



Diverging Developmental Pathways on the Margins of the EU

The Case of the Hungarian and Polish Dairy Sectors

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Ph.D. thesis defence on 27 October 2015

Abstract

This thesis seeks to understand why similar semi-peripheral developing economies might benefit differently from transnational market integration. It wishes to establish a dialogue with a current debate, marked by very different interpretations regarding the economic and developmental performance of Central and Eastern European (CEE) countries. It argues that from similar starting positions, individual sectors in CEE economies could follow widely different modes of transnationalization in sectors where access to technology was cheap – yet domestic actors needed to secure capital, which neither the state nor domestic private banking sectors could offer them. Contrary to technology-intensive sectors where proprietary technologies might “force” developing economies to adopt an integrationist strategy relying on MNCs to secure financial assets and technology, in less technology-intensive sectors, different pathways of transnationalization remained open, yielding different developmental outcomes. For illustrating this argument, the thesis uses the case of the dairy sector’s post-Socialist restructuring in Hungary and Poland: Hungary experienced the developmental failure of an integrationist strategy, while Poland illustrates the unforeseen benefits of an autonomist pathway. The thesis argues that different policy choices in the two countries reflected differences in the resources and organization of state and non-state actors, the types of linkages tying them, and different institutional legacies stretching back to the Socialist period. In so doing, it seeks to show that even for small and open economies, the diversity of developmental pathways is substantially wider than usually assumed: neither too deterministic theories such as dependent underdevelopment, nor too general typologies such as the Varieties of Capitalism framework can grasp the actual diversity of developmental experiences, which exist at a sector level, especially in less technology-intensive sectors where a wide scope for variation exists. On the other hand, this thesis also shows that

particular modes of transnationalization can also be abandoned for alternative strategies when they fail to secure tangible benefits to domestic actors. Modes of transnationalization for developing economies are more diverse but also more transient than often assumed.



Jury: Dorothee Bohle (CEU), László Bruszt (EUI), Sven Steinmo (EUI) (via videolink), Iván Szelényi (NYU Abu Dhabi) (via videolink)

Bio

David Karas graduated from Sciences Po Paris in Comparative Politics with a specialization in Russia, the Community of Independent States (CIS) and Central and Eastern Europe (CEE) in 2008 before completing an MA in Nationalism Studies at the Central European University (Budapest) in 2009. His original research analysed the linkages between minority nationalism and informality in Zakarpattia oblast' in Ukraine. Since then, his focus has shifted towards the developmental consequences of transnational regulatory- and market integration for semi-peripheral developing- and transition economies. His PhD thesis at the European University Institute studies diverging developmental pathways between Poland and Hungary in less technology-intensive sectors, where different modes of transnationalisation resulted in very different developmental outcomes: the argument is illustrated with a case study of the two countries' dairy sectors after 1989.