

Post-communist economies as heterotopias: USAID role in preparing the ground for capitalism and accounting reforms

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Extended Abstract

A significant issue of debate is the power that aid agencies hold in the international development arena. Of more specific concern is how practices are transferred from developed countries to emerging and transitional economies, and especially how local practices and institutions are shaped (Mennicken, 2010; Caramanis et al., 2015) including in terms of accounting and accountability (Caramanis, 2002; Cooper and Robson, 2006). Most of the studies on international organizations look at the role played by the World Bank and International Monetary Fund (Saravanamuthu, 2004; Annisette, 2006; Murphy, 2008; Bakre and Lauwo, 2016; Modell and Yang, 2018). Moreover, the perspective taken in previous research is often limited to imperialism, or global governance. It appears from these studies that post-communist markets give space for experiments; they are no longer seen as abstract economic coordination mechanisms, and a simple extension to new markets, but as a space to be actively

organized (Mennicken, 2010). However, our understanding on how spaces are organised and governed, including through the role of accounting is limited.

In our paper, we look at the role played by USAID in transforming post-communist economies and particularly Romania from the early 1990's at the collapse of communism to 2008, which is the year following EU Accession. USAID presents itself as "the world's premier international development agency and a catalytic actor driving development results." More than financial aid and development, we are interested in how the agency is promoting market logic at the periphery, in the process of (re)building capitalism.

To do so we look at the role of USAID in shaping locally the market as "heterotopias" (Foucault 1967), needed mirrors for capitalism, consisting in: "*something like counter-sites, a kind of effectively enacted utopia*" (Foucault, 1967). These "counter-sites" are temporarily filling the passage from one bureaucracy (communist planned economy) to another (market economy, in the framework of the European market), and are penetrable to direct intervention of several actors, including development agencies. The role of these agencies is thus not entirely altruistic, as it also attempts to create a new type of governable person that fits a certain image/imaginary of capitalism.

It will be shown that USAID, and other development agencies, were promoting in these spaces a market imaginary, as a preliminary step for more advanced reforms in accounting that underpins the everyday practices of the capitalist system. In doing that, they created a "heterotopia", an "enacted utopia", to overcome a capitalism ideology crisis. Moreover, we argue that this is used as a necessary step, preceding and preparing the implementation of economic, financial and accounting reforms.

Thus, our study is also relevant for a new reading of “heterotopias”, and their functional role in making things “legible”, in line with Topinka (2010).

In the first section of the paper, we consider the literature on international aid agencies and NGOs within the context of ‘heterotopias’ and how the ideas of space have been considered in broader accounting research. Our methodology for the study will then be set out that consisted of archival research and interviews from those involved in the reforms. For analysis, firstly the paper looks at the social and economic context of post-communist Romania, focusing on the mix of reforms (creation of the financial market and regulations, privatization, and accounting reform). This builds on the concept of “heterotopia” to account for market experimentation through several layers of campaigns and reforms, creating distorted mirrors for the capitalism dominant model. Secondly, the paper draws specifically on the case of USAID to document the role of foreign aid agencies in the transition to market. In this part critical discourse analysis is employed to analyse electronic archives from the USAID (including the grassroots market awareness campaigns, and other comprehensive material related to conferences and events advocating for market principles, especially within the programme Partners for Financial Stability - PFS). Finally, the paper sets out the theoretical contribution and lessons for policy, practice and future research.

Keywords: accounting reform, transitional economies, heterotopia, international aid agencies