micromanaging further titled the debate towards an all-out approach to building industrial capitalism - “today we *have* an industry [...] we can’t back off, nor can we attempt to stop progress, we must simply forge ahead” (Orleanu, DCD, 12th Mar 1904). The new consensus gradually became that the economic transformation could only be fomented with the type of intensity used for state-building in the 19th century. This was justified on two separate grounds – on the one hand, while large industry had already generated some development, the attempts to artificially link it with small industry had failed (Bratianu, DCD, 3rd Dec 1903); on the other hand, the attempts to link state-building with markets (such as the 1902-1905 Pension Laws), were also insufficient to promote harmonious development (Ionescu, DCD, 28th Nov 1909). By the 1910s this led to a new consensus, namely that economic transformation was the only way to circumscribe a virtuous synchronism: “*work* is the safest and healthiest way to ensure the growing power of our state through economic development” (Govt Expose, DCD, 25th Nov 1909). Though some micromanaging continued in the background specifically to deter over-bureaucratization, most state-makers now agreed on an all-out strategy for building capitalism (DCD, 1910).

Proactively pursuing the economic transformation came however with its own thorny subordinate questions. Specifically, an all-out strategy of forging capitalism opened up the

pressing reality of a “worker question” (Govt Report, DCD, Dec 1905). While rapidly ushering in capitalism promised development, it also held innate dangers – “What would become [...] if we let this country turn into the battlefield of foreign capitalists, who will undoubtedly follow their capital here, and an industrial and agricultural proletariat seduced by the temptation of international socialism?” (Duca, DCD, 2nd Dec 1909). Because of this, the economic transformation could in fact become a developmental vice rather than a virtuous synchronism - “if individual life thrives by struggle, collective social forces can only thrive by association [rather than fragmentation], as it bolsters strength” (Govt Expose, DCD, 25th Nov 1909).

The international arena, whose relationship with modernizing projects will be dissected in a separate chapter, highlighted the danger but also provided a potentially potent solution – social insurances. Though many argued that in overwhelmingly agricultural Romania insurances would be just a hollow institution (Gradisteanu, DCD, 10th Dec 1911), above and beyond international fashions, state-makers could justify welfare intervention as a response to on-the-ground worker protests emerging in 1909 (Chiriac 1932, 10). Yet, similarly to the 1902 Missir Law, bottom-top pressures triggered the debate, but did not fully inform welfare creation, as they were in fact immediately fragmented with prohibitive legislation on strikes (Barbu 2005). The key ideational backing for mandatory social insurances came from the self-reflexive assessment regarding the lack of success of the 1902 Missir Law. Specifically, political elites argued that the Missir Law had failed because it fragmented too much policy tools designed for advanced capitalism. The argument was that while late industrialization was indeed un-homogenous, attempting to break down policy tools specific to advanced capitalism in an hoc fashion, sapped them of their capacity to warp the economy. This led to the self-reflexive evaluation that advanced policy tools such as

social insurances could only generate development if they were adapted in a fashion that conserved their original ethos (Govt Expose, DCD, 10th Dec 1911).

This ideational construction led to the introduction of the comprehensive Nenitescu Insurance Law of 1912 which offered a wide range of welfare benefits – work accidents and invalidity, sickness and old age, as well as maternity (Cerami and Stanescu 2009, 113; Axenciuc 1992, 559). The comprehensiveness of the system stemmed from the all-out strategy for building capitalism, which justified such a strong pre-emptive measure (Nenitescu, DS, 21st Dec 1911). Similarly, the new proactive approach mandated that the Nenitescu System should directly tackle the limitations of the Missir System, by creating mandatory insurances and mandatory labor associations. This was warranted because political elites knew by then that bottom-top organization by workers was very slow to congeal (Enescu 1920). Furthermore, in order to ensure the institutional weight that had been missing in the 1902 Missir law, state-makers endowed the Nenitescu Law with a large administrative corpus, capable of managing the emerging insurance system (Draganescu 1921).

What reform elites sought was a highly potent policy tool that could penetrate the entirety of socio-economic life (Govt Report, DS, 21st Dec 1911), in a way that could be recalibrated according to changing theorizations on top-down modernization (Arion, DS, 17th Dec 1911). Over the long term, the key stake was to create an opportunity structure for young Romanians to go into “lucrative professions” rather than the more traditional state employment. At the same time, illustrative of the change in ideational zeitgeist towards the economic transformation, state-makers strived to create an opportunity structure with minimal costs to employers. Thus, state-makers also needed to ensure that over the short term, the barely developing industries were not too threatened by an otherwise experimental system, typically constructed by mature industries in developed

capitalism (Nenitescu, DS, 21st Dec 1911). This led to a highly peculiar balancing act between the incidence of risk within an industry and the “temporary” or “permanent” character of the industry.

Although Romanian state-makers were aware that an Austrian-style capitalization system was better suited to economies dominated by short-lived industries (Chiriac 1932; Hasigan 1926), because their objective was to foment industrialization, the more costly Austrian system had to be mixed to not over-burden the nascent industries (Chiriac 1932, 91). The result was that industries with a particularly high degree of accident risk and usually with a “temporary character or short life-span” – such as oil extraction, quarries etc. – were pooled into an Austrian-inspired mutuality framework, having to pay at once the entire insurance contribution to the Employer’s Association (Chiriac 1932, 92). While this could not be extended to the entirety of Romanian industries, it created a high degree of fiscal viability for the insurance system, by forcing industries with the potential of collapse to pay welfare taxes up front. The security of welfare benefits would in turn continue to attract young Romanians even to industries with unclear future prospects. Conversely, industries judged to be “permanent” were pooled into a German-inspired system, funded through repartition (Chiriac 1930, 92), which would attract would-be candidates over a long horizon of expectation.

This however hides an important paradox – though Romanian state-makers were seemingly aware that in Germany Bismarck’s welfare measures needed an additional institution with reserve funds in order to be viable, they nonetheless saw that for the young Romanian industries it was the only acceptable solution from a financial point of view (Chiriac 1932, 92). Weighing the two options, Romanian state-makers considered that the risks faced by workers should temporary industries would be pooled into a German system would be too high. The logical corollary was that, similar to Germany, industries pooled into the repartition system had to form, within the span

of 21 years, a reserve fund. This had the explicit aim of preventing the yearly contributions from rising too much once the system started to pay out costly benefits (Chiriac 1932, 92). The Nenitescu Law envisaged that after said 21 years, the system of repartition was to be changed with a more stationary one (Chiriac 1932, 92).

The proactive approach to building capitalism endowed the Nenitescu System with enough resources to at least partly dilute the social impetus towards bureaucratic employment. At the same time however, because the state-makers struggled in neatly delineating ‘temporary’ from ‘permanent’ industries, the budgetary balancing act did not work well in practice (Chiriac 1932, 93). Consequently, the efficiency of the Nenitescu System in proactively building capitalism as a driving modernization project became difficult to assess even for historical observers. Its limitations, as will be detailed at length in the following chapter, would become all the more visible in the aftermath of WW1, when, in 1918-1919 ‘Greater Romania’ would have to debate an entirely new strategy for cutting across the state-economy continuum.

4.3 A return to state-building? Greater Romania in the 1920s

4.3.1 The ebb and flow of the state-capitalism question

In the aftermath of WW1, the newly created “Greater Romania” stood at a complicated crossroads. On the one hand, the “Old Kingdom” which had effectively forged the new state, attempted to elevate its specific view of modernity as the dominant ideational construction. On the other hand, the new provinces came with distinct strategies for cutting across the challenges of state-building and the economic transformation, as well highly different institutional-administrative structures, which complicated the practical reach of the new state. The ensuing

debate thus became whether, similarly to the late 19th century Old Kingdom, a well-structured state could foment development, or whether, specifically given the 1880s failures, investing in the economic transformation seemed more promising.

While state-building benefited from a modicum of proven success, it came with a range of new contingently-defined questions. Over the short term, due to the post-war economic crisis, the bureaucrats, whose salaries had never been particularly high, were extremely badly hit. This raised the need for direct investment by an economically hard-pressed state. Without raising salaries and particularly welfare benefits, there were two looming dangers – the bureaucrats could either succumb to corruption leading to an inefficient state, unable to carry out modernization (Toni, DCD, 1923), or, perhaps even worse, they would engage in “subversive politics” (Coanda, DS, 17th Dec 1919). Over the long term, two further sets of questions emerged. Firstly, harmonizing the entirety of the administration across the vastly different institutions coalesced under Greater Romania was costly and potentially uncertain. Secondly, state-building qua modernization held the innate danger of pushing forward the “pathology” of over-bureaucratization inherited from the Old Kingdom, because Greater Romania would need to train and hire new bureaucrats. This opened up the distinct possibility of continuing the vicious cycle of the late 19th century modernizing projects (Popescu-Zatreani, DS, 17th Dec 1919).

The preference for building capitalism as the driving modernization project was constructed precisely on the self-reflexive (re)evaluation of the legacy of the Old Kingdom, international observations and the unique experiences of the more developed provinces such as Transylvania and Bukovina. This ideational construction however also held its own specific subordinate questions. Over the short term, the issue was applying existing legislation to create the stabilizing mechanism needed in the tumultuous aftermath of WW1. Over the long term, the

challenge was to find new tools capable of fomenting the social basis of capitalism (Manifest, DS, 16-17th Dec 1919). The danger of inaction was immediate – “strikes have become such a looming danger, that they may generalize and threaten not just employers, but the entirety of society itself” (Popescu-Zatreanu, DS 17th Feb 1920). Consequently, the minimal resources that the state did still have needed to be invested in industries because workers were in such dire needs that they would accept any aid (Stefanescu, DS, 24th Dec 1919), becoming in return more quiescent and aiding in the economy recovery. The key anxiety was that while minimal resources may suffice for temporary pacification, they did not appear as a guarantee of long-term stability and even less of a certainty in overcoming the inertia of over-bureaucratization.

If in the murky early 1920s these debates ran in parallel, what gradually emerged was a consensus that modernity relied “on the strong foundation of a state that entrusts power to efficient bureaucrats” (Gropsian, DS, 14th Mar 1925). While this stands in stark contrast with the experience of the early 1900s that state-making could easily become a developmental hurdle, it was in fact the result of a multi-layered self-reflexive assessment according to which Greater Romania was a “new state”, which was known from the experience of the 19th century Old Kingdom to benefit from state-building qua modernization. A first consideration was that in the new ebb and flow of global capitalism socio-economic complexity had grown to the point that no single class could in fact sustain development (Bratianu, DCD, Dec 1923). Moreover, the social matrix of global capitalism appeared so porous, that it required in depth study to disentangle a precise class scaffolding conducive to development (Bratianu, DCD, 1923). In this sense however, 1920s Romania was not too dissimilar to the 19th century Old Kingdom – a new-comer to a global capitalism that had significant “vagaries” and few fixed pegging points (Jowitt 1978). Consequently, the experience of at least a modicum of success in the late 19th century was

construed as an argument that in the 1920s the top-down perspective of state-building would allow cutting across parallel class issues inherent in post-WW1 turmoil (Halippa, DCD, 28th Nov 1924).

At the same time, since global capitalism had fundamentally changed, there was no structural argument that immediately implied state-building would mutate as it did in the late 19th century. Quite clearly Romanian MPs debates were also influenced by the awareness that, while WW1 may have had an imbalanced effect on the various policies of the welfare state, it also created an intellectual climate conducive to greater degrees of state interventionism in risk (Moses 2018, 263). More broadly speaking, Romanian MPs (re)evaluation of the modernizing potential of state-building was also at least in part an expression of the global ideational zeitgeist wherein states needed to step in so as to manage the over-extended reach of markets (Stråth and Wagner 2017, 161). Against this background, Romanian political elites theorized that there was in fact no incompatibility, in the current climate, that a state become capitalist by prioritizing institutional construction (Pistiner, DCD, 18th Jul 1922). This multi-layered ideational construction implied that the modicum of success achieved through state-building in the Old Kingdom could be construed, in self-reflexive fashion, as a fixed pegging point that guided modernizing projects in the 1920s.

Last but not least, a key consideration was that, for 1920s Romania, state-making was *the* key to post-war reconstruction because it cut across the economic, social and political realm by engendering nation-building (Govt Report, DCD, 19th Jul 1921). As will be further dissected in a separate chapter, in this regard too Greater Romania could be self-reflexively likened to the 19th century Old Kingdom. Specifically, despite reuniting the entire Romanian titular ethnicity, Greater Romania was, similarly to the Old Kingdom, a new formal nation-state that covered an “incomplete” nation. This suggested that part of the reasoning for nation-state-building qua

modernization from the 19th century, which will be dissected separately, could be applied in self-reflexive fashion to the 1920s.

4.3.2 (Re)building a state to manage the economy vs market-based economic recovery

In the 1920s, Romanian state-makers soon realized that the formal creation of “Greater Romania” was not in and of itself the keystone to successful modernization since, despite gaining a larger population and better resources, the country was a “small economy” and a “middle-tier state in world politics” (Ionescu, DCD, 9th Jul 1921). In fact, the costs of forging Greater Romania were high and multifaceted. On one side, state pensioners and current bureaucrats claimed that loss of income all but excluded them from society (DS, 17th Feb 1920), to the point that they could not adequately fulfill their jobs, which effectively paralyzed the state. On the other side, in the new economic climate, workers also decried that pre-war insurances and benefits had become woefully insufficient (Inculet, DCD, 10th Feb 1920).

The dire economic contingency meant that over the short term, a series of crisis-management measures were the only option. Firstly, in what concerns state employees a range of adjustments to inflation and increases was offered for both salaries and old-age pensions (DS, 15th Jul 1920). Secondly, for private sector employees, state-makers started out by making benefits more easily accessible, through spreading the 1912 Nenitescu Law, across the 4 provincial insurance systems inherited by Greater Romania. In addition to responding to worker demands for a transparent system (Inculet, DCD, 10th Feb 1920), state-makers also infused new funds into the insurance system to offer at least a modicum of stability.

On the surface, the early 1920s took on the appearance of ‘emergency policymaking’ (Inglot 2008) because of the sheer breadth of existing challenges (Halippa, DCD, 28th Nov 1924). On a deeper level however, ad hoc crisis management was not argued to provide the conceptual grammar of modernization. While emergency policymaking may be prompted by specific contingencies, it was theorized within the logic of bundling expected to generate the snowball effect that buttresses a virtuous synchronism (Coanda, DS, 17th Dec 1919). As such, the overarching ideational landscape of cutting across the parallel challenges of state-making, nation-building and the economic transformation, provided the key topoi of the contingently-defined crisis-management (Pecurariu, DCD, 5th Jul 1920). In this sense, the welfare of state employees was not just an emergency of congealing Greater Romania (Heidrich, DCD, 16th Nov 1923). Rather, it was an emergency in as much as it undermined state-building seen as a potential alternative for cutting across (Bratianu, DCD, Dec 1925) parallel class-based questions (Spanisteanu, DS, 3rd Mar 1920). Similarly, the emerging “worker question” was not purely an emergency in terms of wide-scale disruption (Ioan, DS, 24th Dec, 1919). Rather, the more poignant issue was whether the lack of welfare measures for the private sector employees could block Romania’s undeniable transition (Pistiner DS, 10th Apr 1922) towards mature capitalism (Popescu-Zatreni, DS, 17th Dec 1919), which was theorized as an alternative virtuous synchronism (Govt Report, DCD, 18th Jul 1922).

The key perceived difference however was that in the absence of clear data pointing towards a structural worker problem, political elites, who recognized that Romanian capitalism was incomplete at best (Pistiner DS, 10th Apr 1922), interpreted strikes as atomized conflicts with local causes (Bogdan, DS, 26th Feb 1920). This suggested that helping industries could be “self-serving rather than societal-serving” (Aciu, DS, 4th Nov 1924). In this sense, while the post-war

turmoil mandated some solutions to labor unrest (Bogdan, DS, 26th Feb 1920), these could be specific interventions (Cristescu DCD, 6th Apr 1921 – including violent crackdown), rather than wide-scale welfare measures. Conversely, the welfare of state employees appeared more clearly to be a systemic issue, without which the entirety of the state apparatus would paralyze (Aciu, DS, 4th Apr 1925). An additional issue was that any systemic approach to the worker question may require foreign capital, whose role may spill over from an “economic function” to a “political process” (Popovici, DS, 15th Dec 1922).

This generated a highly specific prioritization of welfare policies, which policy makers knew both from experience to be a pivotal component of modernizing bundles. Despite increasing awareness of the accumulated failures of spreading the 1912 Nenitescu System across the provinces (Hasigan 1926; Chiriac 1932), since the economic transformation was not the key driver of modernizing projects, unifying insurances for the private sector was rejected (Chirculescu 1924). What is more, as will be analyzed in a separate chapter, the continued accumulation of welfare policies through international transfers, was not followed by impressive implementation measures. Rather, state-makers opted to renew a previous indirect strategy with questionable results – investing in trade schools and apprenticeship systems, which would gradually foment skills acquisition and the emergence of a broader capitalist class (Govt Expose, DS, 21st Mar 1925).

By contrast, having reinterpreted the legacy of “luring” young Romanians towards state employment, early 1920s political elites argued that the state was responsible for the wellbeing of individuals who lacked the flexibility of private sector employees - “unlike blue-collar workers or liberal professions who can simply raise the cost of their labor to adapt to increasing costs of life, the civil servant is fully dependent upon the state” (Gov Report DS, 5th Apr 1922). This meant that unlike strikes, which were a problem of a specific class, the welfare of state employees was

an “open [societal] wound” which demanded immediate policy action (Ioan, DCD 5th Nov 1924). This provided the main ideational trope for the debate on welfare benefits for the state sector - “any penny invested in functionaries is not wasted, because it returns to the state [...]” (Aciu, DS, 4th Apr 1925). By ensuring the stability and efficiency of the bureaucracy, Greater Romania would become a “modern state”, with a legitimate claim on modernizing its provinces, which had otherwise inherited the outdated institutions (Bratianu, DS, 4th Apr 1925).

Consequently, the 1925 Pensions Law cemented welfare benefits for state employees as rights rather than rewards (Sora 2011, 150), with quite advantageous conditions. Firstly, the law created a harmonious and easily accessible legal-institutional structure for state employees to access old age pensions, which was all but missing for the private sector (Jumanca, DS, 22nd Mar 1935). Secondly, as presented in technical detail in a previous chapter, the 1925 Law instituted a retirement age that was not only lower than in most European countries (more poignantly in Austria from which Romania inherited Transylvania – Hariton 2012, 26), but also more favorable than its counterpart for the private sector. Interestingly enough, this was hoped to halt over-bureaucratization because easy retirement could appeal to too many and effectively ensure a constant stream of open positions (Ioan, DCD, 5th Nov 1924). In addition, the minimum requirements for earning the right to retirement pensions were also more generous than in the late 19th-early 20th century (Hariton 2012). While in absolute figures the newly increased old age pensions are difficult to judge because of rampant inflation, on the whole, the 1925 Law institutionalized a clear safety net that was unavailable to other categories of wage earners.

Furthermore, in and around the umbrella of the 1925 Pensions Law, a range of other welfare benefits were also designed to act as “pull” factors towards state employment. For instance, the targeting mechanism of accident compensations carefully differentiated between state

employees and private sector workers both in terms of entry conditions and of what was actually offered. An injury severe enough to make a bureaucrat incapable of public service, if directly caused by the duties of the job, generated a pension of 40 per cent of contributions (with three per cent yearly increments, for the first 10 years), which could then be coupled with any other kind of salary (i.e. non-civil service). When a civil servant was rendered incapable of any kind of future employment, after passing a rigorous control (with both personal doctors and those appointed by the House of Pensions), the invalidity pension offered was high - at least 75 per cent of the last salary. By comparison, non-civil service insurance recipients were only offered a maximum 2/3 of the insured salary. Romanian laws further stipulated that in case of an accumulation of pensions, the highest one would always receive priority (RE 1938, 494, 540), which effectively only helped civil servants, as they were the only wage earners that could access multiple pensions. Healthcare packages were similarly designed to offer extra incentives to bureaucrats, though they were less generous than pensions and accident insurance. In addition, specific healthcare packages (such as specific paid vacations), were also offered to ensure that civil servants would still be “capable family members” (Policrat, DS, Mar 1925).

Prima facie the need for a welfare intervention for bureaucrats appeared as a kind of crisis response. Whereas the threat of worker Bolshevism may have appeared as just an ideational construction gleaned from observing industrialized countries, the army of highly educated bureaucrats was perceived as being capable of much faster radicalization based on disruptive ideologies (Aciu, DS 4th Apr 1925). As such the fear of an “intellectual proletariat” appears quite prominently in the debates on the 1925 Pensions Law - “I expect the functionary to be a good citizen because he is entrusted with the power of the state. [...] I cannot admit that tomorrow’s

pensioner go into the street and stir passions against the Romanian state. Would you expect me to pay for such a functionary?” (Bratianu, DCD, 23rd Mar 1925).

On a deeper level however, neither crisis-management nor functionalist logics explain the strategy behind a law with the extremely ambitious aim that “we want to make state employment a career” (Bratianu, DS, 3rd Apr 1925), in a country that anyway took pride in being unsurpassed in terms of over-bureaucratization (Vasiliu, DS, 3rd Apr 1925). Since the practical experience with an over-grown bureaucracy was mostly negative, as shown in the subchapter on the 19th century, the strong option for a pensions’ law with such clear pull factors needs to be understood within the renewed theorization of state-building qua modernization. This ideational construction was predicated on the self-reflexive reinterpretation that while the late 19th century state-building may not have finalized catch up development, it propelled an otherwise backward country on the relevant path. Within this re-evaluated logic, the creation of Greater Romania was theorized to have in fact generated the same kind of economic structures that political elites from the late 19th century saw as precisely requiring state-building to generate development (Chirot 1978, 39). This saw the 1920s as a specific stage on a long-running script where state-building could be envisaged to be the relevant basis for creating markets and industrial capitalism. Thus, while over-bureaucratization was a cost in the late 19th century, the even more expensive 1925 law was argued to be “modernizing” because it promised to allow micromanaging “the sheer number of all present challenges” (Vasiliu, DS, 3rd Apr 1925).

This explains the sharp contrast between the proactive nature of the 1925 Pensions law and the indirect, slow-moving strategy of producing skilled workers, as the social basis of capitalism, via trade schools (Cristea, DS, 7th May 1925). Since the economic transformation was subsumed to state-building, the development of welfare institutions for the private sector in the 1920s

followed far less coherent ideational constructions. Whereas welfare intervention for state employees was debated in depth so as to allow a proactive approach, welfare state development for the private sector in the 1920s was constantly delayed if not altogether rejected (Ioanitescu, DCD, 22nd Dec 1927). As such, the few measures taken for industrial workers – such as legal rest day, or limiting work hours, were taken quite late and poorly implemented (Ioanitescu, DCD, 22nd Dec 1927)

What is more, whereas welfare institutions for the state sector in the 1920s developed as a coherent strategy, measures for the private sector were simply disjointed, and unfolded as stand-alone responses to immediate grievances (Ioanitescu, DCD, 22nd Dec 1927). Contrary to the topoi of modernization that circumscribed welfare intervention for state employees, elites couched worker issues in different terms, from culture to religion, eschewing intervention for anything other than major emergencies (Florea, DCD, 27th Mar 1928). If top-down intervention for the state sector was justified by the need for a holistic approach, the private sector was simply urged to be more efficient. In the hotly debated case of autonomy for Work and Industry Chambers, which worked closely with the National Insurance House in administering welfare benefits, state-makers argued that state control and paternalism would preclude internal fights and radicalization (Sandor, DS, 11th Feb 1927). Furthermore, reform elites also took virtually no steps to guard against over-bureaucratization of welfare institutions for the private sector, despite knowing from the experience of the state sector that this could become a huge problem. Against this background, even the few measures for the private sector, such as the aforementioned Chambers of Industry which held welfare-administrative tasks (Murgasanu, DS, 11th Feb 1927), quickly became impractical. On the whole, if in the case of the state sector delayed development was used to prompt immediate and coherent policymaking, in case of the private sector in the 1920s, late

industrialization was used to justify a cautious and fragment approach (one typical debate DCD, 24th Mar 1928).

Broadly speaking, the development of the welfare state in 1920s Romania follows quite closely the ebb and flow of the renewed debate on state-building qua modernization. This ideational construction lead to comprehensive legislation such as the 1925 Pension Law, which not only filled previous gaps, but also outlined guidelines for how future bureaucrats would buttress development by cutting across the state-economy continuum. In stark contrast, since the economic transformation was not the main driver of modernization, welfare state development for the private sector was mostly reactive, consisting of atomized measures. By the early 1930s however the costs of “raising generations with the idea of an almighty State” (Ghidonescu, DS, 10th Dec 1930) started to outweigh the benefits, to the point that elites started to question whether state-building was indeed capable of circumscribing a virtuous synchronism.

4.4 The threat of hollow modernization renewed: welfare institutions as agents of building capitalism in 1930s Romania

4.4.1 The ebb and flow of the state-capitalism question

Against an ever rampant economic crisis and the restructuring of global capitalism, early 1930s Romanian political elites were prompted again to debate whether “independence” implies more than the strategic capabilities of a well-established state (Mircea, DS, Nov 1932). The outset of the global crisis not only upset good agricultural years (Roberts 1951, 165), but also completely undercut what on the surfaced seemed to be an almost Western-level of industrialization (Manoilescu 1936, 3-5). In fact, the global recession put such an abrupt halt to Romanian

industrialization that it had even generated the type of “structural unemployment” that 1920s state-makers believed to be impossible in late industrializing states (Nistor (a) 1935, 1). Such a collapse appeared all the more puzzling as the bureaucratic class constructed in the 1920s precisely to allow the state to engender capitalism, experienced a more moderate drop in income due to the Depression than peasants or blue-collar workers (Roberts 1951). In fact, so steep was the drop in peasants’ income that Romania’s agricultural output became uncompetitive, to the point that other (semi)peripheries had taken over the country’s traditional export markets (DS, Dec 1930).

Against this background, elites started to question whether the indirect approach to fomenting capitalism pursued in the 1920s was skewed from the “lens of the capital, Bucharest” (Vihovici, DS, 1st Dec 1932) and, as such, too narrow and/or too slow. This opened up a new self-reflexive debate regarding the nature and requirements of late industrialization. Specifically, since Greater Romania had “taken some steps towards a more industrial, more Western-style form”, the logical follow-up was that of devising a direct strategy seeking to “form the elements necessary for labor” (Hurmuzescu, DS, 27th June 1934). Creating a new institutional structure conducive of such social mobility was not however straightforward. One obstacle was the inertia of the 1920s education system, which continued to mass-produce state employees and little else skills acquisition (Iorga, DS, Jul 1931). In addition, direct retrenchment of the state sector was a dangerous proposition as it came with “ferments of social dissolution” (Leanca, DCD, 8th Dec 1930). An altogether different obstacle was that the large industries created under the umbrella of state-building had potent tools, such as tariffs and cartels, that allowed them to block further state intervention (Popa, DS, 7th Dec 1932). While MPs knew from experience that welfare intervention could achieve the desired modernizing effect, they simply lacked the resources (Madgearu, DCD, 21st Dec 1932) to overcome employer reluctance (Mirescu, DCD, 13th Dec 1933).

Since the Great Depression highlighted that the projects of the 1920s had basically increased Romania's gap vis-à-vis the "core", political elites argued unanimously that the complexities of the economic transformation could no longer be left to indirect and atomized measures (Sanielevici 1932, 11). In a self-reflexive manner, MPs thus theorized that the economic transformation needed to be the driver of a virtuous synchronism rather than the byproduct of a bundle centered on state-building (Largeanu 1935, 9-10). Drawing from the experience of the early 1900s, 1930s Romanian political elites argued that the "economic question" implied proactively forging links between the (still) rural fabric of the country and the isolated urban industries, developed as a result of state-building (Manoilescu, DS, Mar 1933). Modernizing projects were thus devised for the specific aim of mobilizing the rural demographic towards "productive employment" rather than the unproductive state sector (Leanca, DCD, 8th Dec 1930).

4.4.2 The welfare state as an agent of building capitalism

Although elites were acutely aware that even a proactive stance to forging capitalism did not fully guarantee success (Argeseanu 1930, 25), they knew from the experience of state-building qua modernization that dedicated policymaking could at least kick-start development. This ideational construction meant that, while MPs were aware they lacked resources (Ioan, DS, Dec 1933), they nonetheless defined life-course risks associated with the private sector as "social dangers", rather than the "individual risks" they were considered in the 1920s (Mirescu, DCD, 23rd Mar 1933). This meant that austerity was no longer sufficient to delay welfare intervention for the private sector, as "social dangers" were not a discrete class issue, but a modernizing hurdle (Radaceanu, DCD, 1st Dec 1930). At the very least, funds had to be made available to the institutional scaffolding erected in the 1920s but completely neglected up to that point (Radaceanu,

DCD, 1st Dec 1930). Since previous experience had shown that top-down management can engender at least a modicum of success, early 1930s state-makers judged that properly implementing the existing maze of welfare legislation was a crucial first step in the new proactive approach to building capitalism (Madgearu, DCD, 21st Dec 1933).

Within the new ideational consensus, since the “economic question” was the crux of modernity (Menzicescu, DS, 17th Mar 1933), social insurances for the private sector could no longer be contained to the conceptual grammar of economic efficiency. Rather, because the welfare benefits would allow the economic transformation to circumscribe an all-encompassing virtuous synchronism (Orsovits 1934, 53), they were part of the ideational landscape of modernization as projects for revamping the socioeconomic matrix of the country (Jumanca, DS, 28th Feb 1934). In this sense, social policymaking for the private sector should be proactive and specifically tailored, rather than reactive as it had been in the 1920s (Manoilescu, DS, 28th Feb 1934). Similarly to welfare benefits for bureaucrats in the 1920s, social insurances for the private sector were now debated as hallmarks of a state reaching “the highest stage of socio-cultural progress” (Mircea, DS, 18th Mar 1933).

Against this background, the 1933 Ioanitescu Insurance Unification Law was debated not just as a long overdue answer to “ensuring social peace”, but also as a forward looking opportunity structure that incentivized “skilled and consistent work, based on the certainty that, if unfortunate events do happen, the worker and his family will be looked after” (Ioanitescu, DS, 17th Mar 1933). Because forging capitalism was *the* developmental priority, while some of the fiscal constraints of the 1920s were still present, further delaying welfare intervention was no longer theorized as tenable. Through the topoi of modernization, elites justified the creation of a coherent institutional umbrella with wide-reaching, easily accessible and fiscally stable welfare benefits for the private

sector (Bottez, DS, 17th Mar 1933). In this sense, despite “highly peculiar local conditions” for welfare state development, the 1933 Ioanitescu Law aimed above and beyond simply infusing cash into the atomized measures of the 1920s (Ioanitescu, DS, 17th Mar 1933)

To some observers, the 1933 Ioanitescu Law was not a coherent modernizing project, but rather a crisis-management strategy (Banu, DCD, 24th Mar 1934), designed to shield state-building from increasing worker demands (Radaceanu, DCD, 3rd Feb 1933; Samoil, DS, 14th Feb 1935). In this sense, some claimed that social insurances for the private sector were still simply reactive rather than proactive modernizing projects (Gherman, DCD, 1st Dec 1932). On a deeper level however, while on-the-ground tensions may have prompted the opening of the debate, they did not provide the conceptual grammar of the new welfare intervention. On a very basic level this can be observed in that virtually everyone recognized that the Ioanitescu Law had been drafted in a purely top-down fashion, without consulting the actual stakeholders (Samoil, DS, 14th Feb 1935). While the law did indeed factor in some contingent issues, such as lack of funds and worker protests (Bottez, DS, 17th Mar 1933; Hugel, DCD, 16th Mar 1934), it stemmed to an overwhelming degree from the coherent ideational construction that social insurances could create the social justice and efficiency that underpinned modern Western society (Nicolau, DCD, 23rd Mar 1933). Thus, while historical contingencies may have limited issues like financial generosity, the Ioanitescu System was envisaged as a comprehensive legislation that tackled the “worker question” understood as an “illness” of modernization, rather than as the class issue it had been theorized to be in the 1920s (Platareanu, DCD, 30th Mar 1933).

In this sense, the Ioanitescu System was envisaged to directly tackle the failures of 1920s modernizing projects – while state-building had created large industries, it had not created the institutional scaffolding that allowed for the economies of scale specific to a modernizing capitalist

market (Ioanitescu, DS, 28th Mar 1934). By contrast, the small rural industries that should have theoretically been out-performed by large factories, continued to exist precisely because they were creating products directly embedded in local markets (Ioanitescu, DS, 28th Mar 1934). Yet, while these “significantly older small industries” seemed to organically offer the kind of integrative development policymakers sought at great costs from large industries, dedicated policymaking was all but missing (Ioanitescu, DS, 23rd Mar 1933). In addition, as will be discussed separately, whereas the roots of factory capitalism were “non-Romanian”, the small rural industries also served the modernizing purpose of ethnicizing the economy (Ioanitescu, DS, 28th Mar 1934).

This fully highlights that despite contingently-defined vagaries, the Ioanitescu Law embodied the ideational construction that social insurances for the private sector should create the social basis of capitalism. By replacing the high demands placed on rural industries in the 1920s with lower and more uniform duties, the Ioanitescu Law opened up funds to offer welfare coverage (Ioanitescu, DCD, 3rd Dec 1935) that would allow small industries to become attractive to village dwellers (Ioanitescu, DS, 28th Mar 1934). The self-reflexive re-evaluation of late industrialization also explains why some insurances were preferred over others – for instance, unemployment benefits were denied as they were perceived to a structural problem of modular capitalism predicated on large factories, rather than an issue of small village industries. In the Romanian case where workers oscillated between agriculture and industry, direct investment in village industries seemed a more promising modernizing prospect than unemployment insurance (Ioanitescu, DS, 27th Jun 1934).

On the surface, the Ioanitescu Law appeared narrow, as it did not fully clarify the status of old age pensions, which technically existed within the various provincial systems operating throughout the 1920s. To counterbalance the neglect of a known pull factor, the new welfare net

for the private sector increased both coverage (new professions, dependents) *and* benefit generosity for the crucial accident insurance, as well as the previously inconsistent healthcare packages (Ioanitesu, DS, 17th Mar 1933). In order to achieve the long-term fiscal stability that was missing from the 1920s insurances, state-makers designed the Ioanitescu Law around a fixed yearly state subsidy, backed up by a more streamline system of employee and employer contributions. Furthermore, by “simplifying administrative mechanisms which reduces costs and bureaucracies” state-makers sought to free up even more funds that would give the system long-term stability (Ioanitescu, DS, 17th Mar 1933). This type of cutting back was made possible by the new ideational consensus wherein state employees were no longer direct drivers of modernity, but rather an exogenous cost that should not be imposed on the private sector (Manoilescu, DS, 28th Feb 1934).

Though some argued that the Ioanitescu Law was based on too little research and technical expertise to be functional within Romanian late development (Banu, DCD, 24th Mar 1934), the new insurances were justified as an instance of much needed proactive action in forging capitalism (Ioanitescu, DS, 17th Mar 1933). For instance, while relying on a surprisingly small bureaucratic apparatus, the Ioanitescu Law did allow enough state control to make possible highly specific top-down calibration, in accordance with developing views on capitalism in late modernity. Specifically, despite constant criticism, the Ioanitescu System institutionalized both employer-employee parity as well as a significant degree of state control over the National House of Insurances (Samoil, DS, 26th Jun 1934). Despite the outward desire to keep insurances outside partisan-political strife (Ioanitescu, DS, 22nd Mar 1933), the state effectively stripped away the budgetary autonomy of the National House of Insurances precisely because it needed the capacity to use welfare incentives for specific modernizing projects.

What mid-1930s state-makers were looking for was a complex balancing act that allowed a proactive approach to the economic transformation, within the narrow economic opportunities circumscribed by the costly legacy of the 1920s. This explains why the 1933 Law needed to place a low enough cost on large industries so that they would not leave Romania, but high enough to allow the system the financial stability that gave small rural industries the pull factors needed to engender the Romanian economic transformation (Ioanitescu, DS, 21-22nd March 1933). Conversely, while the state took on a fixed investment to stabilize the system, it could not invest so much that it would remain devoid of resources for parallel modernizing projects - “if a state truly takes on the mission of guiding economic life, it needs [for instance] to also create the structure of a functioning cooperatist movement” (Govt Expose, DCD, 6th Mar 1935). Because they lacked the sheer resources for a 1920s-style of generosity, political elites theorized, based on previous experience, that a multi-faceted project which juxtaposed insurances and other adjacent measures could have a better chance at creating the rural industries that generated the social basis of capitalism qua modernizing project (Cartoian, DCD, 6th mar 1935).

The ideational consensus on forging capitalism as a gateway to modernity also had direct implications regarding the institutional inheritance of the 1920s. To some degree, backlash was the logical corollary of the state apparatus having once again “overgrown budgetary capacity” (Motoga, DS, Nov 1932). Yet, retrenchment was impossible due to wide-scale fears of an intellectual proletariat prone to radicalization (Ghelmegeanu, DCD, 2nd Apr 1935). The new vision of capitalist modernity did however provide one self-reflexive argument that allowed some cutting back – since the overlap between “the inflation of functionaries” and “the most economically prosperous time of our national history” was contingent rather than causal (Ghelmegeanu, DCD, 2nd Apr 1935), it was not unreasonable to assume that bureaucrats could in fact be modernizing

agents even with lower benefits (Negura, DCD, 16th Feb 1935). This could be achieved without painful cuts, by tweaking the institutional scaffolding to only allow the best trained candidates to enter an “administration that must become a living organism that foments individual initiative which oversees efforts to change the precarious state we are in” (Govt Report, DCD, 16th Dec 1936). Because capitalism promised modernity, the key idea thus became not just to cut down on bureaucrats’ revenues, but more importantly to ensure that they acted as consumers driving market creation (Govt Report, DCD, 16th Dec 1936)

Furthermore, the new ideational preference for forging capitalism also started to encroach on policy realms that were previously thought of as fixed. One highly illustrative case is unemployment insurance, which, as will be detailed at length in a separate chapter, had been a constant point of tensions between the ambition to follow fashionable international trends and theorized constraints of late industrialization. If unemployment had been denied in the mid 1920s and begrudgingly admitted from the late 1920s, in the new ideational context of the 1930s it became a potential developmental hurdle that needed to be tackled. Since the economic transformation was the driver of modernity, unemployment was not a self-contained industrial issue but a “social question” (Bucuta 1931, 24), which required at the very least political debate if not legal-institutional solutions (Jumanca, DS, 12th Dec 1934)

The key trope of the ensuing debate was that while reverting to agriculture mitigated structural unemployment (Ioanitescu, DS, 27th June 1934), it also subverted the creation of a social basis of capitalism. Consequently, policy inaction towards unemployment started to be theorized as a virtual developmental hurdle (Ioanitescu, DCD, 13th Dec 1933). The conundrum however was that unemployment insurance needed to be achieved in a manner that neither overburdened employers to the point of leaving, nor crippled the delicate fiscal balance of the Ioanitescu Law

(Ioanitescu, DCD, 13th Dec 1933). Against this intricate background, the ideational thrust for unemployment benefits only came to underpin an experimental program consisting of limited healthcare coverage for the duration of unemployment, in a proportional system factoring in duration of previous employment. While limited in actual scope, the very existence of such programs marks a significant break with the outward rejection from the 1920s, which can only be attributed to the shift in the overarching theorization of modernity.

By the mid-late 1930s the proactive stance on forging capitalism also prompted state-makers to argue that, for insurances to act as a modernizing project, they needed to be enmeshed in a broader institutional scaffolding. The issue was that, above and beyond the lack of bureaucratic efficiency, the state was unable to create the social basis of capitalism as long as it lacked the relevant policy tools to break the grey bargains between employers and employees that were inherent in the harsh economic climate. Specifically, such bargains allowed employers to eschew welfare and other institutional commitments, which hampered the creation of a virtuous synchronism. As such, state-makers further complemented the insurance system with other labor policies, previously deemed secondary, such as functional work inspectorates (Alexandrescu-Roman (b) 1937). By widening the social welfare net and creating a strong monitoring system, the umbrella of the welfare state was argued to be capable of creating the mass “organized labor” that constituted the social basis of modernizing capitalism (Roman (b) 1935)

On the whole, throughout the 1930s Romanian political elites sought to carve out a highly specific path that both revamped the legacy of 1920s state-building and set in motion the new modernizing project regarding the social basis of capitalism. At its core, the new modernizing project sought to forge capitalism through a proactive approach that mirrored state-building from the 1920s. Because the experience of the 1920s showed the potency of welfare intervention, the

central piece of the new modernizing project was the 1933 Ioanitescu Law, envisaged to use welfare benefits as a pull factor for young Romanians towards the private sector. While historical contingencies did not allow fiscal generosity, the Ioanitescu Law did nonetheless embody the coherent ideational construction in favor of creating the social basis of capitalism. In this sense, the emerging insurance system for the private sector allowed for the type of budgetary planning needed to adequately calibrate welfare benefits as pull factors for desired skill profiles and life trajectories. Complementing social insurances, Romanian state-makers also revamped and re-organized labor laws and social policies so as to erect a coherent opportunity structure that constructed a new socio-economic scaffolding capable of ushering in Western-style modernity.

5. The welfare-nationalism nexus in late modernizing Romania

5.1 Nation-building in late modernization

In the late 19th-early 20th century global capitalist restructuring increasingly affected (semi)peripheral countries leading towards a galvanized developmentalist orientation, according to which political elites conceptualized nationhood as the key achievement that permitted the “West” both its initial development and its better coping with the ebb and flow of capitalist markets (Goswami 2002). In this sense, nationalism was theorized across the (semi)periphery as *the* modernizing project because it offered a solution to the long-running problem of development in the absence of conducive historical conditions (Goswami 2002, 775). Specifically, nation-building was argued to recreate the integrative class scaffolding capable of circumscribing the functional links between state, economy and society underpinning Western development (Stråth and Wagner 2017, 91-103, 151). This was expected to buttress a virtuous synchronism by cutting across the parallel and mutually obstructive challenges of state-building and the economic transformation.

As such, the key developmental obstacle was that the linear class structure of mostly rural-agricultural societies could not create the interaction effects conducive to modernity (Schultz 2006). This underpinned a rhetoric of incomplete nationhood (Brubaker 1996), wherein nation-building qua modernization required a socio-structural transformation in the guise of creating a ramified class scaffolding for the titular ethnicity (Batou 2006, 46). In the absence of the middle class that acted as a dynamic socio-economic vector, typically defined as a missing core of nationhood (Brubaker 1996), the titular ethnicity would be an incomplete nation and as such incapable of buttressing modernity (Mishkova 1994). In this sense, nation-building added a new layer of complexity to projects striving to cut across the state-economy nexus, by prompting the

further institutional interpellation of individuals and collectivities into normative national subjects (Goswami 2002, 776).

At the same time however, identifying the “missing core” of the nation (Brubaker 1996) was not at all straightforward because elites in late modernizing countries observed that Western nations comprised both a functional “national market” (Szalajfer 2012) as well as a modular nation-state container (Goswami 2002). In this sense, nationalism qua modernization implied an ideational contestation between multiple stances on the missing “core” (Brubaker 1996) that needed to interact with theorizations of the state-economy continuum. The following chapter thus shows that it was a proactive elite choice if and when nation-building qua modernization is theorized as part of the state-economy continuum or as an exogenous force. What this implies is that in specific moments of ideational change on cutting across states and markets, the logic of nation-building came to provide the key conceptual grammar. For instance, in certain historical moments the theorization of nation-building qua-modernization warped the self-reflexive interpretation of historical experience, prompting elites to reconsider apparently failed previous projects. Such revisiting was therefore not a repetition of “mistakes” from the past, but a self-reflexive re-evaluation wherein nation-building qua modernization was a new attempt at carving out a cross-cutting bundle of questions.

Concretely, nation-building qua modernization mandated remedial or compensatory projects aiming to politically and economically enfranchise the missing core (Brubaker 1996). The crux of the issue was that defining the missing core was done in a self-reflexive and trial-and-error fashion so as to cut across class and ethnicity (Brubaker 1996). Defining the missing core as a higher order categorization that includes both class and ethnicity (Wimmer 2013, 50) implies that the relative deprivation vis-à-vis minorities, who typically comprised most of the existing thin

middle classes (Hitchins 1994), was not interpreted as the main driver in successive theorizations of a holistic national class structure (Străth and Wagner 2017). The key tenet was that while relying on well-off minorities created short-term growth, it did not circumscribe a change from an elite-consumption market to the mass-consumption market associated with Western development.

In this sense, while in isolation relying on minorities may have been theorized as a solution to cutting across states and markets, in the multi-layered ideational landscape that also included nationhood as a pervasive frame of modernity (Goswami 2002; Wimmer 2002), the broader structural transformation of mostly rural titular ethnicities was theorized as a clearer way to engender sustainable development. In addition, precisely because the rural masses were overwhelmingly within the titular ethnicity, upward social mobility would also solve the issue of relative deprivation, by gradually immersing minorities in a broader pool of middle class co-ethnics. Because the complete class matrix of nationhood was expected to usher in modernity (Mishkova 1994), delayed development informed a rhetoric of incompleteness which thus functioned as an exogenous complication to debates within the state-economy continuum.

Against this background, the following chapter analyzes how debates on completing nationhood as a pathway to modernity informed the creation of welfare benefits in Romania from the mid-19th century to 1938. *Firstly*, I show that between the 1850s and the 1890s, Romanian modernizing elites attempted catch up development by nation-building understood as constructing the modular nation-state. The key consideration was that a well-organized nation-state had enough institutional and economic capacity to allow the unsystematic Romanian development to navigate the vagaries of global capitalism (Jowitt 1978). In this sense, tackling the ‘national question’, understood as the creation of a Romanian bureaucratic class, was argued to cut across the state-economy continuum in a much more holistic way than just tackling the “peasant question” through

land reforms. Because the structural transformation of some parts of the peasantry into a bureaucratic middle class would allow the state to maximize revenue and use it towards the economic transformation, demographic weight was not to fully make the “peasant question” coterminous with the “social question”. Rather, welfare state development was envisaged within the ideational landscape of completing nationhood by incentivizing the peasantry towards a specific social mobility.

By the end of the 19th century however this strategy had begun to backfire – while nation-state-building had ushered in a modicum of growth, development was still lagging. The key consideration was that the opportunity structure erected by nation-builders had created a type of class ramification that did not seem to engage in the socio-economic linkages that allowed nation-state-building to cut across the economic transformation. Because the newly created social class was ethnically Romanian and as such fulfilled both requirements of the “missing core”, within the logic of bundling, a first attempt was to micro-manage how nation-state-building could cut across the economic transformation. This was embodied by reforms in the welfare opportunity structure that sought to prompt bureaucrats, regardless of ethnicity, to use the disposable income derived from welfare incentives to act as initial capitalist consumers. What quickly became apparent however was the problem was much deeper, as nation-state-building had failed to ethnicize the economy, which in turn meant growth would not transform into development. From the late 19th century to 1912 Romanian nation-makers thus theorized that nation-building could only engender a virtuous synchronism by creating a productive Romanian middle class. This led to the creation of welfare institutions designed to attract rural Romanians towards private sector employment.

Secondly, I show that in the 1920s, nation-building qua modernization prompted a unique reconsideration of nation-state-building as the driver of a virtuous synchronism. The crux of the

issue was that, much to the surprise of Old Kingdom nation-makers who had pushed for unification, the newly created Greater Romania appeared as an essentially new nation-state, which, just like the Old Kingdom in the 19th century had to face the entire array of modernizing questions of the state-economy continuum. Yet, while post-WW1 capitalism was increasingly complex, by now nation-makers knew from experience that nation-state-building could kick-start modernization. As such, while the legacy of the 19th century had shown that nation-state-building can drift into a developmental hurdle, since Greater Romania was effectively a new state and the nature of global capitalism had shifted, political elites could theorize in self-reflexive fashion that nation-state-building would drive a virtuous synchronism in the 1920s. In this regard however, the Romanian nation was clearly incomplete as the new provinces came with administrations manned to a high degree by ethnic minorities. Augmented by the international climate, fears that relying on foreign bureaucrats would skew growth, prompted Romanian nation-makers to theorize that nation-building qua modernization involved a renewed creation of a Romanian bureaucratic middle class, out of a rural demographic that was still overwhelmingly Romanian. This led to the creation of fiscally generous and administratively well-organized welfare benefits for the bureaucrats, envisaged as pull factors, and to the virtual neglect of welfare policymaking for the private sector.

Thirdly, against the backdrop of the 1929-1933 crisis, nation-makers once again realized the pitfalls of all-out state-building-driven modernization. The crux of the issue was that while the newly created bureaucratic middle class has in fact been less exposed to the Depression than other socio-economic groups, development still lagged. More concretely, the issue was that the Depression cut short what had appeared to be a booming industrialization, which suggested that nation-state-building had in fact not cut across the state-economy continuum. This suggested that

nation-building qua modernization could only engender a virtuous synchronism by creating the social basis of capitalism. In this regard however, the projects from the 1920s had failed to fully engender displacing the well-off minorities that constituted the bulk of private sector employment. Consequently, the ‘missing core’ was now identified as a productive middle class, made up of private sector employees – skilled workers, tradesmen, craftsmen and so on. This led to the creation of welfare institutions designed to offset the “pull factor” of state employment, by offering material guarantees for social mobility towards the private sector. Whereas in the 1920s such measures had been postponed or improperly applied, in the 1930s welfare institutions for the private gained the same type of momentum and backing as those for state employees in the 1920s.

5.2 Late 19th century – 1912

5.2.1 The historical trajectory of the national question

By the mid-19th century, the recognition of an obvious discrepancy between Romania and the “West” (Trencsényi 2013, 338), generated the zeitgeist that Romanian society was wedged between “Eastern barbarism” and “Western civilization” (Trencsényi 2009, 142). This was further heightened by the recognition that while the international appeals predicated on Romanian ethnicity had resulted in the successful construction of a formal nation-state in 1859-1862, the nation as the hallmark of Western modernity was still incomplete (Marton 2009, 55). Specifically, the formal Romanian nation-state was seen as juxtaposing a Western-style institutional scaffolding with a quasi-linear “social edifice” consisting “of [politically passive] peasants” (Govt Report, DCD, 27th Nov 1903), with only a thin middle class made up mostly of intelligentsia (Marton 2009, 55-56).

This placed mid-19th century modernizing elites in deep conundrum vis-à-vis completing nationhood as the sociohistorical matrix of organized modernity (Stråth and Wagner 2017). On the one hand, the modernizing task of the nation-state was to represent the titular ethnicity cum nation, which predated modern politics (Marton 2009, 56). On the other hand, while the rural-agricultural backbone “conserved Romanianness” (Alesiu, DCD, 16th Dec 1903), peasant nations struggled with modern economic development, as also exhibited by neighboring Bulgaria (Marghiloman, DCD, 5th Dec 1903). Yet, at least by sheer demographic weight, the overarching “peasant question” demanded some type of policy response (Response to the Throne, DCD, 14th March 1888). The issue was that the political passivity of the peasant demographic all but precluded the integrative socio-economic linkages that had structured Western nationhood. This implied while land reforms were needed to create growth, agricultural nationalism as such was not theorized as a solution for cutting across the state-economy continuum. For nationalism to carve out a virtuous synchronism, political elites theorized that nation-building needed to forge “right” Romanians, who completed holistic class scaffolding (Marton 2009, 55-56; Barbu 2005).

The crucial developmental hurdle thus became that the nation, albeit formally overlapping with the titular ethnicity, was incomplete without the middle class that articulated the political and economic demands which underpinned organized modernity. Specifically, despite a pre-existing awareness of an absent economic bourgeoisie due to the “Jewish question” (Sorescu 2017; Iordachi 2019), political elites argued that nation-state-building would create a virtuous synchronism precisely because it freed policymaking from the “dictatorship of land” without losing ‘national legitimacy’ (Barbu 2005). This imbued a new value into the conceptual toolkit of cutting across states and markets presented in a previous chapter – nation-state-building would uplift parts of the

Romanian peasantry into a national middle class, whose better income would allow it to act as initial consumers that would generate the demand for an ethnicized economy.

Nationalism as a modernizing project thus added a new dimension to cutting across states and markets: nation-state-building would foment modernity not just in the amorphous terms of overall growth, but also by using its resources to gradually engender a ramification of the social structure, that would “complete” political nationhood (Marton 2009, 53). In the short term, nation-building as a modernizing project thus implied the creation of a new socio-economic group, which would take up state employment (Dumitrescu-Agraru, DS, 30th Nov 1910). On a very basic level, the bureaucratic middle class would allow the state to proactively penetrate society, compensating for the political passivity of the main demographic. On a deeper level, because the bureaucratic class was had more disposable income, it would act as an additional social stratum of consumers, further engendering the mass-consumption model elites believed to underpin modernity. At the same time, because the livelihood of state employees was not dependent on agriculture, they could articulate different kinds of demands that allowed political elites to carve out a virtuous synchronism. Completing nationhood as a modernizing project thus implied a concerted set of policies designed to pull the mostly illiterate and overwhelmingly Romanian peasant constituency towards wage-based state employment.

By the end of the 19th- early 20th century however the pace of catch up development was starting to cool off. Though nation-state-building had proceeded at a rapid pace (Marton 2009; Hitchins 1994), the 1880s trade war with Austria-Hungary highlighted that a virtuous synchronism had not unfolded. Specifically, the successful creation of a bureaucratic middle class (Orleanu, DCD, 12th Mar 1904) was barely producing enough growth to sustain the state, let alone development (Janos 1978). The more poignant issue was that the national middle class of state

employees (Mille, DCD, 14th Febr 1902) acted like an “amorphous white collar proletariat” and not as a dynamic class of consumers engendering the economic transformation (Cantacuzino, DCD, 1st Dec 1903). This in turn also meant that nation-state-building had not in fact created the channels for the peasantry to engage with economic modernity (Popp, DCD, 23rd Jan 1902). Consequently whatever industrialization was taking place under the umbrella of nation-state-building relied on minorities, which meant that consumptions was still limited to a few groups, blocking a wide-scale economic transformation.

Consequently, early 1900s nation-makers theorized that while a middle class of “intellectuals” brought amorphous “progress” (Govt Report, DS, 7th March 1912), workers and craftsmen are the middle class whose labor sustains the entirety of modern society (Missir, DCD, 13th March 1904). In this sense, the “lack of craftsmen would mean perpetual crisis” (Vladescu, DCD, 13th Feb 1902) because the nation would be devoid of a productive middle class. Outlining the boundaries of the new rhetoric of incompleteness was not however straightforward. Because nation-state-building had not cut across the economic transformation, the “natural forces of industrialization” (Missir, DCD, 19th Febr 1902) had created a middle class that was both small (Badarau, DCD, 27th Nov 1900) and consisting mostly of minorities. Because this did not appear as significantly different from the historical legacy Romanian MPs knew to not be conducive to development, they argued in self-reflexive fashion that an ethnically diverse middle class may sustain growth (Badarau, DCD, 27th Dec 1900), but it would not engender the mass consumption that allowed markets to usher in the economic transformation (Bratescu, DCD, 27th Nov 1900).

Consequently, early 1900s nation-makers theorized that for nation-building to engender modernity it needed to directly create an ethnicized economy (Tarnoveanu, DS, 18th Dec 1911), which was only achievable by engaging the Romanian peasantry in upward social mobility. By

this stage however, such a project was by no means straightforward as the late 19th century nation-state-building had not only failed to equip the peasantry for the economic transformation (Ursianu, DS, 11th Dec 1903), but it had also directly given it a lucrative opportunity in the “unproductive” state employment. This meant that nation-building required a multi-layered solution that both curbed the existing social inertia *and* instituted a new range of policy tools envisaged as compensatory projects to create the new ‘missing core’.

5.2.2 The welfare state as a nation building tool in late 19th – early 20th century Romania

Criticizing an otherwise laborious project designed to ease property selling procedures for the peasantry, MP Alesiu noted

“I genuinely believe our love for the peasantry to be sincere. But I do find this love guilty of being too platonic. We are exactly like platonic lovers – we look from a distance longingly [at the peasantry], but have no real, burning desire to meet, to understand and get to know each other. We love the peasantry, we are just not in love with it” (DCD, 14th Febr 1904).

The overt sarcasm epitomizes a crucial tension perceived by Romanian modernizing elites – the seemingly “perennial Romanian” peasants did not constitute the social basis of the politically engaged and economically diverse developed nations observed in the ‘core’. Because “all progress is the result of *political activity*” (Iepurescu, DCD, 24th Nov 1888), the political apathy of the main rural-agricultural demographic was interpreted as the “incomplete nationhood” of a titular ethnicity that otherwise formally owned the nation-state.

By the mid-late 19th century the problem was however twofold – on the one hand, slow-moving economic development yielded a “wrong” middle class, made up mostly of non-Romanians; on the other hand, the Romanian intelligentsia qua “proper” middle class was so demographically thin, that the ebb and flow of mass politics in a peasant country, made it highly susceptible to losing its political power qua modernizing vanguard (Marton 2009; Barbu 2005). Yet, whereas both facets promised the creation of ramified sociohistorical matrix that underpinned modern nationhood, the lack of adequate maturation time for a multi-layered project, prompted modernizing elites towards a narrower conceptualization. Specifically, while nation-state-building did not fully solve the “peasant question” – *the* social question by sheer weight, it opened up a clear channel through which the titular ethnicity could transition towards modernity. In this way nationalism as a modernizing project cut across the state-making-capitalism continuum by (re)creating, within the titular ethnicity, the holistic class structure that buttressed development (Vlădescu, DCD, 15th Febr 1902).

Consequently, mass-producing an educated Romanian middle class of state employees out of a mostly rural social structure (Romanescu, DCD, 16th Febr 1902) became *the* modernizing project. On the surface, nation-building as a modernizing project added ethnicity as a consideration to the string of late 19th century pension laws which sought to create a bureaucratic middle class that tied in state-building with the economic transformation (Romanescu, DCD, 15th Febr 1902). So strong was this ideational consensus that the first draft of the 1902 General Pensions Law, intended to unify the late 19th century parallel legislations, outwardly denied pensions to non-citizens (Lahovari, DS, 1st Mar 1902). Though on paper formally engaging with the procedures for citizenship would allow competing for state employment and its attached welfare guarantees, in practice the process was either too laborious to conclude, or even virtually closed for some

minorities (such as Jews – Iordachi 2019). As such, nationalism essentially added to the conceptual toolkit of modernizing elites who had already started to see organized modernity through state-building – the myriad of 1868-1902 old age pension projects sought to create specifically within the titular ethnicity the holistic class scaffolding that underpinned Western-style nationhood (Isvoranu, DS, 20th Febr 1902).

Because nation-state-building was seen in the late 19th century as *the* structural transformation that would cut across the economic transformation, it implied that building capitalism was a background debate, pursued through indirect policies such the string of 1880s tariff laws and Laws for National Industry. Because the bureaucratic middle class was expected to lead to the mass consumption that buttressed capitalism, political elites expressly rejected the private sector's bottom-top attempts to organize the welfare incentives that existed for the public sector (Hariton 2012). At the same time however, the concerted effort for nation-state-building had created such an allure, that “state employment attracted virtually all Romanian talent” (Lahovari, DS, 1st March 1902). Since state employment was all but closed for non-Romanians, this created a vacuum, wherein ethnic minorities, which were also statistically better educated, gravitated towards industrial capitalism and the private sector.

Because by the 1880s the pre-existing trope of an ‘absent [economic] bourgeoisie’ (Sorescu 2017; Iordachi 2019) has started to encroach on the rhetoric of incompleteness, it gained enough traction to start coming out of the background. Being attuned to international debates, Romanian nation-makers picked up the pan-European trope of worker restlessness as a potential threat to modernization, despite being aware that late industrializers did not yet feel a direct pressure. Against a more general shift in preferences from French state-building to German organic development, which will be analyzed in a separate chapter, the trope of an absent economic

bourgeoisie lead to a specific 1888 debate on the potential of a German-style welfare project for the private sector. In the specific conditions of Romanian late industrialization the project specifically sought a different structural transformation within the titular ethnicity, as a gateway to modernity.

Refracted through the rhetoric of absence (Sorescu 2017), the Romanian ‘worker question’ was both a class and an ethnic issue:

“crafts are almost entirely outside the regular national activity. It is the alien/foreigner that makes our food, the foreigner that clothes us, in a word, the foreigner produces and the Romanian consumes. Such a state of affairs would lead to the atrophy of productive forces within the Romanian people and would generate an unequal spread of wealth, not between the individuals of the same nation, which is the natural state of things, but between locals and aliens, which would generate social turmoil” (Govt Report, DCD, Nov 1911).

Accordingly, Carp proposed a complex policy package involving apprenticeship schools organized by Romanian guilds and early insurance benefits (healthcare, accident insurance, burial aid and some family aid), that would function as “pull” factors in the way old age pensions had done for state employment. Though not labelled as “completing” the nation, the creation of a “productive class of Romanians” was argued to promote a kind of growth that was more likely to entail development than relying on high-skill minorities (Govt. Report, DCD, 25th Nov 1909). Yet, while the project did peg itself onto the trope of nationalism as a modernizing structural transformation, by the 1880s nation-makers judged that the Romanian proletariat was too underdeveloped to either block modernization or conversely to articulate the relevant bottom-top pressures that organized modernity. As such, since the ‘absent economic bourgeoisie’ was not yet

the missing ‘core’ of the nation, nation-makers argued that costly remedial policymaking was not yet warranted (Chiriac 1932, 7, 55).

Yet, by the early 20th century delayed development gave urgency to the threat that “if the State only cared for [its] balanced budget”, the *economic question* would threaten modernization (Sturdza, DS, Dec 1901). Though “the State is the utmost affirmation of the principle of nationness” (Eliescu, DCD, 27th Nov 1900), in the ebb and flow of global markets, the nation-state now appeared to be a hollow “product of barely a few international acts” (Camarasescu, DS, 13th Mar 1900). More poignantly, nation-state-building had not cut across the economic transformation – while a large part of the peasantry had transitioned into a Romanian bureaucracy (Lahovari, DS, 16th Apr 1904), the latter had not created the integrative market that in turn allowed the rest of the peasantry to prosper enough so as to build capitalist development (Ianovici, DCD, 24th Nov 1904). This was visible in that development was still “at the whims of the rain” which dictated agricultural revenue (Ianovici, DCD, 24th Nov 1904). Since nationhood should have ushered in modernity (Mishkova 1994), the “shallow urban polish” given off by a Romanian bureaucratic middle class (Ianovici, DCD, 24th Nov 1904) was now argued as insufficient to complete the nation.

Finding solutions to the new rhetoric of incompleteness was not however straightforward, because nation-state-building qua modernization had created a void that effectively “pulled” minorities into the private sector (Lahovari, DS, 16th Apr 1904). This suggested that while the statist toolkit of tariffs and protectionism was capable of generating growth, this was self-confined to a thin social stratum, rather than the basis of an integrative class matrix (Iarca, DCD, 11st Mar 1904). The recognition that Romanian still depended on agriculture (Ianovici, DCD, 24th Nov 1904) was thus interpreted in a dual fashion – on the one hand, nation-state-building could not create a virtuous synchronism; on the other hand, since the ethnically diverse economic

transformation that did take place under state-building also failed to usher in development, relying on minorities as part of a missing “productive core” was also insufficient. What is more, following peasant nationalisms was also not an option since the entry of new grain powers from the Atlantic showcased that relying on agriculture could also be volatile (Stråth and Wagner 2017). Against this background, early 1900s political elites theorized that completing the nation meant a different structural transformation aiming to directly uplift the peasantry towards capitalism, which the indirect approach of state-building had failed to do (Costinescu, DS, 16th Apr 1904).

Changing course could not however be done on the spot, because while the middle class of state employees may have become a developmental anachronism (Dobrescu, DCD, 28th Nov 1900), the state could not simply abandon it (Xenopol, DCD, 28th Nov 1900). As such, political elites devised a multi-faceted strategy intended to allow nation-building to cut across the state-economy continuum. On a first level, the class dimension was more important than ethnicity: whereas workers contributed to the national market almost irrespective of ethnicity (Costinescu, DS, 16th Apr 1904), the large number of state employees who spent their old age pensions outside the country, despite being ethnically Romanian, were theorized to hamper the cross-cutting potential of nation-building. This putative “lack of national sentiment” was attributed to bureaucrats who, in “frittering away their pensions abroad” (Costinescu, DS, 5th March 1904), did not act as the mass consumers that allowed nation-state-building to engender industrialization.

Since the bureaucratic middle class was no longer the “core” of the nation, its socio-economic behavior became more important, as a prospective modernizing project, than its reuniting of class and ethnicity. Consequently, the 1902-1904 General Pension Laws, presented in more technical details in a previous chapter, lowered their ethnically discriminatory barriers, instituting instead a class-based requirement that Romanian and non-Romanian civil servants

qualified for old age pensions only by spending a majority of retirement in Romania, where they could be economically active (Govt Report, DS, Feb 1902). The need for an economically productive middle class was in fact so stringent that the 1902-1904 Pension Laws were virtually non-discriminatory in ethnic terms – minority male state employees could gain pensions rights, without gaining citizenship, as long as the procedure had been initiated. What is more, female non-Romanian state employees could gain pensions even without asking for citizenship, and dependents were also automatically covered regardless whether the male breadwinner gained citizenship or not (Govt. Report, DS, Feb 1902). Granted, while this did not annul the otherwise discriminatory mechanisms behind the “Jewish question” (Iordachi 2019), it represents a significant break with the practices of the late 19th century.

To some degree, cutting back on nation-state-building generated enough savings for the “natural forces of industrialization” (Missir, DCD, 19th Febr 1902) to keep the State’s budget afloat. At the same time however, political elites unanimously recognized that this was not enough to fill the “national developmental gap” (Sendrea, DCD, 19th Mar 1904). The crux of the issue was precisely that the ethnically diverse industrialization that had nonetheless taken place could engender growth, but not the mass consumption model that buttressed development. In this sense, nation-building qua modernization added a new element to the debate on cutting across states and markets which by the early 1900s had, as shown previously, already started to drift in favor of a proactive stance on forging capitalism. Concretely, the creation of a Romanian productive middle class specifically by uplifting the peasantry was argued to entail not just the growth that was available through high-skill minorities, but the integrative sociohistorical matrix of mass consumption that cut across the state-economy continuum. One option to achieve this was directly transferring ownership and resources to Romanians, with land reforms and “nostrification” type

policies (Kofman 1997). At the same time however, by the early 1900s, political elites knew that this was at best a slow strategy with moderate results. Consequently, transferring resources became only one facet of a much broader project wherein completing nationhood was pursued through proactive institutional means that directly targeted the peasantry (Jepurescu, DCD, 16th Feb 1902), supplanting the lack of bottom-top mobilization.

In this sense, the 1902 Missir Law, presented in more technical detail in a previous chapter, did not just add ethnicity to the logic of bundling. Rather, the project aimed at the structural transformation of completing nationhood with a productive middle class built within the titular ethnicity (Govt Report, DCD, 16th Febr 1902). On one level, the Missir Law gave benefits primarily to rural industries which directly appealed the overwhelmingly Romanian rural population (Govt. Report, DCD, 16th February 1902). As shown in a previous chapter, the Missir Law comprised welfare incentives (sickness, accidents, burial aid, and family aid) and funding for apprenticeship schools, which could act as pull factors towards the creation of a Romanian productive middle class. Because the Missir Law had the aim of an overarching economic transformation at least on paper it appeared to recognize some labor and social rights for non-Romanian craftsmen, if there was a reciprocity treaty between Romania and the respective homeland (Romanescu, DCD, 20th Febr 1902). In practice however, because the Missir Law sought first and foremost to ethnicize the emerging economy, its primary function was to incentivize young Romanians, to the point that the law acted as a virtual “declaration of war against foreigners” (Mille, DCD, 18th Febr 1902),

Yet, because the Missir System was fraught with inconsistencies (Vladescu, DCD, 19th Febr 1902), it neither grew the productive middle class in general, nor did it offset the allure of state-building for young Romanians (Ionescu, DCD, 28th Nov 1909). While the layered approach

comprising the 1902-1904 Pension laws and the Missir System allowed Romania to overcome immediate economic crisis and achieve some overall growth, the country was still deemed to be far from the “developed and civilized nations” (Bacalbasa, DCD, 26th Jan 1912). Given that international observations increasingly revealed that the complete nation was the staple of modernity, early 1900s nation-makers theorized that the incompleteness of the nation could not be solved sequentially, but through a project that proactively sought to cut across the national question and the worker issue (Govt. Report, DCD, 25th Nov 1909).

Specifically, the crux of the issue thus became creating a Romanian blue-collar class, defined as the missing core of the nation, which would transform the growth ushered in by large industry (Bratianu, DCD, 3rd Dec 1903) into a mass consumption model that involved the entire polity (Govt Report, DCD, 10th Dec 1911). Yet, as shown by the Missir Law (or its 1909 revamping – Govt Report, DCD, 10th Dec 1911) this required a more direct appeal to the peasantry, with more powerful tools, such as had been done with old age pensions in the late 19th century. This opened up the debate on creating a state-wide insurance system for the private sector, which Romanian state-makers had previously rejected as improper for a late industrializing economy (Govt Report, DCD, 10th Dec 1911). The new ideational consensus facilitated the introduction of a national insurance system because it was seen as having enough thrust to act as a pull factor for a top-down defined nexus of class and ethnicity (Nenitescu, DCD, 10th Dec 1911).

In this sense, nationalism qua modernization imbued a new value into a project which, as presented in a previous chapter, sought to cut across states and markets. Because completing the nation by uplifting the peasantry into a Romanian “productive” middle class would create the mass consumption model needed to cut across states and markets, the 1912 Nenitescu Insurance System was designed to offer an otherwise costly basket of benefits (work accidents, invalidity, sickness,

old age and maternity – Axenciuc 1992, 559). To ensure that insurances could indeed incentivize social mobility, nation-makers instituted the same kind of legally binding State funding mechanism that had previously underpinned pensions for state employees (Mironescu, DS, 12th Dec 1911). In this way, the Nenitescu Law strived to ensure that the professional associations instituted under the Missir Law, which did formally cover a mostly Romanian membership, had adequate means to foment a proactive growth of the productive middle class (Govt Report, 10th December 1911).

While the 1902 Missir Law created a minimal “safeguard against the danger that crafts would die out, looming since 1873”, the Nenitescu Insurance system, presented in more technical detail in a previous chapter, revamped the professional associations and gave them incentives that “develop the taste for crafts and skilled labor” (Govt Report, DCD, 19th December 1911). The large basket of insurances was designed to offer highly advantageous benefits that could provide a clear-cut alternative to the allure of state employment (Govt Report, DCD, 21st Dec 1911). By covering all the life-course risks associated with crafts or industrial employment (accident, old age and covering dependents which also available for state employees, but also healthcare more clearly specified and with more advantageous conditions), the Nenitescu Law aimed to assuage any doubts the mostly Romanian rural population had about a new type of social mobility.

Thus, nation-building gave social insurances for the private sector, otherwise defined as amorphous class interests, the overarching thrust of a modernizing project. Since the creation of a productive Romanian middle class completed nationhood and promised modernity, the Nenitescu Insurance System became ‘a national interest’ (Govt Report, DCD, 10th December 1911). This high prioritization also explains why policy makers went to great lengths to carve out the functional funding system, presented in more technical detail in the previous chapter. Quite clearly, while nationalism did not provide a direct ideational contribution to the mixed German-Austrian welfare

taxes that underpinned the Nenitescu Law, it did prompt nation-makers to undergo detailed debates to ensure the viability of the system. This type of influence can also be seen by the fact that outside the vocational training provided within the Nenitescu System, the concern for growing a Romanian ‘productive’ middle class, envisaged to complete the nation, also lead to broader educational reforms (Govt Report, DS, 7th Marc 1912). Specifically, a new law passed in 1912 was designed to make “the educational system contribute to national progress” by “adapting it to more practical needs of the nation”, which meant in practice the strengthening of professional education (Govt Report, DS, 7th Mar 1912).

5.3 A new nation for a new nation-state – Greater Romania in the 1920s

5.3.1 The historical trajectory of the national question

Through the expansion of the Old Kingdom with the additions of Transylvania, Bessarabia and Bucovina, 1920s ‘Greater Romania’ formally reunited the “Romanian nation”. At the same time however, this did not directly yield catch up development. While Greater Romania gained the comparatively better industrialized Banat and Transylvania from Austria-Hungary, most MPs agreed that the state was still either “eminently agricultural” or at best “semi-industrial”, with the rural-agricultural backbone of the country being virtually disconnected from the thin urban stratum (Roberts 1951). This was a key developmental hurdle because while the overwhelmingly Romanian rural dwellers (close to 90% - RE 1938, 133) may be a kind of “anchor of ethno-national essence” (Andronicescu, DS, 17th Febr 1920), a quasi-linear social structure was not conducive to creating the integrative class nexus of a modern nation (Inculet, DS, 11th Mar 1920).

The fact that the Romanian peasant was the demographic common denominator (Livezeanu 1995, 10) gave rise to the crucial anxiety that the formal nation-state may not in fact be “national enough” (Boia 2011, 47). This stemmed not just from the fact that the titular ethnicity had gone down from 92% majority to 71%, but, more poignantly, from the even split between 58.8% Romanians and 41.2% minorities within the urban stratum which the Old Kingdom, who had driven the unification, saw as a hallmark of modernization. Since the unification came with an inherent take-over and transfer of resources (Marzescu, DS, 12th Jul 1921), political elites were prompted to theorize that economically endowing politically apathetic peasants would not automatically uplift them into the dynamic urban stratum which articulated the demands of political nationhood (Bianu, DS, 23rd Mar 1923). Without the social mobility that completed the integrative nexus of the nation (Protopopescu, DCD, 12th Nov 1923), a titular ethnicity comprising a linear class structure would be “perpetually incomplete” (Popovici, DS, 10th Mar 1925). Broadly speaking, completing nationhood thus came to mean urbanization, with the political imagery of towns being a crucial stake (Trencsenyi 2001, 62, 72).

What further increased anxiety was that policy-makers knew at least in part from the experience of the 19th century that relying on an ethnically diverse middle class would not engender development. More specifically, relying on urbanized minorities would precluded “the phase of free bourgeois growth” that allowed Western nations to create the overarching markets that ushered in development (Madgearu, DCD, 23rd Nov 1923). The strong urban socio-economic position of minorities held the distinct danger that whatever overall growth was to be achieved, would be contained to a thin socio-economic group, without engendering the mass-consumption model that allowed development to spill over the entire body politic (Cloroariu, DS, 1st Oct 1927). As shown by the experience of the early 1900s, growing the middle class in general as opposed to

an ethnicization of the economy could even become a virtual danger to national development (Cloroariu, DS, 1st Oct 1927). At the same time however, in the post-WWI global context the type of direct discrimination that could have been previously pursued was not possible, given the international recognition of principles such as liberty and equality, irrespective of ethnicity (Roth, DCD, 19th Jun 1929). This prompted 1920s nation-makers to argue that regardless of the class component of the missing “core”, its key modernizing aim was to ethnicize the economy. Consequently, completing the class scaffolding of the nation in its various iterations could only be achieved by incentivizing the overwhelmingly Romanian rural population towards towns and “bourgeois” occupations (Vasiliu, DS, 31st Oct 1924).

Yet, while the growing consensus may well have been that all policy-makers in fact had the common platform “of [completing] the Romanian nation” (Percurariu, DS, 5th July 1920), how to achieve it was not straightforward. In one sense, incompleteness meant an open-ended class question because in “the new economic climate, the socioeconomic structure itself is so changed that what one defines as bourgeois-middle-class is no longer clearly identifiable” (Bratianu, DCD, Dec 1923). For some, completing the nation meant responding to the perverse effects of the 19th century, by constructing a Romanian middle class made up of workers, craftsmen and tradesmen (Cristea, DS, 7th May 1925). In this view, nation-state-building could not cut across the state-economy continuum, because it directly pre-empted the emergence of an “economic Romanian core” (Gropsian, DS, 14th Mar 1925) – the allure of state employment generated a “public disdain for <<lucrative professions>>” (Gaicu, DS, 19th Feb 1929) so much so that whatever investment the state was bringing in, it overwhelmingly relied on readily available, high-skill minorities (Aciu, DS, 4th Nov 1924). This was obvious in the constant growth of foreigners in the private sector in the early 1920s despite ongoing attempts at nation-state-building (Bianu, DS, 28th Jan 1925). In

fact, this line of reasoning claimed that what allowed minorities to jump ahead was precisely that their “urbanized youth take it as a *national duty* to become craftsmen” (Cloroariu, DS, 31st Oct 1927).

For others, the nation was incomplete without “trustworthy state administrators” (Bottoni 2013), as they underpinned precisely the state’s capacity to cut across the parallel challenges of the early 1920s (Dumbrava, DCD, 6th Apr 1922). At the very least, a bureaucratic middle class, known to have kick-started modernity for the Old Kingdom (Pilat, DCD, 19th Nov 1923), could fulfil Greater Romania’s “legitimate” task of representing the titular ethnicity cum would-be nation. In a broader scope, a bureaucratic middle class could precisely allow the state to steer the growth attained through high-skill minorities towards a holistic growth that encompassed the entirety of the titular ethnicity (Pecurariu, DS, 3rd Apr 1925). In this sense, the creation of a bureaucratic middle class meant completing the “ideal, modern nation of the future” (Bratianu, DCD, 5th Apr 1925) and not just an improvement of economic efficiency (Vasiliu, DS, 5th Apr 1925).

What fully specified the rhetoric of absence in the 1920s was an intricate combination of international observations (Csizer, DCD, 20th Jul 1920), which will be dissected separately, and the self-reflexive re-evaluation of historical legacies. Specifically, since the union had generated an at best “semi-industrial” economic structure, in the ebb and flow of post-WW1 capitalism, Greater Romania was effectively a “new” state, similarly to the Old Kingdom at the moment of its international recognition in the 19th century. The parallel was further strengthened by the fact that both countries’ international recognition was in fact predicated on their respective capacity to represent a titular ethnicity cum would be nation. At the same time, the self-reflexive likening had clear implications for defining the missing core, as MPs knew from the experience of the 19th

century that a bureaucratic middle class had helped kick-start modernization for a new state. Furthermore, since, as presented in a previous chapter, political elites recognized post-WWI capitalism to be structurally different from its pre-war predecessor, they argued it could not be taken for granted that in the new context nation-state-building could hit a developmental hurdle. Consequently, by likening Greater Romania to the 19th century Old Kingdom in self-reflexive fashion, MPs increasingly argued that, in spite of the experience of the early 1900s, nation-state-building could in fact cut across states and markets (Gropsian, DS, 14th Mar 1925). In this sense, completing the nation came to mean the creation of a large bureaucratic middle class. To ensure that the bureaucracy engendered the economic transformation on a large scale, political elites argued that the new “core” needed to be Romanian, as the presence of minority state administrators held the distinct risk of skewing resources to very specific group (Egry 2014). Consequently, completing the nation through a Romanian bureaucratic middle class entailed projects that directly engaged the Romanian peasantry.

5.3.2 Nation-state-building renewed - welfare measures as incentives towards state employment in the 1920s

Broadly speaking, the common denominator across the entire 1920s political spectrum was that Greater Romania reunited a titular Romanian ethnicity that did not constitute a nation. The overall picture seemed to be that of a titular ethnicity with a linear class structure split between a politically-engaged “self-appointed modernizing bourgeoisie” that acted as a “financial oligarchy” and the demographically dominant peasantry it “kept away from governing” (Madgearu, DCD, 23rd Nov 1923). For some, the political Westernization that had yielded a modicum of modernization in the Old Kingdom had been too shallow (Hera, DS, 27th Nov 1919) to now

generate the “complete unification of our people’s soul” (Maniu, DCD, 31st Oct 1923). For others, since close to one third of the population consisted of minorities, the risk of centrifugal questions was so high (Nistor, DS, 1926) that for nation-building to modernize the Romanian ethnicity, it could only be managed from above. The key anxiety thus was two-fold – on the one hand, political elites knew by experience that transferring resources would not create the holistic class structure of nationhood (Madgearu, DCD, 23rd Nov 1923); on the other hand, MPs were uncertain if including minorities could work (Straucher, DCD, 19th Jul 1921) or if, as typically theorized, it could achieve short-term growth without overarching development (Madgearu, DCD, 23rd Nov 1923).

Because political elites lacked either both the time to disentangle complex issues such as the payoff of integrating minorities *and* the resources necessary to pursue multiple projects in parallel, they were forced to theorize a priority for completing nationhood (Gibanescu, DS, 11st Mar 1925). As argued in the previous subchapter, the gradually emerging consensus was that, as long as specific short-comings of the 19th century over-bureaucratization could be bypassed, the creation of a bureaucratic middle class was the more promising avenue to cut across parallel challenges by completing nationhood (Pistiner, DCD, 18th Jul 1922). In general terms, a bureaucratic middle class would allow Greater Romania to harvest the country’s entire economic potential. In more discrete terms, the new missing core needed to be ethnically Romanian (Daianu, DS, 2nd Apr 1925) to ensure that the bureaucratic middle class could indeed usher in a mass-consumption market, rather than the self-contained growth available through minorities.

At the same time, since ethnicizing the bureaucracy could only be done by appealing to the overwhelmingly Romanian peasant masses, this raised a series of thorny questions concerning the latter’s place in the political nation. Such questions were particularly problematic because the

peasantry's wartime mobilization had been only achieved through promises of incorporation into political nationhood, once the titular ethnicity built the nation-state. On the surface, the peasants were the centerpiece of the strategy for transferring ownership which was initially expected to complete nationhood – the sweeping 1921 Land Reform was particularly geared at breaking down large estates of minorities in Transylvania and Bessarabia (Berend 1986, 156). Furthermore, the introduction of universal male suffrage also created the backbone for political representation, as a gateway to integration (Radu 2017). At the same time however, these were mostly envisaged as prophylactic measures that staved off the disruptive potential of peasant nationalism (see further Radu and Schmitt 2017). For the majority of state-makers, the peasantry could not sustain economic modernization, as was obvious in their “irrational” behavior – “lured by the competitive prices of a free market” peasants who sold the lands gained through the 1921 reform and reverted not just to pauperism but to “dependency” (Govt Report, DS, 16th Febr 1925). Even if this were a logical corollary of free markets, because “dependency” more often than not involved foreigners (DS, 16th Febr 1925), it would generate the vicious cycle of an elite-consumption model, rather than the mass-consumption model needed for development. Consequently, while nation-makers argued that without a “city dweller’s education” the Romanian peasantry could not actually master “the toolkit of modernity” comprising political and economic rights (Trufin, DS, 3rd Nov 1924).

This meant that the peasantry would be confined to the role of the ‘immense reservoir from which the intellectual elite of the country is to be recruited’ (Berlescu, DS, Dec 1926). In this sense, the peasantry would contribute to the completion of nationhood as the basis of modernity, by providing the necessary pool of ‘Romanianness’ (Zamfirescu, DS, 17th Feb 1920) for the desired missing middle class. The discourse on nation-building as a modernizing project was thus tweaked to legitimize the lack of direct incorporation into the political nation. First and foremost,

the peasantry could still directly become a part of the “core” political nation by engaging in the transition towards the middle class. Secondly, at the very minimum, the “temporary suffering of the peasantry” (Chirot 1978), could be offset and legitimated by the fact that the growth of a Romanian middle class would usher in a type of all-encompassing development which would ipso facto involve the major rural-agricultural demographic.

Against this background, the 1925 Pensions Law aimed in two main directions – firstly, it strived to erode the strong positions of minority civil servants; secondly, it needed to incentivize young Romanians towards state employment. With regard to the former, the law implemented language exams and the formal swearing of allegiance to the new nation-state as stringent conditions for gaining pension rights (Sora 2010, 175). This was further doubled by a politically-driven “rotation”, wherein minority civil servants would serve terms in Romanian-majority provinces, to ensure at the very least linguistic mastery if not assimilation into the nation (Ionescu, DS, 24th Febr 1927). If in the early 1920s MPs could simply deny pension rights to minority bureaucrats on the basis of missing contributions for neighboring successor-states (Gyarfas, DS, 16th May 1929), from 1925 political elites resorted to the complex filters of the Pensions Law to gradually ethnicize the state apparatus.

At the same time however, the intent was deeper than the Bismarckian trope common throughout CEE (Szikra and Tomka 2009) of making bureaucrats act as “good citizens” (Bratianu, DCD, 23rd March 1925), immune to Bolshevik stirrings (Aciu, DS, 4th Apr 1925). Rather, the clear aim of Romanian MPs was to pull young Romanian towards state employment, within the view that only an ethnicized middle class could, by sheer volume, act as the overarching class of consumers that engendered development (Grosforeanu, DCD, 8th May 1925). In this sense, because political elites recognized simply ousting minorities was either too slow or actually

impossible (Egry 2014), the 1925 Pensions Law (which covered both old age and invalidity) to make “state employment a career, as a step towards the *ideal, modern nation of the future*” (Bratianu, DS, 3rd Apr 1925). Firstly, the law was predicated on a financing system that encouraged the creation of families - “while individual capitalization might have left the functionary better off now, it benefits first and foremost those without kids, and a nation would slowly disappear if it would only cater to those” (Draghicescu, DS, 4th Apr 1925). Furthermore, the law sought to offset the generally low salaries of the bureaucracy with an encompassing welfare net that could attract young Romanians - by spreading coverage to dependents, offering potential candidates “the certainty that for their dependents and offspring – should premature tragedies occur – there will be enough funds to ensure a modicum of financial stability” (Vasiliu, DS, 5th Apr 1925). In this sense, the 1925 law was also corroborated with a range of special healthcare measures, involving paid vacations and better maternal benefits, specifically labelled as incentives for state employees to be able to live as functional “family members” (Policrat, DS, 15th Mar 1925).

Secondly, because welfare incentives needed to create a bureaucratic middle class that was first and foremost urban, the 1925 law enshrined clear differences between civil servants based on towns and villages. This was visible for instance in the nature of the requirements of entry exams – whereas rural functionaries, as amorphous “missionaries of statehood” needed to display just basic knowledge of administrative praxis, urban civil servants, believed to inhabit the quintessential modernizing space, needed to portray their immersion in a new bourgeois life-style (Egry 2014, 672). In this sense, the 1925 Pensions Law was corroborated with additional conditions that sought to probe that minority state employees had both linguistic mastery and types of socio-economic behavior (spending patterns, cultural knowledge etc.) believed to stem from the orthodox theorization of nation-building qua modernization (Egry 2014, 672-673). Passing such

intricate filters qualified urban bureaucrats, due to their key modernizing role, for stable salaries and a generous welfare net that was constantly backed up by state (Rothschild 1974, 306).

While the private sector held the short-term incentive of bigger salaries, upward mobility into the bureaucratic middle class brought welfare guarantees for life-course risks that were legally binding, easily accessible and fiscally stable (Hariton 2012). By contrast, because the ‘productive’ middle class was not the missing core of the nation (Brubaker 1996), its post-war economic turmoil was a personal rather than a social responsibility – “blue-collar workers or liberal professions can simply raise the cost of their labor to adapt to increasing costs of life” (Govt Report, DS, 5th Apr 1922). Whereas the 1925 Pensions Law established a coherent welfare network for state employees, MPs rejected all early attempts at streamlining social insurances for the private sector (Chirculescu 1924). For instance, the formal expansion of the Old Kingdom Nenitescu System (1921) into provinces with vastly different welfare-institutional architectures created an administrative debacle wherein old age pensions for instance existed, but were very difficult to access. Moreover, because the state did not directly stabilize the insurance budgets, some welfare benefits for the private sector did actually go bankrupt (Mihoc 1932, 144).

To assuage any doubts young Romanians held about state employment, such as previously mentioned low salaries, nation-makers institutionalized an encompassing welfare net which assured candidates of “not only a present livelihood but also [of] provisions during old age and sickness” (Vasiliu, DS, 3rd Apr 1925). Because old age pensions generated a modicum of stability, they quickly became a key pull factor towards the state sector for the offspring of peasant families threatened with destitution (Sora 2011). Similarly, accident insurance was also a potent pull factor. In this regard, the targeting mechanism was again comparatively more streamline and far more advantageous than for blue-collar workers. An injury severe enough to make a bureaucrat

incapable of public service, if directly caused by the duties of the job, generated a pension of 40 per cent of contributions (with three per cent yearly increments, for the first 10 years), which could then be coupled with any other kind of salary (i.e. non-civil service). When a civil servant was rendered incapable of any kind of future employment, the invalidity pension offered at least 75 per cent of the last salary. By contrast, even the 1933 Ioanitescu Law, which offered better conditions than the myriad of 1920s systems, only offered private sector workers an accident insurance of maximum 2/3 insured salary.

Whereas in the late 19th century the ever growing number of bureaucrats was decried as a developmental danger, the similar phenomenon in the 1920s was the result of a concerted effort that aimed to guide “exodus from villages into towns” (Badarau, DS, 25th Jan 1937), because the “strength of the nation resided not just in [overall] numbers, but in a national [middle] class capable of modernizing other strata” (Vasiliu, DS, 4th Apr 1925). Romanian nation-makers institutionalized welfare benefits as a such a strong pull factor, that, by the 1930s, Romanian bureaucrats managed to equal in numbers Hungarian ones, at least in the local administrations (where better data is available - 69% in 1934, 84% in 1937 in Satu Mare, Sora 2010, 174). The strategy was further interpreted as a success seeing how a Romanian ‘bureaucratic middle class’ was less exposed to the revenue drops unleashed by the 1929-1933 Depression. At the same time, once the country was hit by the 1929 Crisis, nation-makers quickly started to question the stability of a nation of bureaucrats in the ebb and flow of global capitalism. The conclusion they quickly reached, which will be explored in the next subsection, was that an enlarged national middle class of bureaucrats was a developmental cost. Not only had nation-state-builders “overgrown the budgetary capacity” (Motogna, DS, 30th Nov 1932), but they had also created a nation-building

nexus which yielded, with a high degree of inertia, a nation that was a developmental anachronism in the new global economic evolution.

5.4 The wrong missing core? (Re)building a nation of tradesmen and workers in 1930s Greater Romania

5.4.1 The historical trajectory of the national question

The unexpectedly hard toll the 1929-1933 Global Crisis took on Greater Romania, prompted state-makers to question their conceptual toolkit on nation-building as a modernizing project. Prima facie, nation-state-building had created an initial ramification of the titular ethnicity's class structure. On a deeper level however, although the new middle class was better equipped than other socio-economic groups to weather economic turmoil, it generated a type of growth that was self-contained to a few groups (Vihovici, DS, 1st Dec 1932) without creating the channels for a wide-scale economic transformation that should involve the overwhelmingly Romanian rural masses (Petrescu, DCD, 9th Dec 1923). The 1920s modernizing project appeared in fact to have once again yielded a perverse effect – welfare incentives towards state employment had monopolized social mobility to the point where the rural-agricultural “reservoir” regarded engaging with industries with contempt (Radulescu-Motru, DS, 4th Dec 1930).

In one respect, this was problematic from the perspective of overall growth – while the Romanian bureaucratic middle class had allowed the state to navigate the post-WW1 turmoil, over the course of the decade, it had started to act less as a modernizing “core” and more as a drag on state budgets (Ghidonescu, DS, 10th Dec 1930). While state employees aided in short-term accumulation, they did not seem to have engendered the transformation to a mass-consumption

economy that allowed the complete nation to cut across states and markets (Badarau, DS, 25th Jan 1937). In this sense, state-makers increasingly started to argue that, particularly in the new ebb and flow of global capitalism, a bureaucratic middle class could not generate the kind of development that ensured the “day to day livelihood” of the nation (Mircea, DS, Nov 1932).

In a different respect, the Romanian bureaucratic middle class has also not solved the issue of Romanianizing towns (Nistor, DS, 9th Mar 1934). Since modernity was based in towns (Ceicovski, DCD, 20th Febr 1937), MPs argued that the ambiguous results of the welfare incentives of the 1920s (Danielopolu, DS, 21st Febr 1934) could no longer be theorized as nation-building qua modernization. Since the ‘complete’ nation was still expected to usher in modernity and not vice-versa, delayed development was taken to imply that the 1920s social engineering had been at best insufficient, but at worst even entirely misdirected (Radulescu-Motru, DS, 12th Apr 1933). In the 1930s world where industrial capitalism became coterminous with modernity (Mircea, DS, Nov 1932), nationhood appeared to be predicated on a core of skilled workers, tradesmen and craftsmen (Elefterescu, DCD, 20th Febr 1937).

Yet, by this standard the Romanian nation was incomplete, as the productive middle class that did exist was generally thin and consisted mostly of well-educated, high-skill minorities (Nistor, DS, 9th Mar 1934). The latter was problematic because it signaled to elites that relying on an ethnically diverse “productive” middle class was not an option. The starting point for this ideational construction was that while 1920s nation-state-building had not yielded development, it had nonetheless created a pace of industrialization that was comparable to the “West” (Manoilescu 1936). In parallel, the all-out creation of a Romanian bureaucratic middle class had basically drawn minorities to the private sector. In this sense, the correlation between ethnic diversity and a Western-level pace of industrialization that did not yield development signaled to MPs that

growing a middle class dominated by minorities would not create the mass-consumption model that transformed growth into development. Consequently, nation-building in the economic sphere as a modernizing project meant ensuring that “in industrial establishments, the vast majority of employees, manual or intellectual, [should] be Romanian” (Iliescu, DS, 26th February 1934).

By this even more specific standard however the Romanian nation appeared clearly as incomplete - “in the historical development of our nation, the cycle of creating a bourgeoisie made up of tradesmen and craftsmen is not finished. We could even say that creating such a Romanian bourgeoisie has only just begun” (Roman (c) 1936, 4). Within nation-state-building as *the* modernizing project, “besides some promising starts in certain areas of the Old Kingdom”, the newly desired bourgeoisie was generally not growing (Nistor (c) 1937, 3-4). On a basic level, political elites knew from the experience of the 1920s that directly engaging the rural-agricultural demographic could create a Romanian middle class, which meant that targeted programs could grow the “productive” middle class (Elefterescu, DCD, 20th Febr 1937). On a deeper level, this was not however easy to achieve because it meant dealing with the sticky legacy of the 1920s and once again answering the questions regarding the peasantry’s lack of incorporation into the political nation.

The latter was particularly acute because, in the 1930s economic context, the 1920s label of an “agricultural” country was no longer a sign of backwardness, but rather a point of pride even for industrialized France (Mircea, DS, Nov 1923). This further emphasized the importance of agriculture for a country such as Greater Romania which still had “82% agricultural population” (Angelescu, DS, 11th Apr 1933) and basically relied on good crops to “pay pensions” (Ioan, DS, 19th Jan 1937). On a very basic level, there was a wide-spread fear that the constant atomization of the land gained through the 1921 Reform had created an agricultural-economic structure that

was simply not conducive to capital accumulation and industrial takeoff. While nation-makers were aware of their own policymaking failures in this regard, they also argued that since the peasantry was a very diverse social group (Iorga, DS, 12th Apr 1932), fully tailored measures were difficult to achieve. This fed the deeper anxiety that atomization was still a sign of the peasants' 'backwardness' in terms of modern economic behavior. In addition, this putatively inadequate economic behavior was also due to the specific opportunity structure erected in the 1920s, which made peasants "go into towns for a cozy state employment" rather than to engage in economic modernity (Badarau, DS, 25th Jan 1937). As such, a first layer of policy measures needed to at least curb the social inertia created in the 1920s. In addition, because the legacy of the 1920s could not be simply retrenched, due to fears of "intellectual unemployment" which bred extremism (Banu 1933, 43), 1930s nation-makers needed to create more direct links between the bureaucratic middle class and the newly desired productive "core".

Against this background, Romanian nation-makers argued that while the peasantry was needed for growth, Western-style development could only be achieved by completing the nation with a productive "core" (Mircea, DS, Nov 1932). As such, nation-makers decided to proactively tone down the peasantry's claim for inclusion (Vasiliu, DS, 7th Dec 1932), in favor of a new appeal for upward mobility that did not involve the slow-moving cogs of nation-state-building (Petrescu, DCD, 9th Dec 1932). In this sense, the 1930s rhetoric of incompleteness and ensuing policy measures mirrored the logic of the 1920s but with a different aim - the peasantry could gain inclusion into the political nation by engaging with the new opportunity structure geared at creating a Romanian productive middle class. To achieve this specific socio-structural transformation nation-makers resorted to measures that ranged from organizing cooperatives, which allowed the

state to control agricultural activity (Ioan, DS, 28th Mar 1933), to the welfare incentives that sought to buttress social mobility towards private sector employment.

5.4.2 Building a nation of skilled workers and tradesmen in the 1930s

Although the early 1930s had seen a shift in the theorization of organized modernity in the sense of using the economic transformation rather than state-building to drive a virtuous synchronism, the common denominator was still an overarching expectation that nationhood should usher in modernity (Orleanu, DS, 10th Apr 1933). At the same time however, while MPs were aware that the toolkit of nostrification can yield development (Orleanu, DS, 10th Apr 1933), the 1920s had shown that this did not suffice in Greater Romania's specific situation (Alexandrescu-Roman (b) 1937). Consequently, political elites theorized that nationalism as a modernizing project across the (semi)periphery needed to imply the creation of an integrative market, predicated on complex socio-economic interactions between specific classes (Orleanu, DS, 10th Apr 1933). In this fashion, nation-building offers a pathway for development by drawing on the crucial "national resource" of late industrializers – the abundant "national human capital" (Jumanca, DS, 28th Febr 1933).

Specifically, given the experience of the 1920s, completing the Romanian nation meant corroborating the initial steps towards industrialization with the relevant social basis for "organized labor" (Hurmuzescu, DS, 27th June 1934). This meant that the missing core of the nation was not the bureaucratic middle class, but the socioeconomic groups earning a "livelihood in commerce, industries or crafts" (Ioanitescu, DS, 17th Mar 1933). The productive middle class, was theorized to be the essential social linchpin that drove the mass consumption market, ushering

in development for nation (Ioanitescu, DS, 27th Mar 1933). Yet, this iteration of the rhetoric of incompleteness clashed with a historical legacy believed to have preempted the formation of a large productive middle class in late developing Romania (Gherman, DCD, 1st Dec 1932). Since the productive middle class was the “core” of the nation, the “worker” question was no longer an isolated class issue, as it was in the 1920s, but a key topos of the national-political question (Andrei, DCD, 24th Mar 1934). In turn, this also implied that the welfare of the new “core” of the nation became, similarly to that of state employees in the 1920s, an “eminently national interest” (Ioanitescu, DS, 17th Mar 1933)

Similarly to the 1920s, incompleteness had two distinct dimensions. On a first level, the generally underdeveloped middle class stalled development. In this sense, based on the experience of the 1920s, completing the nation meant instituting projects that transformed a class who “could barely make ends meet” (Corodeanu, DS, 4th Mar 1933), into an attractive option for social mobility. On a deeper level however, the incompleteness also had an ethnic dimension. While nation-state-building had also attempted to Romanianize the economy in the 1920s, this had at best indirect (Niculcea, 30th Nov 1932, DCD). Consequently, because the projects of the 1920s had virtually “done nothing for the urban Romanian working class” (Niculcea, DCD, 30th Nov 1932), the bulk of the existing productive middle class was made up of minorities.

To Romanian nation-forgers this held the distinct danger that growing the productive middle class in general, may generate a type of economic growth, but one that was class-contained and as such not a cornerstone of the mass consumption model that engaged the entire polity (Ioanitescu, DS, 6th Mar 1934). Though high-skill minorities were undoubtedly a quick route to overall growth, 1930s nation-forgers lacked adequate maturation time to observe whether this was coterminous with the holistic development that covered the entire polity during “good and bad

times alike” (Gorsky, DS, 24th Mar 1934). By contrast, growing a productive Romanian middle would have the sheer weight of a mass consumption model that generated sustainable development (Gorsky, DS, 24th Mar 1934). Echoing the logic of the 1920s, nation-makers in the 1930s argued that the productive Romanian class would complete the complex social structure needed to transforming the titular ethnicity into the modern nation capable of cutting across states and markets (Niculcea, DCD, 30th Nov 1932).

At the same time however, simply strengthening the Romanian element of the existing middle class did not seem sufficient, because the 1920s had left a legacy wherein this demographic was far too underdeveloped (Niculcea, DCD, 10th Nov 1932). Consequently, nation-makers decided that the only solution was to engage the “compact rural masses that surrounded most cities” to transition towards the productive middle class (Ioanitescu, DS, 6th Mar 1934). This social mobility was defined as “completing the nation” (Ioanitescu, DS, 6th Feb 1937) because it tackled at the same time both the class and ethnic components of incompleteness – firstly, it created a productive middle class within an otherwise linear socioeconomic structure (Badarau, DS, 25th Jan 1937); secondly, it “Romanianized towns” by transitioning the overwhelmingly Romanian rural demographic towards cities (Ioanitescu, DS, 17th Mar 1933). Nationalizing the existing high-skill minorities seemed both too uncertain and too long to achieve, when compared to building a productive Romanian middle class (Bota, DCD, 5th Mar 1934).

This renewed appeal to the peasantry re-emphasized however the open question vis-à-vis its inclusion in the political nation. On one level, at least by virtue of ethnicity, the peasantry had a legitimate claim to inclusion (Vasiliu, DCD, 7th Dec 1932). On another level, since the 1920s indirect strategy had not yielded development and since the new international climate leaned towards self-sufficiency, being a “country of peasants” promised some economic advantages

(Titeanu, DCD, 6th Mar 1934). At the same time however, while agriculture was undoubtedly a source of growth, just like in the 1920s, the majority of modernizing elites, who believed that nationhood offered modernity, were skeptical whether a “peasant nation” was a sustainable modernizing project. More specifically, the productivity of a peasant nation seemed too volatile to compete with the output of industrial countries (Titeanu, DCD, 6th Mar 1934). In this sense, because the productive middle class was the core of a Western-style nation, the peasantry was, throughout the 1930s still not fully included in the political nation. Rather, similarly to the 1920s, the peasantry would provide the necessary of ‘Romanianness’ (Bota, DCD, 5th Mar 1934) for a national productive middle class that would generate development.

While the 1920s had shown that nostrification was not enough to create a productive middle class, they also showed that welfare institutions were potent in fostering the social engineering needed to for completing nationhood. As such, the 1930s theorization of incomplete nationhood prompted the same ideational transformation seen in the 1920s regarding the role of welfare benefits as remedial projects for the missing core (Brubaker 1996). Specifically, by value of “completing” the nation expected to usher in modernity, welfare benefits for the private sector went from a functional requirement of poverty, to a productive asset (Orsovitz 1934, 46) and then to the “highest stage of progress” (Mircea, DS, 19th Mar 1933). Within such an ideational construction, neither the reasons from the 1920s (such as employer opposition – Ioanitescu, DCD, 13th Mar 1931), nor the contingencies of economic crisis (Radaceanu, DCD, 1st Dec 1930) were sufficient to justify further delays in creating a competitive welfare benefits for the private sector.

In fact, the early 1930s creation of welfare benefits for blue-collar workers envisaged as a “modernizing project” (Radaceanu, DCD, 1st Dec 1930) was plotted against a long-running nation-building script wherein worker organizations in the 19th century were “an early attempt at

nationalizing our economic life and our towns by creating Romanian craftsmen” (Ioanitescu, DS, 17th Mar 1933). Because of this ideational construction, MPs sought not just to reform social insurances, but, in a manner similar to the 1920s, to immerse them in a broader network of social policies (Radaceanu, DCD, 1st Dec 1930). In a self-reflexive manner, political elites judged that the 1920s had proven how a coherent welfare state could incentivize the peasant masses towards social mobility, offering legal protection and security against perceived new life-course risks (Nistor 1935a). Welfare reform in the 1930s should therefore be designed, mirroring the 1920s, to offset the major costs associated with the occupational profile of the ‘missing core’ – sickness, work accident, old age and invalidity. At the same time, learning from experience, 1930s nation-makers also argued that the new welfare network should avoid the free-riding that had become specific to the bureaucracy. This was seen for instance in the very protracted creation of even quite limited unemployment benefits, as MPs argued Romanian workers could revert to agriculture, which was at the very minimum more productive than idleness protected by unemployment insurance (Ioanitescu, DCD, 13th Dec 1933).

Because it promised to engender “making up a Romanian middle class” (Ioanitescu, DS, 6th Feb 1937), welfare reform for the private sector needed to be done in a top-down fashion, through proactive state intervention (Ioanitescu, DCD, 13th Mar 1931). Without a concerted effort directed by the state, welfare reform could not assuage the peasantry’s doubts vis-à-vis a new social mobility which had more unclear prospects than the stable route to state employment (Nistor (b) 1936, 3-4). Since the new legislation needed to be *nationalizing*, it required a state-level project that aimed above and beyond extending one provincial legislation over another (Buteanu, DCD, 18th Dec 1932). In this way, welfare benefits would again be “a step towards the future” (Manoiescu, DS, 18th Mar 1933), because the emerging new core of the nation would exhibit the

same kind of fusion of ethnicity and loyalty pursued in the 1920s - “welfare recipients [should] adopt a new life, one guided by a national Romanian spirit” (Ghiulea (b) 1937, 6).

The 1933 Ioanitescu Insurance Unification Law was thus designed to establish for private sector workers the type of safety net that the 1925 Pensions Law had created for state employees. Firstly, the 1933 law made welfare benefits a practical reality, by unifying and streamlining the overlapping jurisdictions present throughout the 1920s, presented in more detail in a previous chapter. Nation-makers resorted to mandatory insurances under state administration as they argued the “in between” workers of late industrializing countries were not provident enough and as such, bottom-top organization would never congeal. The lack of bottom-top pressures would essentially mean that skills investment would not be protected and reverting to agriculture would be a ubiquitous option that simply prevented the creation of a Romanian productive middle class. As presented at length in a previous chapter, the Ioanitescu Law attempted to ethnicize the economy by over-protecting the rural industries, which directly appealed to a mostly Romanian population. In this sense, the Ioanitescu Law would help created a productive middle class by targeting the private sector workers most likely to be engaging in back-and-forth between agriculture and industries (Ioanitescu, DCD, 3rd Dec 1935).

Secondly, the Ioanitescu Law offered a comprehensive basket of benefits (sickness, work accident and invalidity, maternity and widowing), designed to “improve material conditions of the working class” so as to create a pull factor similar to that of state employment - “in case capability to work was lost, both the worker and his family would be taken care of” (Ioanitescu, DS, 17th Mar 1933). The justification echoes the 1920s concern for the creation of middle class Romanian families, which thickened the missing “core” – “a bachelor, who avoids at all costs the labor of making a family, should not receive as much as the worker with 10 children waiting at home”

(Iorga, DS, 30th June 1934). To achieve this kind of nation-building, the State took on a direct financial responsibility that sought to pre-empt the type of financial problems made insurances for the private sector unavailable in the 1920s. Though many criticized the globally weak contribution, the State's financial backing does nonetheless stand in stark contrast to the virtual neglect from the 1920s. In addition, the state's commitment also represents a clear break from the constant 1920s discourse that welfare policymaking should not be done during economic slumps.

Overall, the Ioanitescu Law was less driven by securing loyalty of non-Romanian workers, or even by prompting them to 'assimilate', and more aimed at incentivizing the "huge pool of proper Romanians" towards joining the new 'core' of the nation (Bota, DCD, 5th March 1934). As shown for instance in a debate on the protracted development of the Cugir arms factory, a product of Czech investment, nation-makers theorized that relying on minority workers was in fact not even that fast even in promoting overall growth (Angelescu, DCD, 23rd Jun 1934). What is more, the Cugir case also showed that relying on minority workers was even slower in engendering linkages with the mostly rural Romanian ethnicity (Cuza, DCD, 23rd Jun 1934). Against this background, nation-makers completely discarded the option of growing an ethnically diverse middle class and tailored the Ioanitescu system to ethnicize the private sector by denying welfare rights to minorities (Barbu, DCD, 22nd June 1934). As such, though on paper the 1933 Law seemed as inclusive as the 1925 Pensions Law, in practice it was fraught with a range of unclear provisions, which denied insurance rights to a range of non-Romanian workers (Jurisprudenta 1936).

Though the 1933 Ioanitescu law seemingly lacked the most potent pull factor of the 1920s – old-age pensions, it did nonetheless create a wide legal basis that allowed other insurances, such as work accident compensation to attract the rural masses (Govt. Report, DS, 17th Mar 1933). For instance, the new system expanded the previously 'minimal care for dependents' with new funding

and coverage of previously neglected occupations, creating a network “close to that of Western countries”, aimed at providing the same type of family security enjoyed by the bureaucrats in the 1920s (Ioanitescu, DCD, 17th Mar 1933). Similarly, the Ioanitescu system strived to make healthcare benefits a reality for blue-collar workers, by shifting the fiscal burden almost in entirety to employers, which had not been fully the case in the 1920s (Ioanitescu, DCD, 17th Mar 1933).

By creating uniform legislation and adding new benefits the 1933 system effectively strived to tailor to the needs of the overwhelmingly Romanian crafts and small industries (Ioanitescu, DCD, 3rd Dec 1935). The issue was that even if minorities were indeed “loyal citizens”, Romania simply “lacked large capital” which made it highly unclear if relying on ethnically diverse middle class was enough for development (Ioanitescu, DS, 28th Mar 1934). While assimilation offered ambiguous prospects, the “historical reality” was that the rural-based Romanian small industry continued to thrive even under the auspices of “large industry capitalism” (Ioanitescu, DS, 28th Mar 1934). By recruiting straight from the overwhelmingly Romanian villages, not only had these small industries provided the modicum of ethnicization in towns throughout history (Ioanitescu, DS, 17th Mar 1933), but they were also promoting Romanian urbanization at the present time, which effectively dragged the country closer to economic modernity (Ioanitescu, DS, 28th Mar 1934). By providing rural Romanians with the toolkit for upward social mobility and the conceptual grammar of economic modernity, social insurances and adjacent measures such as technical education (Ioanitescu, DS, 22nd Mar 1933) could create the kind of structural transformation that allowed nation-building to cut across the state-economy continuum.

To ensure the nation-building function of the new welfare institutions, state-makers complemented the insurance system with a range of adjacent measures. On one level, as will be

the object of a separate future chapter, the myriad of labor and social policies implemented as a result of learning from abroad, were brought in the 1930s under the umbrella of the welfare state. This implied state supervision and relevant enforcement mechanisms designed to create a clear opportunity structure for the rural-agricultural demographic to transition towards the ‘core’ of the nation. In a similar line of thought, the state also implemented a range of policies that limited the number of non-Romanian employees in industrial establishments, as well as in administrative councils of Chamber of Work and other labor representative bodies (Baciu, DCD, 6th Apr 1935).

On a deeper level, the new nationalizing stance also spilled over the legacy of the 1920s, implying a range of changes in and around the welfare institutions for the state sector. Quite clearly, directly retrenching the institutional scaffolding from the 1920s that continued to produce a middle class of Romanian state employees, was not possible as it threatened to unleash an “intellectual proletariat” (Banu 1933). In addition, while the ‘core’ of the nation was the productive middle class, the mass of Romanian would-be state employees, by virtue of being highly educated and urbanized, could still play some part in nation-building qua modernization (Govt Report, DCD, 16th Dec 1934). The continuation of this idea can be seen in the continued neglect of rural bureaucrats in the 1930s, vis-à-vis the urban ones (Toni, DCD, 8th Febr 1933). Consequently, throughout the 1930s, nation-makers continued to ethnicize the state sector (Madgearu, DCD, 10th Febr 1933) and to implement some streamlining in the welfare network for state employees established in the 1920s. The aim was to free up resources that would finance welfare benefits for state employees, allowing for the continuation of state-lead modernization. In parallel, nation-makers also strived to devise a strategy that guided the Romanian middle class created by the inertia of the 1920s, which superseded even the needs of the former nation-building project (Bratianu, DCD, 11st Febr 1933) towards the core of the nation. As will be further dissected in a

separate chapter, Romanian nation-makers drew on the experience of fellow late industrializer Poland and implemented a network of subsidized professional reorientation courses, which aimed over the short term at the mundane task of finding immediate employment in the private sector, and, over the long term, on ‘productive skills acquisition’ (NAC 1038, 327/1936).

On the whole, while the 1930s emerging welfare state for the private sector appears to have had far less lavish ‘pull resources’ than its 1920s counterpart for the state sector, its underlying ethos was a similar social engineering (Mircea, DCD, 18th Mar 1933), aimed at completing the nation. Specifically, the newly created welfare institutions were designed to complete the nation by creating a productive Romanian middle class, capable of surviving the ebb and flow of capitalism. Because policymakers frame the social and economic problems most public policies are designed to address (Béland and Orenstein 2013), the ubiquity of the rhetoric of absence led to an evolving accumulation of welfare institutions, in function of representation of the nation (David and Spilman 2008: 94). Though previous legacies and delayed development limited available resources, nation-forgers opted for a nation-building strategy that was financially generous, but more institutionally complex. As such, above and beyond reform in the major social insurances, 1930s nation-forgers offered more space and legal-institutional force to a range of other labor- and welfare-related majors such as labor safety conditions, duration of work, and incipient provisions for unemployment. On the whole, the emerging welfare state was envisioned to both help the under-developed Romanian working class, but also to thicken its ranks by guiding upward mobility for the dominant rural-agricultural demographic.

6. National paths and international modernity

6.1. *Late industrialization and policy learning*

On the whole, political elites in late modernizing Romania increasingly observed that, from the second half of the 19th century up to the end of the interwar, the “chronic” redefinition of European questions was mirrored by a similar trajectory regarding national-level responses (Case 2018, 141). In this sense, in the contingent perspective of Romanian political elites, it was not at all clear whether sticky national paths drew from an independent, overarching international arena (Moses 2018, 12), or whether the latter was ultimately a type of reflection of nation-states (Leisering 2013, 19). One facet of the conundrum was that since late modernization implied simultaneous questions, the national path was contested, opening up the possibility of multiple potential connections with the international arena (Conrad 2011, 21). A different side of the conundrum was that international templates were a moving target, spread between a plethora of alternatives, each juxtaposing clear prescriptions with significant “ambiguities, undercurrents and disparities” (Zeitlin 2006, 11).

Consequently, because virtually all state-makers agreed that learning from abroad was indeed vital for catching up, internationalization needed to be integrated in the self-reflexive logic of bundling. This implies that Romanian political elites theorized a range of alternative strategies that subsumed discrete options such as emulation and translation into a much broader, fluid continuum. On a first level, political elites could oscillate between identifying relevant templates based on their intrinsic value for a specific policy area *and* finding relevant templates for the self-reflexive logic of bundling. In addition, both options could be theorized within or across policy areas. On a second level, political elites could also choose in a self-reflexive fashion between

multiple “best practices”. In one sense, because elites recognized they were aiming at a moving target, they theorized that learning from multiple sources – nation-states and IOs, was not mutually exclusive. Consequently, even within the same policy area, the logic of bundling allowed layering templates from multiple sources. In a different sense, aiming at a moving target implied that the “best practice” quality was not exogenously given, but contingently ascribed. This meant that elites could oscillate between defining the “best practice” quality at the overarching level of cutting across the state-economy-nation nexus, or at the discrete level of the inner mechanics of bundling.

The following chapter analyzes how elites oscillated in self-reflexive fashion between alternative strategies for internationalization, aiming to construct welfare institutions capable of cutting across the parallel challenges of state-making, nation-building and the economic transformation. Specifically, the chapter maps how Romanian political elites from the late 19th century to 1938 used theorizations of late modernity to devise strategies for welfare policy learning. Above and beyond changes in the international arena itself, I show that the shifting approaches to internationalization and the specific uses of international templates can only be understood as constitutive to the self-reflexive logic of bundling, wherein the idiom of a social question was key to catching up.

Firstly, I show that between the late 19th century and 1912 welfare policy learning comprised varying sequences of emulating some global “best practices” (1860-1890), adapting differently defined ones (1908-1912), as well as interweaving transfers from perceived regional leaders (1902-194). On the whole, the shifts followed the oscillation between using state-building and the economic transformation as drivers of a virtuous synchronism. At the overarching level of a bundle, a first crucial question was whether late modernizing Romania, which was also a newcomer to the international arena, could best catch up by emulation or adaptation. Similarly, a

further key ambiguity throughout the entire period was whether the best practice quality stemmed from political prominence or economic development. At the concrete level of a bundle's mechanics, each of the previously mentioned options needed to be broken down along a range of subordinate questions relating to cultural fit and historical specificity, the relational nature of development, existing space for experimentation etc.

Secondly, I show that in the 1920s welfare policy learning was warped by the intricacies of congealing Greater Romania, as a new nation-state that embodied both the unsolved questions of the Old Kingdom and entirely new ones, derived from the post-WW1 situation. This prompted the vast majority of state-makers to theorize that Romania was both a stereotypical and a *sui generis* late industrializing nation-state. This was subsumed to the theorization presented in previous chapter that, since Greater Romania was effectively a new state, it could kick-start development through nation-state-building. At the same time however, if nation-state-building drove modernization, this immediately implied that internationalization also needed to factor in considerations of cultural fit. Against this background, political elites argued that while learning from abroad was indeed needed, it neither had to be exclusive to one type of source, nor completely tied with a putative “original” purpose. In practice, this led to unique combinations of welfare templates that functioned not just within the designated policy area, but also towards broader instrumental goals.

Thirdly, I show that in the 1930s, against the background of the 1929-1933 Global Crisis, elite theorized that the economic transformation should drive a virtuous synchronism, which raised the need for a new strategy for internationalization. The common denominator was that since Romania was at best still semi-industrial, learning from more advanced countries was indeed necessary. In a very basic sense, the ideational change implied looking for transfers suited to

creating the social basis of capitalism. On a deeper level however, the self-reflexive nature of the ideational change also raised the need to debate whether internationalization could backfire because of wrong models or because of faulty implementation. In this sense, one alternative was to fully implement transfers which had previously been neglected, or used towards a different goal than their specific policy area. A different alternative was to identify new relevant transfers derived completely from the current logic of bundling. What further complicated the equation was that the international arena itself was undergoing profound changes, which signaled to Romanian MPs that the apparent characteristics of international templates were also ambiguous.

6.2 Late 19th – early 20th century welfare intervention – the fluidity of global and regional

6.2.1 The national trajectory of questions on learning from abroad up to 1912

As argued in previous chapters, the spread of Western goods from the mid-19th century highlighted to Romanian political elites the existence of a deep developmental gap. The existence of proven models prompted Romanian MPs to theorize that catching up did not necessarily require trial-and-error, but could be galvanized through “policies built on ideas [from the West]” (Romanescu, DCD, 16th Feb 1902). On a very basic level, this inextricably tied modernizing projects to internationalization. On a deeper level however, internationalization raised a number of anxieties, as Romanian elites quickly realized that the pan-European free trade liberalism actually comprised a range of alternatives. This meant that identifying a “best practice” was not straightforward. For instance, while France was a perceived global leader and had also been directly involved in Romanian state-building and modernization, Belgium offered a better example

of successful development in the absence of conducive structural conditions (Sora 2011, 26; 93). How to learn from abroad was also not immediately clear, as elites needed to judge between direct emulation (Sora 2011, 37) and a more layered approach, predicated on varying types of adaptation.

In the mid-late-19th century, despite a coherent start with Belgian transfers (Sora 2011, 93), reform elites gradually drifted towards a virtual fetish for French templates (Roberts 1951, 339). On a first level, this was the logical consequence of the fact that, while Belgium appeared structurally similar, the early generation of modernizing elites had been schooled in France and as such had more in depth experience with the country's institutional scaffolding (Sora 2011, 93). On a second level, France fit Romanian elites' more general international observations that a strong institutional scaffolding was coterminous with modernity (Jowitt 1978, 24). Last but not least, France's support for an independent Romanian state in the mid 19th century was taken as a type of foreign policy guarantee that needed to be strengthened if the emerging Romanian state were to stand any chance in global politics (Sora 2011, 93). The layering of substantive and instrumental reasoning led mid-late 19th century Romanian elites to argue that using pan-European free trade policies within a French-style state, would circumscribe a virtuous synchronism by maximizing agricultural revenue, which in turn provided the capital for industrial takeoff.

By the late 19th-early 20th century, the competition offered by US and Latin American grain eroded Romania's main vector of growth, raising significant questions on the effectiveness of internationalization. The ebb and flow of global markets eroded the confidence in the theorization that emulating French-style state-building could engender the economic transformation (Giulea, DCD, 25th Jan 1912). Furthermore, Germany had gradually ousted France as a European leader, starting in fact from an agricultural background. This put forward both an alternative success story and a highly different class of relevant templates predicated on "rejecting liberal voluntarism"

(Boia 2001, 54). Bolstered by the slowing down of emulation-based modernization (Boia 2001), the “forms without substance” Junimist critique (Hitchins 1994) highlighted precisely that international templates buttressed development only as parts of a national path. As an offspring of the German economic school (Boia 2001), the Junimist alternative implied that internationalization bred development by providing solutions to discrete local questions, rather than in a trickle-down fashion (Trencsenyi 2013).

On the whole, the Junimist critique highlighted that development was in fact a highly relational concept – by the 1900s political elites saw Romania as clearly developed next to Bulgaria, significantly behind regional fore-runner Hungary and clearly a laggard compared to the “core”. Within the ideational change presented in detail in previous chapters, in favor of the economic transformation as the driver of a virtuous synchronism, political elites started to debate whether drawing on the experience of (semi)peripheral forerunners could in fact be more successful than learning from the “core”. The crux of the idea was that more successful late comers could provide crucial examples of transforming Western metanarratives of progress into successful policy. This further expanded the range of alternatives that needed to be judged in a self-reflexive way, as political elites increasingly argued that for instance CEE “leaders” such as Hungary, could offer a more practical map for catching up.

Yet, while the experience of the 1900s highlighted that internationalization generated more success as a multi-layered rather than a one-way project (Nenitescu, DCD, 28th Jan 1912), it did not yield development. As such, by 1908-1910 political elites started to reconsider the fluid options for identifying and using “best practices” – while the 1900s had shown that there was a space for learning from fellow late-comers, they had also shown that the challenges of late industrialization were essentially *sui generis*. In this sense, political elites who, as shown previously,

wholeheartedly saw modernization through forging capitalism, argued, based on previous experience, that templates from the “core” had more modernizing thrust than those from fellow late comers. As such, in self-reflexive fashion, political elites argued that “standing next to developed nations” (Bacalbasa, DCD, 26th Jan 1912), required adapting practices from the “core” to the periphery’s “mores and traditions” (Bacalbasa, DCD, 10th Dec 1911).

6.2.2 International templates in welfare development from the mid 19th century to 1912

While most transfers in 1850-1880 followed a relatively ad hoc logic (Sora 2011, 93-94), because, as shown previously, welfare institutions were expected to cut across the state-economy-nation nexus, they were initially closely modelled after what elites theorized to be the “best practice”. This explains why, after a range of failed projects, the French modelling of the 1868 Pensions Law managed to gain wide-scale political appeal (Hariton 2012, 14). While local contingencies drastically limited the scope of pure emulation, Romanian elites nonetheless decided to conserve the ethos and institutional tools (retirement age, eligibility and control etc.) that allowed old age pensions in France to curtail corruption and to allow the bureaucratic corpus to function efficiently. Furthermore, the French modelling was also visible through varying degrees of decentralization, which Romanian political elites saw as the cornerstone of an efficient modernizing state (Sora 2011).

By the late 19th century however, not only had France lost its prominent global position, but emulation itself also appeared insufficient, as development still lagged. Concretely, while state-building had kick-started modernization, it had also led to a proliferation of questions that seemed too complex to be solved through pure emulation. For instance, the deepening of capitalism faced Romanian political elites with an emerging worker question which seemed both pan-European and

country-specific (Moses 2018). As such, Romanian modernizing elites, who no longer unanimously embraced the liberal view on French-inspired emulation, debated the possibility of a new strategy predicated on adapting international transfers to the local specificities of late industrialization.

One potential strategy was derived from the German-style arguments on “organic” development proposed by Junimist critique (Boia 2001). Specifically, Carp’s 1888 social policy project attempted to tailor the Bismarkian statist strategy of modernization - above and beyond quelling class conflict, which had yet to manifest in late industrializing Romania, the proposal aimed to construct a Romanian working class which would circumscribe a virtuous synchronism between state, nation and economy. Whereas emulation offered a long horizon for state-building to trickle down into the economic transformation, following a German ethos, Carp’s proposal sought to proactively create the labor associations that would generate the social basis of capitalism. Concretely, the state offered guilds and corporations funding for incipient insurance benefits that could function as the pull factors that first grew, then pacified the working class. The key argument was that, in superimposing foreign templates, the mid19th century emulation had failed to account for local specificities. In this sense, Carp’s proposal tried to draw strength from its specific targeting of Romanian late development.

Though Carp’s proposal built on the major critiques of stalled development, many judged that since Romania lacked a German-style proletariat, Bismarckian-style institutions would in fact just be another superimposed template (Chiriac 1932, 7, 55). This was representative of a broader ideational shift in the early 1900s - while transfers from global “leaders” had elevated Romania above the “Orient” (Badarau, DCD, 27th Nov 1900), they had not fully buttressed catching up (Bacalbasa, DCD, 26th Jan 1912). What is more, political elites also observed in neighboring

Russia that similar, if not greater, success could also be achieved with a less strict reading of Western scripts (Delavrancea, DCD, 17th Mar 1904). Against this background, many started to inquire whether Western-style industrialization was in fact a template which “by design” (Radovici, DCD, 16th Feb 1902) further deepened Romania’s gap vis-à-vis the “core” (Vladescu, DCD, 2nd Febr 1902).

This gave new thrust to an ideational construction originating in Carp’s proposal, that international frames do not function as timeless laws, requiring instead an “adept translation”, sensitive to the “social function of the original” (Mille, DCD, 20th Feb 1902). Consequently, for internationalization to engender modular industrial capitalism (Radovici, DCD, 16th Feb 1902), it needed to be embedded in the “material and cultural conditions [that] change from West to East” (Govt Report, DCD, 16th Feb 1902). The second implication was that the “best practice” quality could only be ascribed in self-reflexive fashion within the logic of bundling (Moisescu, DCD, 30th Nov 1901). As such, what made some models relevant was an essentially contingently-defined logic and international frames should thus be tied into a “new functional logic for Romania” (Missir, DCD, 19th Feb 1902). In this light, learning from “core” was insufficient – French templates had “imported capital without capitalists” (Badarau, DCD, 27th Nov 1902) and German-style economic policymaking was simply too disconnected from Romanian late development.

At the same time however, by the early 1900s the dominant idea had become, as argued in previous chapters, that industrial capitalism was *the* pillar of organized modernity (Giulea, DCD, 25th Jan 1912). This meant that policy learning needed to contribute to the economic transformation at a deeper level than infant industry protection which had yielded mixed results (Assan, DCD, 3rd Dec 1901), despite being otherwise a hallmark of Western development (Govt Report, DCD, 16th Febr 1902). The experience of 19th century emulation highlighted for Romanian political elites

that internationalization should engender not just macro-level processes such as state-building and industrialization, but also more discrete goals such as building consumer markets (Assan, DCD, 3rd Dec 1901). This signaled to political elites that internationalization could very well imply both Western meta-narratives of progress *and* solutions devised by “countries with conditions most similar to ours” (Govt Report, DCD, 16th Febr 1902). Against this background, elites recognized they could in fact draw from a vast universe of different levels of development – from “core”-like Belgium and Switzerland, to CEE leader Hungary and to seemingly under-developed Russia who was drawing more and more international attention (Romanescu, DCD, 21st Feb 1902),

The new approach was embodied by the 1902 Missir Law for Organizing Crafts and Work, which attempted to use Hungarian and Russian templates to pursue a diluted version of the Germany-style welfare intervention envisaged by Carp in 1888 (Missir, DCD, 19th Febr 1902). Concretely, the Missir Law sought to create a Russian-style peasant industry which would create a more integrative basis for capitalism in agrarian Romania (Govt Report, DCD, 16th Feb 1902), than large industry (Mille, DCD, 18th Feb 1902). The idea was drawn from the experience of neighboring Hungary, who was not too structurally dissimilar (Govt Report, DCD, 16th Feb 1902) and managed to achieve a high level of development precisely by engendering direct competition between rural and urban industries. This would complement the large industry achieved through the late 19th century German-style protectionism (Govt Expose, DCD, 16th Feb 1902). While Hungary was not a developed country, political elites argued that it showed how catching up was achievable in relatively similar structural conditions. In addition, sheer proximity facilitated in depth study, which reduced the possibility of misinterpreting available frames (Romanescu, DCD, 19th Mar 1904). In this sense, the Missir Law displays an approach to internationalization wherein Romanian political elites drew on multiple templates at the same time, as an attempt to create

institutions that could integrate Western law-like concepts and local social structures (Mille, DCD, 20th Feb 1902).

These influences were not simply juxtaposed, but tweaked and integrated into a type of Romanian-focused problem-solving logic (Missir, DCD, 19th Feb 1902). For instance, the Missir Law deviated from the Hungarian template by allowing the decision to form a corporation, the professional association that coalesced guilds, to be taken by workers themselves rather than any overarching state body. If the decision was indeed taken by craftsmen or workers, even across multiple professions, which had not been the case for guilds, then participation and membership duties became mandatory (Govt Report, DS, Feb 1902). This sought to subsume the legacy of a 19th century liberal ethos, into a more tangible snowball effect wherein worker organizations, once freely established, could put pressure on the state to organize modernity through specific legislation (Diamandi, DCD, 16th Feb 1902). In addition, the emerging worker organizations would be endowed with funds for incipient welfare benefits (accident insurance, funeral aid, healthcare, family policies), that could function as pull factors for rural Romanians, leading to the creation of a strong social basis for capitalism (Govt Report, DS, Feb 1902). In addition to ensuring against life-course risks essentially alien to the peasant masses, the Missir Law would, similarly to Carp's 1888 project, manage apprenticeship schools that generated the channels for upward social mobility.

The immediately visible problems explored at length in the previous chapters, prompted political elites to argue that the Missir Law was ill-equipped to deal with the growing sense of urgency regarding the worker question that was visible on the international arena (Govt Report, DCD, 25th Nov 1909). What is more, neither additional adjacent transfers (such as the 1905 Law for Organizing and Minor's Labor in Industrial Establishments), nor a reform of the Missir Law

itself (1908-1909) seemed to yield development. This opened up two distinct possibilities – either the transfers included in the Missir “mix” were the wrong ones (Dissescu, DCD, 12th Mar 1904) *or* approaching law-like prescriptions of modular capitalism from the experience of late-comers was misguided (Romanescu, DCD, 17th Feb 1902). What was virtually certain by now was that further emulation would not suffice (Lascar, DCD, 9th Apr 1904). Since the international arena highlighted the dangers of inaction regarding the worker question (Pennescu-Kertesch 1911, 24), political elites were thus prompted to theorize new strategies for internationalization.

Yet, while settling the worker question may very well have been the hallmark of the “core”, how to achieve this was not at all straightforward as France, England or Germany provided equally functional policies that achieved social peace by “lifting up workers” (Govt Report, DCD, 25th Nov 1909). Put simply, the “core” comprised a plurality of solutions to the worker question, ranging from voluntaristic, to mixed and mandatory, all of which were “successful” even in what seemed to be unfavorable conditions (Govt Report, DCD, 10th Dec 1909). This was problematic because it forced Romanian policy-makers, who otherwise shared the overarching Western principles that “that people are not provident enough” (Govt Report, DCD, 25th Nov 1909), to devise strategies that were more complex than simply emulating the “core”.

A crucial conundrum faced by political elites was that late industrialization was not homogenous, meaning that in some sectors Romanian industries were clearly behind, while in others they were not too dissimilar to the “core” (Porumbaru, DCD, 29th Jan 1910). This suggested that not only were transfers not needed in equal fashion across policy areas (Porumbaru, DCD, 29th Jan 1910), but in fact, each economic sector may have its own respective “global best practice”. As such, internationalization required learning from multiple “advanced” economies (Chiriac 1932, 10, 51). At the same time however, both defining the “best practice” quality and

how transfers needed to be used depended less on an “original” content and more on the requirements of a “young state which only now is rising up” (Mironescu, DCD, 12th Dec 1911). This added a further layer of complexity, as elites theorized that the tools of mature capitalism, such as social insurances, may solve some issues, but not necessarily the entire simultaneity of questions specific to late industrialization (Gradisteanu, DCD, 10th Dec 1911).

A further crucial consideration in this complex equation was the self-reflexive (re)evaluation of the Missir System’s legacy. In one sense, its failure to foment development by micro-managing individual aspects of capitalism was used to justify a more sweeping welfare intervention, such as social insurance, which could touch the entirety of society at once (Giulea, DCD, 10th Dec 1911). This was further solidified by a string of 1908-1911 laws which added German and French administrative layers to the Missir System, in an attempt to give it enough strength to galvanize the economic transformation. In a different sense, the Missir Law also showed that policies incorporating templates from multiple sources could be viable. Specifically, since welfare intervention needed to take into consideration both economic (Mironescu, DCD, 12th Dec 1911) and social-cultural considerations (Bacalbasa, DCD, 12th Dec 1911), it also needed to interweave different classes of “best practices” so as to act as a modernizing project. As such, political elites interpreted the legacy of the Missir Law to mean that welfare intervention would circumscribe a virtuous synchronism only if it incorporated both the thrust of templates from the “core” *and* the micro-managing specific to late-comers (Szikra 2008 on Hungary’s Bismarckian adaptation in the late 19th century).

Since political elites theorized the economic transformation as the key driver of a virtuous synchronism, the swift transformation of agricultural Prussia into the European power that was industrialized Germany (Ursianu, DS, 8th Dec 1909) became a highly potent consideration for the

status of a “global best practice”. This essentially breathed new life into the background debate that Bismarckian mandatory insurances could organize capitalism in late industrializing Romania (Govt Report, DCD, 10th Dec 1909). In fact, since alternative models of welfare intervention seemingly failed even in advanced economies, they were argued to be clearly inefficient in late developing Romania (Braiescu, DCD, 12th Dec 1911). Furthermore, Bismarckian insurance also fit perfectly with broader Romanian considerations on delayed modernization - “this [mandatory insurance and administration] has to be the role of the State in an era of mankind when the individual is not morally developed enough to be the conscientious regulator of his own life” (Govt Report, DCD, 10th December 1909).

Yet, while this narrowed down the selection from the range of “core” alternatives, it was not devoid of ambiguity – Bismarckian insurance ran the risk of fiscal instability in late developing countries where economic growth could not keep up with the pay-as-you-go welfare system (Hasigan 1926, 96). Because Romanian political elites were aware that late development involved unsystematic, spurt-like industrialization, adapting the Bismarckian “best practice” may very well need additional templates that were “best practices” in a vastly different sense. For instance, Romanian observers recognized that while the Austrian system was less effective in terms of coverage, it was far more fiscally stable (Chiriac 1932, 89). This seemed appropriate not just for a small country with a small industry, but more important for an economic structure dominated by temporary and short-lived industries, who seemed ill-equipped for the type of cross-generational solidarity needed by a Bismarckian-style system (Chiriac 1932, 91). At the same time however, this solution was potentially quite costly for economic sectors dominated by small and/or medium enterprises, which could in fact deter employers from further investment (Chiriac 1932, 91).

Because the end goal was for social insurances to cut across parallel challenges, Romanian political elites had to devise a unique layering between templates derived from two distinct logics of defining a “best practice”. Firstly, industries perceived as “temporary”, which held a particularly high risks for workers – such as oil extraction, quarries, wood exploitation etc., were pooled into an Austrian-style mutuality, having to pay the entire insurance contribution in advance to the Employer’s Association (Chiriac 1932, 32). For such short-lived industries, this was judged as a more fiscally sound solution than the gradual accumulation of taxes in a German pay-as-you-go system – paying up front created a necessary reserve fund that would allow paying out insurances even when the short-term industries collapsed. Conversely, for industries that appeared to have a large time horizon, paying up front was an unnecessary financial burden. Consequently, political elites pooled industries judged to be “permanent” into a German-style repartition system (Chiriac 1932). At the same time however, given the ebb and flow of industrialization in a late developing country, elites realized that the nature of the “distant horizon” was also ambiguous. This in turn prompted the further German-inspired obligation that industries pooled into the repartition system needed to form a reserve fund within 21 years (Chiriac 1932, 92). The offered time-span was calculated as a function of the horizon of expectation that the system begins to pay out benefits and as proof of an industry’s permanence, meaning it could offer a sustainable contribution to the pay-as-you-go coverage.

The Nenitescu Law of 1912, presented in more technical detail in previous chapters, thus set up a large basket of welfare benefits within an overarching understanding of Bismarckian social solidarity (Cerami and Stanescu 2009, 113). Because of the simultaneity of challenges and the previously mentioned consensus that welfare intervention could draw from multiple templates, Romanian political elites decided to “reach beyond Germany” (Nenitescu, DS, 21st Dec 1911),

expanding the scope of Bismarckian insurances. Since state-makers wanted at the same time to remedy existing worker grievances (Chiriac 1932) and to incentivize the transition of the rural core to private sector employment (Nenitescu, DS, 21st Dec 1911), they instituted at once welfare benefits from across multiple systems, regardless of institutional experience:

“insurances against disease have been organized by mutualities before and as such they don’t pose a particular problem; but the situation is totally reversed when it comes to accident insurance, old age and invalidity pensions which are *new and problematic*” (Govt Expose, DCD, 10th Dec 1911).

With the exception of accident insurance, which was exclusively funded by employers, healthcare, invalidity and old-age pensions were financed by an intricate mix of directly employee contributions, employer fees and state subsidies. The Bismarckian ethos is clearly expressed in that

“employers’ fees contribute to a benevolent relationship vis-à-vis their employees, taking away any potential source of conflict that may foment social tension. For its part, the State makes a financial sacrifice to obtain social peace based on justice and equity” (Govt Report, DCD, 10th Dec 1911).

In practice, the managing of the insurance system was based on the old system of guilds and corporations, initially created by the Missir Law, but with the tweak that mandatory insurances would solve the issues stemming from corporations’ weak voluntary activity (Govt Report, DCD, 10th Dec 1911; Enescu 1930).

Furthermore, state intervention comprised not just fiscal guarantees and legal coherence, but also an army of functionaries (Draganescu 1921). Because state-makers wanted to ensure the

preservation of the original intent and function of Bismarckian insurances, they adopted much higher degrees of top-down control (Asociatia medicilor 1912, 17-20). The aim was to give the state enough control over insurances to bypass worker associations, whose voluntary nature was argued to have led to the 1902 Missir Law being ineffective, because they could easily divert the relevant funds (Acrion, DS, 17th Dec 1911). Yet, while this “unprecedented level of control” (Asociatia medicilor 1912) allowed state-makers to make an insurance system designed for an industrialized state functional in an agricultural economy, the sheer complexity of the Nenitescu Law and the porosity of some concepts (such as permanent vs temporary industries – Chiriac 1932, 93) ultimately hampered the functionality of the emerging redistributive institutions. As will be detailed in the following section this would become even clearer when the Nenitescu Law’s specific interpretation of Bismarckian insurances would be juxtaposed to the more streamline Hungarian version.

6.3 A new state with old questions? Internationalization and welfare intervention in 1920s Greater Romania

6.3.1 The national trajectory of international questions

By the early 1920s, “Greater Romania” stood at a unique crossroads. Despite gaining a formal nation-state and a new impetus for development from better industrialized provinces, Romania was at best “semi industrial” and as such had little experience with policy experimentation in many of the intricate facets of capitalism. In this sense, tried and tested templates continued to be central for catch up development (Coltor, DCD, 3rd Aug 1920). At the same time however, the track record of learning from abroad was ambiguous at best, which, under

the auspices of a new “nation-state” was taken to justify the need for local innovation (Pillat, DCD, 19th Nov 1923).

One key consideration was the self-reflexive assessment that Greater Romania was essentially a “new” nation-state. On an abstract level, by likening 1920s Greater Romania to the mid-19th century Old Kingdom, political elites reinterpreted the legacy of transfers in a positive light – though they failed to engender catching up, they did nonetheless kick-start modernizing projects. On a more concrete level, similarly to the Old Kingdom, Greater Romania had been born in a tumultuous international context and as such required security guarantees over the short term and access to capital in the long run. In this context, transfers were theorized to play a double role – providing proven ideas in policy realms where Romania lacked experience *and* generating the image of a modern state, dissociated from “feudal empires surrounding it” (Bratianu, DS, 4th Apr 1925). Based on the experience of the 19th century, the latter was seen as an essential stepping stone in attracting international recognition and security guarantees. The key issue to improve on the failures of the 19th century strategy was however to acknowledge that, since Greater Romania was envisaged as a nation-state, identifying relevant transfers also needed to have a cultural sensitivity (Draghicescu, DS, 13th Mar 1923).

An equally important consideration was that, despite gaining new economic potential through the unification, Greater Romania was perceived by political elites as ‘semi-industrialized’ at best. As such, organizing capitalism, implied some form of drawing on ‘principles of advanced countries’ (Damboviceanu 1935, 5). This however immediately raised a crucial question – did conventional sources fail to yield modernity (Filliti, DS, 19th Feb 1920) because they were insufficiently copied, or because they were simply inadequate (Constantinescu, DS, 11th Febr 1927). The key anxiety was that political elites recognized they were aiming at a moving target -

in the profound changes of the aftermath of WW1, it was not immediately evident which countries were “advanced” and why they should be labelled as such (Constantinescu, DS, 11th Febr 1927). Since the nature of development was not clear, political elites thus faced further questions regarding the possibility of learning from multiple sources. Furthermore, if the constitutive elements of development were increasingly porous (Bratianu, DCD, Dec 1923), Romanian political elites also needed to debate exactly how a late comer should use transfers (Damboviceanu 1935, 5).

At the same time however, even if some internal consensus could be reached on the relevance of transfers, a key source of ambiguity came from a crucial change in the international arena itself. Specifically, in the aftermath of WW1, large IOs that commanded a range of new resources, which in turn gave them a very different status as knowledge-actors than nation-states. On a very basic level, this seemed to offer simple solutions for anxieties that state-makers knew from the 19th century to be very problematic – the League of Nations promised to offer the unitary and stable forum for diplomatic recognition and security guarantees, while adjacent technical bodies such as the ILO promised high level technical expertise on specific policy areas. Yet, while this solved some anxieties known from the experience of the 19th century, it was not at all unambiguous. One lingering tension was that IOs varied greatly in terms of enforcement capacity, which warped the reach and nature of their specific resources. For instance, if in the early 1920s the League of Nations appeared to have at its disposal a wide range of conflict-resolution tools, by the middle of the decade it seemed to lack thrust. A different issue was that IOs could be proactive in a substantively different manner than individual nation-states, which could also spill over on the issue of enforcement. For instance while the ILO may have had weak conditionality, its proactive stance quickly elevated it as an integrative forum, whose reach could easily expand

outside social policy to broader foreign policy goals. This in turn meant that the ILO's instrumental value could potentially far outweigh its weak capacity for coercion. Consequently, Romanian political elites needed to undergo self-reflexive debates to theorize how exactly templates from IOs could contribute to modernization.

On the whole, all available options were considered within the logic of bundling questions so as to cut across multiple realms of socio-economic life (Case 2018). In this sense, given that, as argued in a previous chapter, 1920s political elites increasingly agreed that nation-state-building was the most promising project for carving out a virtuous synchronism, international templates were debated as potential tools for the state to better organize modernity. At the same time however, given the large number of subordinate questions and individual parameters presented above, political elites could only resort to self-reflexive and trial-and-error logics in order to demarcate functional strategies for internationalization.

6.3.2 Instrumentally vs. intrinsically modernizing internationalization – welfare development in the 1920s

While the creation of “Greater Romania” was expected to bridge the gap between Romanian and Western nations, the reality of the 1920s was quite different. For instance, if in the Old Kingdom, the 1912 Nenitescu Insurance Law appeared as a standard of modernity, once extended to Transylvania and Bukovina in 1921-1922, it compared poorly to pre-existing Austro-Hungarian legislation “that had accustomed workers to more modern protection” (Hasigan 1926). On a superficial level, this was the logical consequence of timing, as the beginning of WW1 preempted the Nenitescu Law from taking roots and showing its true functionality (Ioanitescu 1935).

Furthermore, even in “normal times” it was expected that such a modern piece of legislation would require adequate maturation time.

On a deeper level however, the issue was more problematic as state-makers recognized that Transylvanian insurances for the private sector, born from a 1907 Hungarian Law, seemed more in tune with current “Western” principles than the Nenitescu Law with its Bismarckian modelling (Hasigan 1926). The immediate implication was that, on the whole, “Greater Romania” could therefore only be considered as an “in between” country, perhaps more Westernized than the Old Kingdom, but not yet fully capitalist (Cunescu 1934, 16-17). The long-term implication was that, since Romanian-majority Transylvania could be modernized through legislation, it was conceivable to use “best practices” to allow “social lawmaking to force reality, dragging it towards progress” for the entire country (Damboviceanu 1935, 5).

This ideational construction was both augmented by and expected to contribute to the overarching theorization, presented at length in previous chapters, that nation-state-building would usher in modernity. Specifically, since Greater Romania was a new nation-state, the experience of the mid 19th century Old Kingdom mandated that political elites embrace a proactive approach to transfers in the realm of state-building, as this would attain the international recognition needed to buy time for trickle-down modernization (Ioanitescu, DCD, 9th Jul 1921). By contrast, transfers with the more discrete aim of tackling the worker question, even if internationally fashionable, were framed in the early 1920s as “enforced upon Romania” (Madgearu, DCD, 20th Dec 1919). Though they were part and parcel of the broader “Western package”, worker policies appeared at first as a secondary objective vis-à-vis more fashionable international issues such as minority policies (Ionescu, DCD, 9th Jul 1921).

Yet, towards the mid-1920s what and who guaranteed recognition became less and less clear as the League of Nations, despite reuniting the major powers into a single forum, attempted to stave off war “only with moral tools” (Roman (a) 1935, 5-6). Since the “direct” forum was ambiguous, Romanian state-makers theorized that membership in the “community of modern states”, as a prelude to recognition and security guarantees, should be achieved by adhering the internationally fashionable norms, almost regardless of policy area. This explains why despite being highly contentious internally, minority protection conventions became crucial, as state-makers argued that violating them would mean exclusion from the group of “civilized nations and displeasing our allies who uphold the Versailles system” (Bratu 1923, 14). While this didn’t directly threaten war, it meant international isolation and “economic throttling, which may be even worse” (Bratu 1923, 14).

Similarly, in stark contrast to the meandering debates of the Assembly, the up-and-coming ILO, which embodied the growing international fashion for worker policies, appeared to have earned the “exclusive role to preempt wars by keeping nations quiescent” (Roman (a) 1935, 5-6). In addition, the ILO was broadly supported by the entire international community (Hristu 1935, 11), which made it a prime candidate for the strategic use of social policy to achieve foreign policy goals. This had not been the case in the early 1920 when the ILO had not yet crafted a proactive strategy (Hughes and Haworth 2013), which had lead Romanian political elites at the time to argue that the recognition of Greater Romanian required clearer actions, such as political alliances and involvement with the League of Nations (Ionescu, DCD, 9th Jul 1921). Consequently, if during the Versailles negotiations Romanian state-makers took the “worker question” as secondary, in the early-mid 1920s it was internalized as a unique strategic opportunity, via the image of a Western-style state.

This gave a highly specific thrust to the more amorphous theorization that the ILO could contribute to modernization through welfare “best practices” (Damboviceanu 1935, 5). The recognition of the ILO as a diplomatic opportunity was further bolstered by the latter’s proactive effort in this direction under the presidency of Albert Thomas, who specifically sought to use the fashionable social policy forum as a network for broader policy aims (Hughes and Haworth 2013). This ideational construction underpinned a clear change in Romanian policymaking – if in 1919-1920 Greater Romania expressly rejected the ILO’s conflict-resolution role (NAC 1038, 147/1920, 29-31), by the early-mid 1920s state-makers considered late development was not sufficient justification (NAC 1038, 147/1920, 82) to refuse ILO conventions, as they came to have a broader role (Roman (b) 1935, 3). At the very least, as was the case with unemployment insurance, a truncated version needed to be passed (DCD, 20th Jul 1921). Because of the new importance of ILO-mandated welfare intervention, while late industrialization may very well mandate a scaling back of the principles embodied by major conventions, it could not justify outward rejection (DCD, 20th Jul 1921).

In fact, because, as shown previously, political elites saw modernization through nation-state-building, late industrialization was interpreted as precisely the reason why Romania needed transnational transfers in the realm of social policies (Coltor, DCD, 3rd Aug 1920). The crux of the issue was that while an “in between” late developer such as Romania (Pistiner, DCD, 10th Apr 1922) had not faced the brunt of the worker question just yet, it also lacked the experimentation time to devise a *sui generis* solution. This implied that the only way to tackle the “worker question”, which was known to potentially stop modernization altogether, was to “look at other countries’ laws and the results obtained” (Coltor, DCD, 3rd Aug 1920). This added a substantive-ideational component to learning from the ILO (NAC 1038, 270/1930, 4), because political elites

recognized, based on the experience of the 19th century, that conventional learning from nation-states could not suffice (Fillitti, DS, March 1920). Because ILO templates were not forged in specific national paths, they had a better chance of cutting across local “contingencies, psychologies and social evolutions” (Coltor, DCD, 3rd August 1920), which generated a putatively unique Romanian ethos towards life course risks (Ioanitescu, DS, Mar 1925).

This ideational construction led Romanian political elites to embrace the international narrative that worker rights were in fact human rights (Setlacec 1930, 108). In turn, this meant that while the ILO in fact lacked coercion (NAC 1038, 270/1931, 13), to early-mid 1920s Romanian elites it was a modernizing agent that required the “highest responsiveness” (Setlacec 1930, 108). Because of the double instrumental and intrinsic value, unless a deep ideational clash or policy overlap was instantly obvious, ILO conventions started to be copied in toto. Particularly in cases of policy voids, Romanian Governments pursued a “strong commitment to legislative action” (Setlacec 1930, 108), wherein ILO conventions were directly transformed into national law (for instance woman’s nighttime employment NAC 1038; accident insurance for agricultural workers – Casetti 1929, 22). If previous policy existed, ILO templates typically provided an additional “modernizing” layer, as was the case with women’s employment before and after child-birth (NAC 1038, 147/1920). On the whole, throughout the 1920s, Romania not only participated in all major ILO conferences, but also ratified 13 out of 16 conventions (NAC 1038, 270/1930), in a range of welfare and labor policy areas – women’s employment regulations, labor inspectorates, duration of labor, legal rest days, insurance for shipyard and bakery workers etc. (NAC 2524, 62/1932).

In fact, even if there was internal conflict, conventions were still typically ratified because they embodied a broad understanding of the “national interest” for modernization (Ghiulea (a) 1934, 3). For instance, despite engendering protests because it deepened power asymmetries (by

allowing employers too much control), an ILO-inspired regulation for mid-1920s Chambers of Industry was nonetheless implemented (Trancu-Iasi 1930). Conversely, the ILO-mandated project on Sunday as a legal rest day was implemented in the face of employer opposition, on grounds of broader modernization goals (Ghiulea (b) 1935, 3). In this line of thought, the typical explanation given to employers and their political representatives was that Greater Romania was following fashionable international policies, whose effect was expected to be beneficial in the long run (Trancu-Iasi, DS, 8th Feb 1927).

Yet, despite the apparently unambiguous adoption of ILO conventions in the 1920s, the internationalization strategy adopted by Romanian state-makers was in fact a fluid mix of following and deviating from the “original” intent of the ILO (Setlacec 1930, 108). On a first level, Romanian political elites theorized that ILO conventions would contribute to modernization by providing the high level of expertise needed to cut across the complex questions of late industrialization (Robeanu 1935, 25-26). On a deeper level however, to Romanian observers it was immediately obvious that ILO projects offered long-term benefits, but few solutions for the immediacy of parallel questions.

This suggested that while some form of drawing on the ILO was crucial to modernization, direct implementation was not necessarily causally tied to achieving the stage of reaping the benefits. Against this background, Romanian political elites theorized an instrumental approach of ratifying conventions so as to create diplomatic space, but without full implementation – ILO conventions were either entirely neglected in domestic politics (Casetti 1929, 22 for accident insurance for agricultural workers), or they were couched in parallel legislation that limited or blocked applicability (NAC 1038, 183/1922). By 1930 Romania had in fact barely ratified 12 out of 36 recommendations containing substantial social insurance reform (NAC 1038, 270/1930), and

an otherwise overwhelming majority of reforms for very small groups (women, shipyards, bakery, glass workers etc. – Crivat 1939).

To some degree, this was simply reflection of the ILO's own profile – in its attempt to carve out diplomatic weight, the ILO favored conventions on broad social and labor policies over the more contentious social insurances (Hughes and Haworth 2013). On a deeper level however, the instrumental approach adopted by Romanian political elites was in fact a conscious choice within 1920s logic of bundling which, as shown previously, was predicated on nation-state-building as the driver of a virtuous synchronism. On a very basic level, this specific ideational construction prompted Romanian state-makers to generally eschew welfare intervention for the private sector, which left little space open for learning from the ILO. On a more complex level, political elites judged in self-reflexive fashion that while the ILO may very well have high technical expertise, the experience of the early 1900s had proven that success welfare policymaking required the type of in depth study that was the hallmark of bilateral learning, rather than drawing from “young” IOs (NAC 1038, 231/1927, 3 lists a range of German and French policy transfers for instance).

That lack of implementation was a conscious choice within a coherent ideational construction is most visible from the meandering trajectory of the conventions on unemployment insurance and the 8 hour working day, which the ILO saw as pivotal for its 1920s strategy (van Daele 2008). Initially, under the impetus of using ILO projects to carve out international recognition, Romanian state-makers decided to sign the original 1919 Washington Convention on unemployment insurance. This led to a first layer of policymaking consisting of tying placement offices into a state-wide network with institutional and administrative linkages backed up by increased state funds. At the same time however, although the international arena clearly signaled

the potential dangers of structural unemployment (Ioanitescu, DCD, 8th Mar 1924), early 1920s political elites rejected the ILO recommendation on unemployment insurance.

The crux of the issue was that Romanian political elites argued that in late industrializing economies, unemployment was a “misallocation of resources” rather than a structural problem, which meant that the type of welfare intervention envisaged by the ILO was not at all relevant (NAC 1038, 147/1920, 54). In addition to directly introducing a new fiscal liability, unemployment insurance was argued to create a unique free-riding opportunity for workers that would otherwise revert to agriculture and at least indirectly contribute to the national economy. Against this background, Romanian political elites who already recognized the unique diplomatic opportunities of the ILO, opted to ratify and partly apply the 1919 Washington Convention, while completing rejecting the adjacent recommendation on unemployment insurance.

In a similar vein, the ILO convention on the 8 hour work day was debated between its contribution for a late developing economy and its instrumental role for the imagery of a modern state that applied fashionable worker policies (NAC 1038, 147/1920, 84). In stark contrast with unemployment insurance, a shorter working day seemed to be a direct contribution to a late industrializing economy – on the one hand, less working hours allowed village-based workers time to commute, gradually transitioning them to towns; on the other hand, less time in the factory, meant small risk of accidents, which in turn cut down on insurance costs (Borcea, DCD, 24-25th March 1928). In this sense, the 8 hour work day appeared to have a clear intrinsic value for late industrializing Romania, who virtually lacked coherent labor policies (Borcea, DCD, 24th Mar 1928). Yet, this intrinsic value was ambiguous because international competitors had not implemented a similar project (Calota, DCD, 25th Mar 1928), which held the distinct risk that implementation could raise production costs, making the Romanian economy even less

competitive (Ionica, DCD, 7th Mar 1928 – argues even developed Austria and Germany feared the project’s effects). In addition, a shorter working day could mean less income, leading to worker pauperization (Ionica, DCD, 7th Mar 1928).

At the same time however, having already rejected the current ILO recommendation on unemployment insurance, Romanian political elites argued that rejecting the 8 hour work day convention would all but cripple the country’s carefully constructed international profile. The self-reflexive assessment was multi-layered – on the one hand, ratifying ILO conventions could create the image of a modern state needed for security guarantees and preferential access to capital markets, which could offset the costs of the shorter work day; on the other hand, the project could be construed as a question subordinate to state-building qua modernization, by allowing political elites to intervene in the private sector so as to revamp it according to top-down blueprints. In fact, so strong was the desire for the imagery of a modern state that even in the mid-late 1920s, Romanian state-makers supplied the ILO misleading data on policy application and results (Mirescu, DCD, 16th Mar 1933).

This ultimately pushed state-makers to ratify and implement the convention on the 8 hour work day in a “shape directly inspired from Geneva” (NAC 1038, 270/1931, 14). To show their commitment, state-makers even embarked on a process of gradual study and implementation (NAC 1038, 147/1920, 53), which contrasted with the sheer neglect of many other ILO projects. This however did not imply full implementation because in practice the law only covered a few sectors (DCD, Dec 1919). What is more, until the late 1920s when political elites started to argue that “international prestige” also meant actual implementation (Govt Report, DS, 7th Mar 1928), the 8 hour work day remained by far the most violated labor policy, which could only happen with covert governmental tolerance (Botez 1934, 16).

The 8 hour work day and unemployment insurance were by no means the only such cases, but rather the most illustrative of a broader theorization whereby the ILO's contribution to Romanian development was mostly instrumental - "it is pretentious to say that without the ILO acute social turmoil would have engulfed post-WW1 Europe" (NAC 1038, 270/1930, 3). This can be seen not just in the lack of concrete implementation, but also in the stark contrast with welfare intervention for state employees. Specifically, because political elites theorized, as presented in previous chapters, that nation-state-building should usher in modernity, welfare policy transfers for the state sector needed to inform a holistic and complex policymaking that clearly superseded local innovation (Hanca, DS, 3rd Apr 1925). Conversely, the apparent desire for the ILO's high level of technical expertise was less a result of economic competition (a key mechanism for diffusion according to Obinger, Schmitt, Starke 2013), and more an instrumental way to buy time for political elites to engender development through nation-state-building.

By the late 1920s however, the strategic approach was no longer tenable – not only had nation-state-building failed to yield development, but following this theorization, the instrumental approach to welfare policymaking also started to appear quite limited. While patching up the welfare state through improperly implemented ILO conventions had generated the image of a modern state, this had not in fact buttressed catching up by 1928 - "Bulgaria, Yugoslavia and Portugal who we had previously surpassed, have now developed more [than us] by using Western-style policy" (Casetti 1929, 120). This experience meant that once the 1930s ushered in a new theorization of a virtuous synchronism, political elites could also craft a new strategy for internationalization. As will be shown in the following sub-chapter, this new strategy was constructed in self-reflexive fashion to consist of a different way of searching for relevant models *and* a clampdown on implementation of transfers, both old and new.

6.4 The threat of hollow independence renewed: policy learning in the 1930s

6.4.1 The national trajectory of international questions

The 1929-1933 Global Crisis highlighted that while the previous developmental strategies had helped kick-start development (Roman (b) 1935, 3-5), late industrializing Romania was “Western” only in terms of institutional scaffolding, lacking the state-society-economy linkages specific to organized modernity (Damboviceanu 1935, 5). Because Romania seemed particularly well suited to successfully navigating the new ebb and flow of global capitalism (Roman (b) 1935, 3-4), political elites started to question the 1920s theorization of nation-state-building as the basis of a virtuous synchronism. More specifically, 1930s political elites increasingly argued that, in the new international context, the economic transformation seemed a far more promising cross-cutting project (Mircea, DS, Nov 1932).

At the same time however, since 1930s Romania was still a late comer to industrial capitalism, it lacked relevant policy experience, which again raised the need to craft strategies for internationalization (Damboviceanu 1935). This was not however straightforward because the 1920s modernizing projects had created a highly peculiar path, which did not seem to have immediate similarities with most existing international models (Ghiulea (a) 1934, 7). On the surface, political elites theorized, like in the early 1900s when a similar ideational change had taken place, that learning from foreign models could function if it were broadly speaking tailored to local realities (Mircea 1935, 7-9). Yet, above and beyond the consensus that the new strategy needed a problem-solving logic tailored for Romanian issues (Roman (b) 1935, 3), what adaptation meant and how to achieve it was fraught with subordinate questions that ranged from “cultural specificities” (Hristu 1935), to socio-political context (Pantazopol 1933, 10), and to the un-homogenous nature of late industrialization (Damboviceanu 1935).

A crucial issue raised by the overarching ideational change was the need to deal with the legacy of the 1920s. On one level, this legacy meant a specific institutional structure geared, as shown in previous chapters, towards creating a Romanian bureaucratic middle class. Given the sheer size of this project, simply cutting back by overwriting the institutional scaffolding with new international templates was not feasible. On a different level, the 1920s also left the legacy of a range of international templates specifically envisaged to engender capitalism, which were part of local legislation, but not part of the administrative praxis. This raised an important additional debate on whether delayed development stemmed from lack of proper implementation within a different theorization of modernity or from any putative incompatibility of the transfers themselves. One strong argument in favor of the former was that it promised to yield lessons for future policy learning, which was needed given that political elites recognized the profound global realignments of the 1930s (Mircea 1935). In addition, since transfers in the 1920s had been theorized as relevant precisely for their value in engendering the economic transformation, this meant they now had an “intrinsic” value for the 1930s ideational consensus on capitalism *qua* modernization.

A different open question was that, even if a consensus could be reached on how transfers should contribute to an amorphous national path, internationalization still implied aiming at a moving target. In the aftermath of the global crisis, the nature of “development” was even more deeply disputed even between Western countries (Mircea, DS, Nov 1932). Specifically, Romanian elites observed a general drift towards “national closure” (Ghiulea (a) 1934, 7) which generated two fundamental anxieties. Closure essentially meant the erosion of confidence in large international organizations which had, as shown previously, carved out a unique space for action and influence. More specifically, IOs appeared to have lost their specific pull factors - the League

of Nations virtually lost most traction in its diplomatic mission (Roman (a) 1935) and the ILO started to function less as an independent forum wielding high-level expertise and more as a loose conglomerate pushing forward the interests of great powers (Mircea 1935, 9). This faced Romanian observers with a double tension – on the one hand, the great “disillusionment” that the erosion of international solidarity undermined the ILO’s capacity as a diplomatic forum; on the other hand, the potential of an innate bias in the ILO’s 1930s technical expertise, which seemed less and less tailored for Romanian realities (Mircea 1935, 5). .

At the same time however, these contingent doubts clashed with the observation that 1920s ILO projects were indeed crucial in engendering development in Czechoslovakia (Raport 1936, 5). The reality that properly implemented ILO projects could buttress development added yet a further dimension to self-reflexive debates. Specifically, political elites argued that 1920s conventions, which did not have the 1930s bias, could in fact be crucial for modernization, if they were proactively implemented rather than just instrumentally used. While the instrumental approach did not fully yield modernity, it had at the very least created a modicum of success, to the point that projects envisaged in the 1920s for a “later stage of development” (Largeanu 1935, 9-11) could be now argued as relevant.

Proper implementation of previous projects was also argued to buy time to deal with the second consequence of nationalistic closure, namely, carving out a finely tuned strategy for bilateral learning, as the only viable strategy for internationalization in a global economic context that blurred the inner mechanics of alternative success stories (Ghiulea (a) 1934, 7). Given the increasingly visible lack of homogeneity in what constituted a “success story”, Romanian elites theorized using the experience of the 19th century that bilateral learning could be more in depth than learning from IOs. This in turn promised a level of technical expertise that may in fact be

more “advanced” than the biased ILO templates of the 1930s. Consequently, 1930s Romanian political elites theorized internationalization on a fluid continuum that juxtaposed the unapplied 1920s ILO templates with more specific lessons contingently drawn from individual nation-states.

Similarly to the 1920s, all available options were debated within the logic of bundling. Specifically, given that, as argued in previous chapters, 1930s MPs unanimously embraced capitalism as *the* driver of a virtuous synchronism, transfers were debated as guiding ideas or as individual parameters of engendering the economic transformation, which in turn was envisaged to organize modernity. At the same time however, given the large number of subordinate questions presented above, political elites could only resort to self-reflexive and trial-and-error logics in order to demarcate functional strategies for internationalization.

6.4.2 Which way forward? New learning or increased application of existing lessons? Welfare transfers in the 1930s

Against the backdrop of early 1930s global changes, the key topic of international recognition and guarantees needed a reevaluation – “our independence and the security of our borders cannot be achieved just by military and strategic means” (Mircea, DS, Nov 1932). Specifically, similarly to the early 1900s, state-makers realized that while the image of a modern state may have generated the international standing that comes with a good credit line, it failed to actually cut across simultaneous questions. The problem was quite poignant as 1930s Romania still required foreign capital, but policy-makers realized that resources available on the post-crisis international arena tended come with stringent requirements.

Consequently, international recognition alone could no longer ensure the “security of each citizen’s daily life” (Mircea, DS, Nov 1932). International observations further cemented the new theorization, presented at length in previous chapters, that the economic transformation was the

most promising project for engendering a virtuous synchronism - though countries that Romania typically looked up such as France took pride in the label “agricultural country”, developed states relied more and more on industrial capitalism (Mircea, DS, Nov 1932). Since nation-state-building in the 1920s had failed to indirectly organize capitalism, state-makers theorized that a more proactive stance was needed, wherein “well-organized work” would foment the economic transformation (Roman (b) 1935, 3-4).

Against this background, 1930s welfare intervention was theorized as a substantive, rather than an instrumental, component of modernizing bundles (Raducanu 1934, 7). Consequently, if in the 1920s social policies were a necessary burden for broader goals, in the 1930s, welfare intervention was a key component of a productive economy, even in spite of short-term costs (Onicescu 1931, 6). Political elites judged in self-reflexive manner that the strategic approach of the 1920s had brought Romanian closer to regional laggards such as Greece, rather than closer to fore-runners such as Sweden or Czechoslovakia (Raport 1936, 4-5, 9). To a very high degree this was theorized as the direct result of the latter’s proper implementation of modernizing international conventions (Raport 1936, 4-5). In fact, the unexpectedly hard toll the crisis took on Romania could be explained specifically through the fact that while other states had helped workers, Romanian policymakers had been largely inactive (Gherman, DCD, 1st Dec 1932). Consequently, because the economic transformation underpinned modernity itself, welfare intervention should not be treated as an amorphous “standard of civilization”, but pursued proactively as the keystone of the “economic question” itself (Menzicescu, DS, 17th Mar 1933).

By the early 1930s, because policy makers had constantly delayed intervention (Radaceanu, DCD, 21st Sept 1932), the question of social policymaking had become multi-layered – if in the realm of labor laws Romania had a wide array of policies with highly inconsistent

application, in the area of social insurances, major reforms had been constantly delayed, and the 4 parallel systems throughout the provinces had become insufficient (Radaceanu, DCD, 1st Dec 1930). On the surface, this may have appeared as a problem of state capacity, as political elites recognized they lacked the administrative resources to compete with well-organized and powerful employer associations (Ioanitescu, DCD, 13th Mar 1931). On a deeper level however, 1930s Romanian MPs judged that the problem came from the ideational construction of the 1920s, which had constantly delayed welfare intervention (Madgearu, DCD, 21st Dec 1932). Specifically, the instrumental approach of the 1920s was now judged to have precluded both local innovation (Raducanu 1934, 7) and an efficient use of transfers, as ILO projects were all but ignored in administrative practice (Lascarov-Moldovanu, DS, 1st Jul 1931 – legal rest days; 8 hour work day). This meant that 1930s political elites recognized that social policies were a practical reality with a potential modernizing effect only for large industries or in towns, where the working class had organized enough to pressure employers into some form of compliance (Radaceanu, DCD, 1st Dec 1930).

This meant that welfare transfers could only engender capitalism if they were properly studied within the logic of bundling (Largeanu 1935, 9-11) and subsequently applied and enforced (Chirculescu 1933, 5). In this sense, transfers could be neither superimposed nor a substitute for local innovation (Suciu 1936, 12-13). Rather, welfare transfers could contribute to a virtuous synchronism as a building block for a developmentally appropriate welfare intervention that cut across the multiple challenges of late industrialization (Trancu-Iasi 1936, 4). In this line of thought, the 1933 Ioanitescu Insurance Unification Law, presented in technical detail in previous chapters, was predicated on making a Bismarckian logic functional within a uniquely Latin reasoning for developing social insurances (Ioanitescu, DS, 17th Mar 1933). For instance, even directly against

ILO templates, the Ioanitescu Law collapsed the insurance budget into the state budget, allowing the Government to fund the bureaucracy that employers refused to pay for (Samoil, DS, 26th Jun 1934). While the ILO placed a premium on pro-worker policies, the 1933 Ioanitescu Law attempted a Bismarckian style intervention, similar to that of the 1912 Nenitescu Law, that allowed the state enough control without over-burdening employers with taxes that threatened their existence (Ioanitescu, DS, 17th Mar 1933).

While tweaks such as administrative organization may appear minor, they are in fact the clear result of a self-reflexive (re)evaluation - if 1920s state-makers theorized that “best practices” from the ILO had direct applicability, in the early-mid 1930s they judged that Romania needed adaptation as it was “unlike any other case the ILO has had to face so far” (Ioanitescu, DS, 22nd Mar 1933). The new ideational construction on late development (Introducere 1935, 1) also lead to a re-interpretation of international templates, to the point that “Geneva problems are strictly local and of interest just for *some* states [i.e. Western], and without any interest or consideration towards our Romanian society” (Largeanu 1935, 9-11). The problem was that while the ILO concerned itself with the “worker question”, its 1930s high level of abstraction was seen as completely disconnected from the concrete issue of building a Romanian industry (Largeanu 1935, 9-10). As such, the limited modernizing potential of using ILO templates for foreign policy goals (Relea 1935, 2) had become an insufficient argument to generate a strict adoption of policies that appeared increasingly dissociated from late industrialization a la Roumaine (Largeanu 1935, 9-10)

Against this background, while the 1930s ILO templates were not meaningless (Cunescu 1934, 16-18), they were clearly not the standards of modernity they used to be in the 1920s. More concretely, political elites theorized that ILO templates should be judged equally to other “foreign institutions” – they could be rejected or accepted first and foremost based on in depth study within

the specific policy area (Constantiu 1936, 3). Against this background, the convention on the 8 hour work day became a developmental hurdle, as building capitalism could not be achieved with workers spending less time in factories (Mirescu, DCD, 16th Mar 1933). Other than lowering productivity, the 8 hour work day would have no consequences in late industrializing Romania, as the type of unemployment it was designed to alleviate was argued to be simply inexistent (Barasch 1933, 29). In this sense, the shorter work day would only benefit a small group of workers, rather than cutting across the parallel questions of late industrialization (Mircea 1935, 8-9). Because its diplomatic value was also minor at best (Godeanu 1934, 25-26), the convention on the 8 hour work day could thus be argued to be just more proof that the ILO had become too indebted to the experience of early industrializers (Ghiulea 1934, 7). This was interpreted in the broader sense that ILO conventions, such as the fashionable insurances for agricultural workers (Ghiulea 1936, 2), were ripe with a “ferocious nationalism” that was ill advised for Romania (Orleanu, DS, 10th Apr 1933).

By contrast, the self-reflexive debates on a new virtuous synchronism prompted the reverse trajectory for the 1920s ILO convention on unemployment insurance. On the surface, Romanian state-makers continued to reject ILO-mandated insurance based on 1920s arguments that late industrialization did not have structural unemployment (DS, 12-13th Dec 1934) and could not foment capitalism by placing another financial burden on employers, who would actually finance the system (Ioanitescu, DCD, 13th Dec 1933). Yet, if in the 1920s these arguments would be absolute, in the early-mid-1930s when forging capitalism promised modernity, international comparisons mandated policy action (Ioanitescu, DCD, 13th Dec 1933). While the ILO push for such policies was still constant, what changed was the perception that, even in the (semi)periphery, in order to maintain a competitive economy, state-makers needed to resort to some forms of

support for unemployment (Mirescu, DCD, 16th Mar 1933 compares with Finland and Czechoslovakia). Lack of policymaking in the tricky area of unemployment was thus now theorized as conscious step away from “Westernization” (Mirescu, DCD, 13th Dec 1933).

The crux of the debate was carving out a specific solution that bypassed the free-riding problem, in a country where semi-rural workers typically dealt with unemployment by reverting to agriculture (Andriescu 1936). The perceived risk of the ILO version of unemployment insurance was that it would not foment capitalism (by protecting workers’ skills investment) and could potentially also sap the country of some agricultural revenue. The most comprehensive proposal was thus multi-layered – firstly, agriculturally returned workers would not have unemployment insurance but would be granted support to join placement offices (originally implemented under the ILO Washington Convention of 1919 and revamped in the early 1930s); secondly; skilled workers, with a proven record of full-time employment, would have some collateral benefits (such as experimental health care coverage), based on the principle of social risk (Ioanitescu, DCD, Dec 1933). While full insurance would only be introduced after the royal dictatorship of 1938, the partial measures taken throughout the 1930s, stand in stark contrast with the sheer neglect of the 1920s, which can be clearly attributed to the new theorization of modernity (Andriescu 1936, 2). If in the 1920s political elites argued that trickle-down industrialization under the umbrella of nation-state-building would solve unemployment, in the 1930s because the economic transformation was coterminous with modernity, unemployment needed proactive solutions, which in turn raised the need for in depth policy learning (Largeanu 1935, 9-11).

Because the economic transformation promised modernity, political elites theorized they could no longer approach unemployment as a free-floating concept, but rather as a deeply embedded reality. In this sense, to Romanian policymakers in the 1930s, despite weak

industrialization, “unemployment is a social risk” (Mirescu, DCD, 16th Mar 1933) because it also had the very local meaning of ‘intellectual unemployment’ (Banu 1933). While Romania may not have the blue-collar unemployment of mature capitalism, the over-bureaucratization of previous state-building qua modernization had created its own kind of structural unemployment (Banu 1933, 3). Against the background of the new theorization of modernity, intellectual unemployment was constructed as a developmental threat, as “highly educated individuals depressed from unemployment [in the promised state sector], succumbed more quickly to extremism than private sector workers” (Banu 1933, 43). What compounded the problem was that state-makers could neither curtail over-bureaucratization fast enough, nor could they rely on conventional welfare benefits, because the latter ran the risk of free-riding which sapped the country of the resources necessary to build capitalism (Barca 1937).

The partial solutions developed by Romanian state-makers such as professional reorientation centers and some involvement from job placement centers also quickly proved to be either too slow or not encompassing enough (Banu 1933, 35-38). Consequently, Romanian modernizing elites were pushed towards proactively looking for solutions on the international arena. This was not however straightforward because, as previously mentioned, conventional sources as the ILO had become so tied to the experience of the “core” that it offered highly specific solutions in the guise of unemployment measures for scientists, artists and so on. Above and beyond cementing the previously discussed disillusionment with the ILO, this was highly problematic for Romanian modernizing elites as it offered neither workable principles nor functional blueprints for practical implementation.

Since global “best practices” were underspecified, Romanian state-makers judged that learning from fellow laggards may be better suited for what seemed to be a specific problem of

late industrialization a la Roumaine. If in the 1920s, state-makers would have prioritized the tried-and-tested experience of early industrializers, in the 1930s they opted to draw from the Polish Institute for Intellectual Unemployment, precisely because the Polish experience was predicated on professional reorientation of bureaucrats (NAC 1038, 327 / 1936). The Polish template, which involved a network of subsidized professional reorientation courses, eschewed the costly creation of unemployment insurance, which meant it could be implemented in resource deprived 1930s Romania (NAC 1038, 327 / 1936). While this solution was itself not fully specific, it was more concrete than the macro-structural approach of the ILO and focused less on long-term processes and more on the mundane task of finding immediate employment (NAC 1038, 327 / 1936).

In a broader guise, the case of intellectual unemployment highlights that the ideational change regarding modernization also implied a self-reflexive (re)evaluation of the value of bilateral learning. In this sense, mid-late 1930s MPs argued that bilateral learning had a range of advantages over “uniformization under the tutelage of the ILO” (Rusescu 1935, 15). Firstly, the experience of the 1920s showed that the macro-level solutions proposed by the ILO were not easily applicable to logic of bundling needed for cutting across the parallel challenges of late industrialization (Relea 1935, 29). For instance, in the area of regulating the labor of foreign workers, global considerations could very easily miss the nuances of specific tradeoffs inherent in bilateral industrial and trade relations (Rusescu 1935, 15). Similarly, while the ILO recommended a fully autonomous National House of Insurances, political elites judged by cultural proximity that France’s experience of state control could provide clearer lessons for late developing Romania (Nistor, DS, 27th Mar 1935). Above and beyond amorphous cultural fit, observations of nearby Hungary and Czechoslovakia also showed that going against the ILO recommendation was

beneficial for late comers seeking to cut across parallel challenges (Alexandrescu-Roman (a) 1934, 11).

At the same time however, while bilateral learning would complete the institutional scaffolding of a welfare state capable of buttressing development (Nistor 1935, 3), the experience of the 1920s also showed that redistributive institutions could only cut across parallel challenges with proper administrative enforcement (Setlacec 1933, 1). This was immediately visible with previous ILO conventions that had just been ratified due to obsolete strategic considerations (Deleanu, DCD, 5th Apr 1934). Yet, if in the 1920s this was simply an assumed choice, in the 1930s when forging capitalism was *the* modernizing project, lack of enforcement was theorized as a developmental hurdle. For instance, hap-hazard implementation had led to grey bargaining systems that hampered industrialization even in Bukhovina, which seemed a particularly adept province at catching up, due to its legacy of advanced Austrian labor policies (Raport 1935, 19-2). Another clear example was the 1925 ILO convention on legal rest days, which had become so trespassed on vague “cultural” reasons (Setlacec 1933, 1), that it stopped being a state-wide social policy and “boiled down to private agreements and ad hoc decisions” (Relea 1935, 20). If in large industries, the power of organized labor could substitute lack of state enforcement and coerce employers, in small industries without state supervision, social and labor policies were virtually meaningless (Ehrenfeld 1935, 13-14).

Consequently, without proper enforcement, the un-homogenous nature of late industrialization would block welfare transfers from engendering a virtuous synchronism (Relea 1935, 20). If in the 1920s this was an acceptable short-term sacrifice, in the 1930s better enforcement was theorized as *the* modernizing vector that transformed laws designed to “exclusively favor workers” into a cross-cutting modernizing project (Raport (b) 1937).

Specifically, better enforcement would harmonize the incoherent layers of policymaking, into a broader welfare networks that sustained the economies of scale which underpinned mature, industrial capitalism (Raport (b) 1937). Better enforcement was also theorized to solve the highly sequential nature in which late industrialization had birthed social insurances (Ioanitescu 1935, 3).

On the whole, the new theorization of modernity prompted 1930s Romanian state-makers to engage with a strategy for internationalization that different significantly from the 1920s – while they seemed less interested in new ILO templates because of their reduced strategic potential, political elites in fact proactively sought to apply previously neglected conventions. The crux of the issue was that, since forging capitalism promised modernity, the “worker question” became less of a free-floating concept with instrumental value, and more of a substantive developmental hurdle. At the same time however, the self-reflexive change in theorizing modernity did not engender internationalization as a reification of a sticky national path, nor as a “deviation” from exogenously given “best practices”. Rather, in the contingent perspective of 1930s actors, internationalization was still crucial to modernity (Manuila 1933, 17), but with a different calibration in terms of using templates (old and new - Gusti 1934, 7), and in terms of finding new ideas.

7. Conclusions

By drawing on the framework of self-reflexive modernization (Case 2018; Stråth and Wagner 2017), the dissertation has argued that welfare state development in late modernizing Romania was part of the conceptual grammar of cutting across the parallel challenges of state-making, nation-building and the economic transformation. This was needed because competing against the “core” collapsed in at the same time processes typically layered in a gradual fashion, over a long period. As such, catching up required first and foremost an open debate (Mishkova and Daskalov 2014, 96) which sought, in the absence of adequate maturation time, to bundle atomized questions into an omnibus solution that cut across simultaneous challenges (Case 2018). In this sense, the Romanian welfare state developed, from the late 19th century up to 1938, as a modernizing tool, envisaged to create a specific class structure, capable of articulating in a bottom-top fashion the demands that guided elites in organizing the simultaneous challenges of late modernization.

This was not however straightforward, because Romanian political elites observed with increasing clarity that they were aiming a moving target, wherein the “social question” was both a law-like component of progress *and* a contingently defined idiom, within alternative recipes for development (Stråth and Wagner 2017; Case 2018). Consequently, the individual chapters map the self-reflexive and trial-and-error fashion in which political elites devised welfare solutions to cut across the otherwise mutually obstructive state-making, nation-building and economic transformation. The present chapter summarizes the main findings of this intricate narrative bricolage and subsequently outlines avenues for future research.

7.1 Summary of findings

The shift in causal emphasis from fixed sequences to open-ended debates carried out by political elites, opens up space to specify in full how late modernization informs the creation of welfare states across the (semi)periphery. The crux of the ideational approach is that, as shown in late 19th-early 20th century Romania, the perception of a structural differentiation was only one of multiple simultaneous anxieties vis-à-vis catching up. Specifically, in the contingent view of Romanian political elites competing against the “core” collapsed in at the same time the key challenges of state-making, nation-building and the economic transformation, which had been layered in the “core” over a long duration (Stråth and Wagner 2017). Because elites lacked resources for multiple projects and adequate maturation time to derive slow-moving solutions, they were forced to theorize strategies for bundling atomized questions into cross-cutting solutions that organized modernity across multiple realms of socio-economic life at the same time (Case 2018).

Since the experience of Romanian late modernization meant parallel challenges, the emergence of the welfare state cannot be exclusively attributed to individual questions (Haggard and Kaufman 2008 on regime- and state-building for instance; Collier and Messik 1975 on industrialization). Rather, the dissertation shows that the creation of welfare institutions in late 19th-early 20th century Romania was a trial-and-error attempt to create a modernizing tool capable of (re)creating a specific social class scaffolding. Precisely because Romania was seen as lacking structural pre-requisites, political elites argued that an integrative class structure could articulate the bottom-top demands that guided MPs in their top-down attempt to organize the simultaneous anxieties of the state-nation-economy nexus. Against this background, the creation of welfare states was expected to buttress a top-down defined social mobility, by insuring against the main life-course risks

perceived to deter an otherwise overwhelmingly rural population from engaging with new occupations.

Firstly, the ideational approach shows that while the welfare effect of industrialization was an immediate political catalyst (Janos 2000), Romanian political elites realized that in fact states and markets were parts of a continuum fraught with mutually obstructive questions. On one level, the continuum does indeed contain many of the questions typically attributed causal role in the emergence of CEE welfare states – state-building through social integration of unruly labor (Inglot 2008), securing the loyalty of bureaucrats (Inglot 2008; Haggard and Kaufman 2008; Szikra and Tomka 2009); insuring against new social risks (Collier and Messik 1975) etc. On a deeper level however, given that elites recognized state-building and the economic transformation were desiderates rather than established reality (Dimou 2008), they faced high ambiguity in delineating not just the hierarchy of questions, but how they related to one another. Against this background elites theorized that only a specific class structure could circumscribe a virtuous synchronism by providing bottom-top demands that could be construed as fixed pegging point to organize modernity (Stråth and Wagner 2017).

The creation of welfare institutions to cut across the state-economy continuum is very visible for instance in the early trajectory of old age pensions for state employees. Concretely, the 1880s-1904 string of pension laws aimed not just at securing the loyalty of state employees, but also at creating, out of a mostly illiterate peasant demography, a bureaucratic class with enough disposable income to act as early capitalist consumers. On the one hand, old age pensions were designed in the 1880s-1890s as a pull factor by insuring against the life-course risk of old age, which was hitherto unknown to the peasant masses. On the other hand, the absenteeism debates of 1902-1904 clearly display that what elites had envisaged was that the new-found disposable

income would act as the demand that engendered the rise of a supply of industrial goods, leading to the emergence of a capitalist market. Similarly, the 1902 Missir Law was envisaged both as a pull factor for a newly desired blue-collar class *and* as the institutional structure that allowed the expected new class to engender a type of state-building that was more conducive to growth.

Secondly, the ideational approach shows that the oscillation between alternative theorizations of cutting across states and markets could not follow a purely functionalist logic (Haggard and Kaufman 2008). Because elites lacked either fixed guiding points or adequate maturation time, they resorted to trial-and-error and self-reflexive logics to theorize the nature of a virtuous synchronism and the place of welfare institutions within a modernizing bundle. Above and beyond isolated questions and ad hoc crisis management (Inglot 2008), self-reflexive debates sought to ascribe the social question a specific structuring role (Case 2018). This was obvious in the fact that while budgetary emergencies may have triggered the 1880s-early1900s debates on pensions for state employees, they did not in fact provide the conceptual grammar of policymaking. Rather, such measures were part of a coherent ideational construction wherein welfare institutions needed act as incentives for a specific social mobility and its attached socio-economic behavior.

Thirdly, the ideational focus contributes to existing gaps in the literature by opening up space to capture the holistic picture wherein, due to the high ambiguity of late modernization, the emerging Romanian welfare intervention was conceptualized in economic, social, political *and* cultural terms at the same time (Moses 2018). Specifically, welfare creation needed to solve the state-economy dilemma in a fashion that also responded to “national” grievances (Kaufmann 2013a) so as to construct nationhood, which political elites observed as the key structuring principle of the Western sociohistorical matrix (Goswami 2002). Nation-building appeared

particularly promising to Romanian political elites because creating an integrative socio-economic nexus promised to propel growth even in a context with ambiguous structural pre-requisites.

This implies that appeasing ethnic conflict (Inglot 2008) or achieving specific income distributions (Amsden 1992) are only two specific options in the broader ideational landscape of nation-building qua modernization. The crux of the issue was that, across the (semi)periphery nation-building as a modernizing project implied a socio-structural transformation of mostly agricultural societies that lacked the dynamic “core” (Brubaker 1996) capable of generating the interactions that underpin development (Szlajfer 2012). This suggests that the transformative potential of nation-building included not just instrumental goals, but also “remedial” projects that aimed to construct a holistic class structure by developing the missing “core” (Brubaker 1996). By following this constructivist view of nationalism, the thesis has thus shown that the politicization of incomplete nationhood was a more central driver of welfare state development in late modernization than ethno-national fractionalization (Alesina and Glaeser 2004).

Because nationalism came with its own conceptual grammar of inclusion and exclusion (Wimmer 2013), it added a new layer of complexity to debates on cutting across the state-economy continuum. Specifically, political elites needed to debate in self-reflexive fashion how the definition of the missing “core”, as a nexus of class *and* ethnicity, would make states and markets co-constitutive. One alternative was to keep ethnicity secondary because overall growth was theorized to inadvertently spill over the titular ethnicity. This was attempted for instance in the 1902-1904 Pension Laws, which sought, above and beyond ethnicizing the state apparatus, that bureaucrats acted as early capitalist consumers driving the economic transformation. A different theorization implied that including well-off minorities may engender short-term growth, but not polity-wide linkages. In this ideational construction, elites proactively rejected short-term growth,

available by including minorities or peasant nationalisms, in favor of a broader structural transformation. In this sense, projects such as the 1902 Missir Law, the 1912 Nenitescu Law, the 1925 Pension Law or the 1933 Ioanitescu Law aimed to ethnicize the economic transformation by uplifting the overwhelmingly Romanian peasantry. At the same time however, the conscious rejection of short-term growth could also imply that nation-building qua modernization was superimposed on the state-economy continuum. This was the case for instance with the 1925 Pension which, in spite of historical experience, re-interpreted the modernizing value of a Romanian bureaucratic middle class. The oscillation between alternatives followed a self-reflexive and trial-and-error logic whereby Romanian elites, who believed nationhood underpinned modernity and not vice-versa as in the West (Mishkova 1994), internalized delayed development as a still incomplete nation.

Last but not least, the thesis shows that understanding how internationalization informs welfare state creation in late modernizing states requires dissecting elites' contingently-defined domestication of the pan-European social question (Case 2018). The Romanian case shows that political elites were faced with high ambiguity in evaluating the alternative transformative potential of tools originally designed to deal with problems of organized modernity (Dimou 2008, 10). What increased anxiety even further was that elites recognized they were aiming at a moving target – not only did the “core” comprise very different proven models, but each contained a more-or-less stable set of features alongside significant ambiguities (Zeitlin 2006). The dissertation thus shows that internationalization was theorized in a contingent manner, as part and parcel of the logic of bundling.

A first implication is that the “best practice” quality of international welfare templates was contingently-defined rather than exogenously given. In this sense, emulation and translation were

specific choices that only capture discrete moments of welfare state creation - within the same developmental reasoning, elites could oscillate between ascribing the best practice quality to early industrializers, by virtue of achieved success (Nenitescu 1912, Ioanitescu 1933) and to fore-runners in the (semi)periphery, by virtue of having overcome adversity (Missir 1902). In addition, the focus on self-reflexive debates also shows that the relationship between developmental reasoning and cultural fit was not homogenous, but contingently-defined (Nenitescu 1912; Ioanitescu 1933). The contingent definition of a best practice can further be seen in that, during the 1930s, while Romanian political elites argued that the “current” ILO templates had lost their modernizing value for late comers, they also theorized in self-reflexive fashion that 1920s ILO projects could still be relevant.

Similarly, the logic of bundling also opens up space to observe that welfare creation in late modernizing Romania contained not just mixes of emulation and translation, but also *sui generis* strategies. For instance, Romanian political elites theorized in a self-reflexive fashion that transfers could engender a virtuous synchronism either as contributions to their respective policy areas, or as instrumental contributions for different goals (Zeitlin 2006). This explains why in the 1920s Romania adopted a large number of ILO templates without proper implementation – within the theorization that nation-state-building could create a virtuous synchronism, the image of a Western-style state could attract foreign capital to be used at the very least to buy time until the ILO templates could serve their “substantive” modernizing role. Conversely, in the 1930s, while new ILO transfers were rejected, Romanian MPs theorized that the unapplied templates from the 1920s were now developmentally appropriate to cut across state-making, nation-building and the economic transformation.

7.2 Lessons for future research

On the whole, the dissertation has analyzed how political elites' theorizations of anxieties about late modernization informed the creation of social policy in late 19th-early 20th century Romania. At the same time however, the focus on institutionalization of ideas by visibly strong actors (Korpi 2006), shared in fact by a broader debate in the literature (Beland and Cox 2011), lends itself to further expansions. On a very basic level, future research can further explore the Romanian case-study itself, either by delving deeper into the ideational landscape or in the more grounded direction of analyzing institutional practice. On a further level, future studies can test the reach of the main argument regarding the origins of welfare states in a comparative fashion both in the immediate CEE area and in the wider universe of global (semi)peripheries. On yet a different level, the self-reflexive approach to the embedded nature of redistributive institutions can also offer important insights and hypothesis for research on broader areas of welfare policymaking, that are neither limited to the (semi)periphery nor to the historical period of welfare state development. The following subsections outline in more concrete detail how the main argument and the theoretical approach can be expanded in these specific directions.

7.2.1 Deepening the case-study

Broadly speaking, deepening the case study can be pursued along the ladder of abstraction – on the one hand, future research can climb higher, by focusing for instance on intellectuals' debates on the nature and requirements of late modernization; on the other hand, future studies can go down in abstraction, striving to track if and how elites' conceptual grammar was translated at the level of legal and administrative praxis.

Firstly, though as argued in several points there are significant reasons to focus primarily on political elites, these do not preclude alternative causal roles for varying types of elites. In fact, as shown throughout the chapters, political elites often conceded that modernization does also involve law-like concepts, which were, at least in principle, not up for political debate. In this sense, in late industrializing Romania, as in other late comers (Moses 2018 on Italy for instance), intellectuals and/or policy experts were also involved in the open-ended debate on modernization. Yet, existing research on broadly defined “intellectual elites”, either sociological in nature (Sdrobis 2015) or conceptual history (Neumann and Harre 2013), has typically neglected welfare state development. This represents a significant gap given that, as previously mentioned, MPs often recognized parts of their conceptual grammar as being informed by intellectual elites’ own self-reflexive debates on identifying the social question(s) specific to a late modernizing state. Consequently, future research focused on intellectuals’ debates can deepen the understanding of the ideational landscape of Romanian late modernization, which in turn allows for a clearer understanding of the conceptual grammar of social policy development.

Secondly, the analysis has shown that while Romanian political elites considered the settling of ideational debates as the crux of engendering a virtuous synchronism, they were also acutely aware this also involved circumscribing a functional legal-administrative praxis. At the same time however, given the central focus on theorizations of late modernization, the present research has not fully elucidated how elites oscillated between overriding practical issues and letting them warp ideational considerations. As such, on a first level, future research could inquire whether and how the emerging Romanian social insurances implemented the ideational considerations of political elites. On a deeper level, future research could also probe the existence of feedback loops wherein the problems of institutional praxis informed ideational debates. By

analyzing how elites defined the boundaries of their reach, which has thus far been neglected in the literature (some hints in Haggard and Kaufman 2008), future research could thus even further specify how elites defined welfare intervention as a requirement of (late) modernization

7.2.2 Comparative studies: regional and beyond

Broadly speaking, the dissertation offers a new conceptual approach to an analytical toolkit essentially derived from the comparative literature on welfare state development in CEE. In this sense, by providing a fully spelled out application of the framework of modernizing questions (Case 2018; Stråth and Wagner 2017), the Romanian case-study serves as a useful heuristic for a new branch of comparative studies. Quite clearly, on a first level, future comparative research can test the regional CEE reach of the main argument or any of its sub-parts. On a second level, the focus on the common experience of grappling with modernity (Moses 2018) also opens up the avenue of comparative research within the global universe of late industrializing states.

To begin with, research within the broader CEE area can test in a comparative fashion the reach of the argument that welfare states developed to (re)create a specific social class structure. This could be researched by comparing whether, in their common attempt to bundle questions to cut across the state-nation-economy nexus, political elites in the Visegrad countries or in Bulgaria ascribed the social question a similar role. Such research could help further specify the boundaries between agency and structure, given that political elites throughout CEE recognized the at least partial modular character of modernity, but interpreted quite differently both its inherent ambiguities and their own historical contingencies. In addition, future intra-CEE research can also inquire into discrete issues from the ideational landscape of late modernization, such as the way in

which regional competition, as an addition to competing with the “core”, informed the development of welfare states. Because, as shown in the Romanian case, political elites theorized that development is a relational concept, such studies could provide valuable insights into how perceptions of relative-regional development warped the national trajectory of the otherwise pan-European social question.

Secondly, a range of studies show that the idiom of a social question demarcated anxieties regarding functional links between state, society and economy, not just in CEE late comers, but in fact throughout the entirety of the Global South (Leisering 2018, 7). In one interpretation, this is the logical corollary of cross-peripheral fertilization wherein, questions and solutions derived in CEE, functioned as a type of paradigmatic early toolkit for catching up (Love 1996; Szlajfer 2012). Yet, while applying the comparative literature on CEE welfare state development has offered some insights into early social policy creation in South America or South East Asia (Haggard and Kaufman 2008), such studies ultimately reify the inherent shortcomings of sequential modernity and generally unearth variations of the stalemate “hybrid typology”. In a different interpretation, since late industrialization is by nature not homogenous, the common struggle among late comers was to identify worthy addressees of would-be social programs (Leisering 2018; Kaufmann 2013a). Thus far however, such approaches have only been confined to specific policy areas, without offering an overarching account of the “modernizing gestalt” of the welfare state (Leisering 2018).

On the whole, the gaps in existing studies vying for a cross-peripheral approach essentially stem from the lack of integrative theory building regarding the specificities of late development (Leisering 2018). In this sense, the Romanian case-study can provide important building-blocks for a more integrative branch of comparative studies, because it fully dissects how the key anxieties

about late modernity acted as guiding problems of successive elite iterations of the social question (Kaufmann 2013c, 32; Leisering 2018). In a very basic sense, future comparative studies can test the global reach of the argument on welfare states developing for the specific purpose of forging a top-down defined class scaffolding. This can be researched by comparing if and how the logic of bundling questions travelled across multiple (semi)peripheries, all struggling with the simultaneity of questions pertaining to the state-nation-economy nexus. Because it does not take for granted any putative “pillars” of welfare state development, such a comparative approach could shed new light on how elites across the Global South crafted a strategy for internationalization based on self-reflexive debates.

7.2.3 The broader scope of an ideational approach to welfare development

By highlighting the embedded and contested nature of the conceptual grammar of redistribution, the dissertation offers a range of arguments regarding welfare policymaking that transcend the historical study of welfare creation. For instance, the role of ideas has also been signaled in a range of contexts (Béland and Cox 2011), such as the very recent – post 2000s, rise of cash transfers in the Global South (Leisering 2018). Similarly, Béland and colleagues (2011) hypothesize that since welfare institutions are crucial in fostering national identities, studying the politics of retrenchment, a key topic in the current literature on welfare state reform, needs to factor in both inequalities *and* broader ideational concerns on inclusion and exclusion. Yet, while existing studies suggest that the logic of bundling, the rhetoric of incomplete nationhood and differential internationalization are recurring themes in welfare state development/reform across time, they

have not yet offered a fully integrative approach¹¹. The following subsection highlights how the logic of bundling and self-reflexive ideational debates can contribute more specified hypothesis and causal mechanisms for future research in broader areas of welfare policymaking.

Firstly, the hampering impact of ethnic diversity on public goods provision (Easterly and Levine 1997; Alesina and Glaeser 2004) has thus far been such a powerful hypothesis in political economy (Banerjee et al., 2005) that it has led scholars to analyze the welfare-state-nation-state isomorphism (Clarke 2005) virtually exclusively through the lens of ethno-linguistic fractionalization data. Yet, because the diversity damaging hypothesis is built on a binary understanding of national solidarity (absent vs. complete), it can highlight the existence of a link between national identities and welfare states, but few clear-cut causal mechanisms regarding the co-constitutive relationship. This in turn has led such studies to struggle with explaining why for instance across what seem to be similar levels of ethno-linguistic diversity within Africa (Persson 2012) or India (Singh 2015), welfare development as well as subsequent reforms (Béland et al. 2011), vary on non-binary, fluid continuum.

By factoring in the open-ended ideational conflict inherent in nationalism qua political ideology, the focus on the self-reflexive rhetoric of incompleteness opens up space for a more nuanced understanding of the welfare-state-nation-state isomorphism (Clarke 2005). In addition to its causal strength in explaining the very creation of welfare states even in ethnically diverse society, the rhetoric of incompleteness can also help explain why and how “nationalizing agendas leave their most distinctive traces on democratic institutions”, which in turn crucially warps welfare politics (Bohle and Greskovits 2012, 99). In this sense, the logic of replicating a top-down

¹¹ Leisering 2018 for instance reiterates the supply-and-demand logic of internationalization by focusing on how debates within IOs warp in a top-down fashion national political debates.

defined integrative social structure (Brubaker 1996) can explain why otherwise small socio-economic groups become welfare winners (Vanhuyse 2019). Specifically, the political stake of completing an integrative class matrix offers the key hypothesis that elites tailor welfare benefits by cutting across class and ethnicity, to bolster socio-economic groups defined as particularly adept at flourishing in the ebb and flow of global capitalism. The need for such a specific nationalizing definition of state responsibility (Kaufmann 2013a) was common not just in post-independence (semi)peripheral countries, but also at more recent junctures in developed multinational federations, where migration and economic crisis raise significant identity-based cleavages even in spite of the existence of apparently settled national identities (Béland and Lecours 2008).

Secondly, in a sweeping study on cash transfers in the Global South since the early 2000s, Leisering (2018, 5-15) points out that the rise of multiple alternative models and the ambiguity inherent in adopting a new and fluid conceptual grammar are key components of internationalization which are not confined to late 19th – early 20th century Romania. This suggests that the self-reflexive approach to internationalization outlined in the dissertation can be used in diachronic fashion to offer insights for broader facets of welfare policymaking. In fact, the approach can even be expanded outside the (semi)periphery because, while aiming at a moving target may not have been the case in early welfare state development in the “core” (Leisering 2018), it represents a crucial facet of current debates regarding processes such as globalization or Europeanization.

As shown throughout the dissertation, the crux of the issue is that aiming at a moving target implies that the “best practice” quality of international models is contingent rather than exogenously given. This suggests in a broad sense that if, when and how the “Europeanization of

welfare has taken place” (Martisen 2005) can only be dissected from the contingent view of political elites. For instance, as shown in the dissertation, political elites can proactively (re)define any apparent “constitutive fit/misfit” that drives Europeanization in welfare policy, as a specific variation of internationalization (Martisen 2005). More specifically, because the conceptual grammar of redistribution is embedded in multiple ideational landscapes, institutional and/or ideational fit/misfit are not subsumed to homogenous logics¹². Rather, the way in which national responses frame potential effectiveness or lack thereof of Europeanization (Martinsen 2005, 104), also draws on topoi of macro-economic goals or even foreign policy considerations.

Furthermore, the contingently-defined “best practice” quality and aiming at a moving target also suggests that globalization or Europeanization may not unfold homogeneously within the many policy areas social policymaking (Leisering 2018, 357). This implies that neither conventional structural factors, nor a purely top-down view of global ideas and discourses (Leisering 2018), can fully capture how political elites conceive internationalization. Specifically, because, as shown throughout the dissertation, political elites are embedded in a contested national path (Zeitlin 2004), they theorize internationalization in a self-reflexive manner. This explains for instance why, despite an apparently common level of “institutional exposedness”, Europeanization may imply different types of change not just across different countries (Martisen 2005), but even between the various policies that constitute the overarching network of the welfare state.

¹² Obinger, Schmitt, Starke 2013 suggest for instance that Europeanization in welfare may be stopped by a “misfit between the policy idea of workfare and the traditional principles of social insurance”.

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