

## ROMANIA REDUX. A VIEW FROM HARVARD

### INTERVIEW WITH DAN DIMANDESCU

**Alexandru Cosmin Codreanu:** Dear Mr. Dimancescu, [your resume](#) is impressive. You are the Honorary Consul of Romania in Boston, Founding Member of [Alianta](#), Charter Member of the Harvard Club of Romania & Moldova. You were Lecturer at the Thayer School of Engineering and the Tuck Business School (both at Dartmouth College) 1989-1993), Adjunct Associate Professor at the Institut de l'homme et la technologie (Complex Systems Program, Nantes, France / 1991-1994), Associate Professor at Boston University's School of Management (Management of Information System Department / 1996-1997).



You are the Founder of the [Technology and Strategy Group \(TSG\)](#), whose President you were between 1978 and 2003 and more recently founder of BEH llc and co-founder with your son of Kogainon Films, a documentary film company in Boston, MA.

In 1913 your father, [Dimitri D. Dimancescu](#), founded the Romanian Boy Scout movement. He is also one of the Romanian WW-I heroes and recipient of the British Military Cross, a rarely offered award by the King of England to foreigners at the time.

In 2004, you published a book entitled "[Romania Redux. A View from Harvard](#)". Reading it, I could feel that you admire Romania's past and that you are optimistic about Romania's future. Now, 10 years later, some of the things described in the book can be updated.

Let's get comfortable. This discussion may take a while.

**A.C.C.:** You visited Romania for the first time in 1964. Do you remember what you used to think about Romania at the time?

**Dan Dimancescu:** My impressions of Romania were largely a product of my parents' heritage and positive feelings towards the country's rich culture, landscapes, and history. In 1964, I came to Romania for the first time while traveling by canoe 2,800 km down the Danube River with eight colleagues from Dartmouth College where I was a student. This adventure became a cover story in the [National Geographic Magazine](#). My introduction to Romania was thus from the shores of the Danube and a side trip to Bucharest where I met my family relatives for the first time as I was born in England and raised in Morocco and the United States. Their experiences under Communist times were less than happy

spanning the worst (prison and death; destroyed and expropriated homes; material deprivation). Behind all this, however, was the welcoming warmth and quality of Romanian hospitality that endures - long meals, good wine, and intellectual chatter on all subjects.

**A.C.C.:** *When did you return to Romania for the first time? How did you find it?*

**D.D.:** I returned during communist times in 1968 to do another [National Geographic Magazine](#) story on the Carpathian Mountains and again in the 1970s.

In 1996 I returned several years after what we now recognize as a 'coup d'état' that topped the Ceausescu regime. Things were still in rough shape. Neglected architecture, terrible streets and secondary roads, hard-to-see traffic lights, Lipsani (old Bucharest's city centre) was derelict and full of squatters. But there were also the first signs of a western consumer economy: neon lights, billboards, and a general feeling of an opening of new opportunities. Rules seemed few and 'pay-offs' could open any door.

**A.C.C.:** *Although you were born in England and raised in Morocco and mostly the US, you have been very fond of Romania's history and culture. This fact transpires from your 2004 book – "Romania Redux. A View from Harvard". When the book was published, you seemed quite optimistic about Romania's future. Do you still maintain this optimistic view?*

**D.D.:** By 2004 when the book was written much had changed. Though it was clear that many economic opportunities had been grasped by the 'old guard', evidence of substantial change could be seen everywhere I traveled: Bucharest, Cluj, Sibiu, and Timisoara. A few wealthy individuals with their fingers-in-the-pie (so to speak) were cumulating enormous wealth, luxury cars were becoming ubiquitous as a sign of corrupt black-cash income sources, and western-styled consumer-driven malls were beginning to appear. And importantly to an outside observer the more fundamental changes were in such things as a rapid transition from antiquated fixed line phones to cell phones. Bank ATMs appeared and proliferated. Similarly, the country witnessed the sudden proliferation of American-style petrol stations with 24/7 stores, coffee shops, and clean toilets. The latter is not to be overlooked particularly as a sign of a cultural change. This happened in France from the late 60s to early 70s when the 'toilet' culture changed from filthy Turkish toilets to spotless clean. So, too in England in London of the 1960s where outhouses were still seen in 60% of urban row-house homes. Romania in the transition year of 2000 looked a lot like France of the early 1970s though with far less resources to fuel its economy.

**A.C.C.:** *In your book you tackled also the question of why Romania – a very rich country in terms of natural resources – is so poor, having a rather modest economic performance. How do you see this problem today?*

**D.D.:** **"How could a country so rich - be so poor?" I raised that question in the [Romania Redux](#) book and it still holds.** Incomes are still very low for a majority of the working population of 4 million. Pensioners suffer from minute incomes. Yet this happens in a country that is rich in brainpower, natural resources including energy (water, oil, and gas), and vast agricultural land. **This 'poverty' can be**

attributed to all variety of causes of which the most visible has been a failure of government entities to strategize, implement, and follow-through on a coherent and well focused plan to leverage its resources. The best example - of many - is the highway system. This is an utterly shameful failure of policy. Twenty five-after the fall of the Ceausescu regime there is no highway infrastructure to tie Romania's economic potential into that of Europe! Though there is evidence of progress measured in tens of kilometers (not hundreds), the impact of this failure is enormous. So too the rapid decline in educational standards. So too in agriculture. The return of 4-5 million small plots of land to peasant farmers was astute politically but a failure economically that persist to this day. So too the failure of the government to adopt and enforce forest logging controls. The rate of illegal cutting and failure to reforest is costly. Looking ahead there it is not clear that a transition to a well focused economic development strategy is in store.

*A.C.C.: What do you think about Romania's transition? Is it over? Is Romania finally a democratic country? Does Romania finally have a market economy, an independent press, a civic society, in your opinion?*

**D.D.: Twenty five years after the December events of 1989, is the transition over? No. It is far from over. Yes, there is a democratic process but young voters do not vote in high numbers and thus undermine the credibility of elections. Yes, there is a market economy but it has not reached down into a large per cent of the population. Yes, there is an independent press but it is largely owned by a wealthy few with political agendas that prevent discourse on varied subjects. And most vital is the need to streamline the judicial process and keep it immune from hidden political and corrupt pressures.** And yes there is a civil society which is the strong ray of hope. The reawakening of a sense of civic responsibility through individual or group activities has taken root. But it has yet to mature into a strong and widely based 'constituency' that has political influence. Hence the belief on my part that the transition is not over. The advent of social media, the widespread use of the internet and cell phones, and a new post 1989 young generation are where the hope rests for a more complete transition. The December 2013 demonstrations against the Rosia Montana mine and the corruption that surrounds it were evidence of a civic sentiment and outrage mobilizing large numbers of people. It should be noted that the 'free press' - other than a few notable example - did not cover those demonstrations because they had become paid clients of the gold mining company.

*A.C.C.: In your book you were seeing cheap, but qualified Romanian human resources as a great asset for the country's development. Today Romanian emigrants are our main export product. What do you think Romanian authorities should do to change this political behavior that is rather closer to Philippines and Mexico than to the EU? What should they do to finally start implementing a European development plan? Romanian emigrants only cannot provide capital for Romania's development in the absence of an economic and political vision at home.*

**D.D.:** For context see my comments above re 'rich/poor country' and lack of national strategy. **Two or three million Romanians work abroad - largely West Europe. They fit into the category of 'cheap labor' often working abusive hours under less than civilized conditions. On that score the Romanian**

**government should be more proactive in insisting on elevating and enforcing EU regulatory standards over such labor. Repatriation of their earned income is important as it funds house repairs, purchases of products, and possibly monies for their children's education. But those same funds are not creating ingrained wealth for Romania.**

On the national front, there has been unbelievable failure of the ministries to absorb EU funds. This has caused delay, economic cost, and lost opportunity to the country. Why this failure: lack of managerial follow-through, corruption, failed leadership and focus on getting results expeditiously.

*A.C.C.: Romania is suffering of a chronic brain drain and it seems that there is no chance for a mass talent migration back home. According to dr. Ioan M. Ciomasu, the only thing we can do in this moment is to [“turn the brain drain into brain networking”](#), meaning that Romanians specialists abroad and Romanian specialists at home, should collaborate into Research and Development (R&D) projects and raise the bar of Romanian superior education. How do you see this matter? Is the “brain drain” a real problem for Romania? Can we involve Romanian diaspora in financing “Romanian brain networking” projects?*

**D.D.:** There is another category of Romanian émigrés for which there no exact numbers - but likely in the tens of thousands. This is the brain-drain to West Europe and the United States (and maybe other regions): doctors, computer scientists, mathematicians, artists, chemists, physicists, and others. This is akin in impact to the brain-drain that alarmed West Europe during the 1950s and 1960s much to United States' advantage. Today Seattle, home of Microsoft, is called Romania-West as so many young Romanians are there. So too with talented engineers in Silicon Valley, or doctors in numerous American communities, or brilliant researchers, faculty and students in Boston's best universities. A similar condition occurred in Korea following the armistice of 1953 and partition of the country. Huge numbers emigrated, many to the US and its universities. This changed with the strengthening of the South Korean economy during the late 1970s and offers of higher incomes drew many of the same émigrés back.

Time will tell. Many Romanian émigrés easily say that they would love to return to extended families and the beauty of Romania 'if only'. If only there were well paying opportunities. There is no immediate answer to that. The bright light is that many foreign companies are seeing opportunity to set up shop in Romania and thus to offer salaries that retain bright young people. Whether this will grow into a reverse migration back is not yet evident - and governmental policies are not yet the dynamic catalyst they could or should be. One the strangest issues is that US-earned universities degrees - even Harvard University - are not recognized by the Romanian government.

**“Brain networking” may have potential - and I hope it does.** I don't know the details of Mr. Ciomasu's proposals. **But funding and managing such networks is the key. It takes big numbers (Dollars / Euros) to fund and sustain substantive projects over multiple years. There is no evidence to date the Romanian diaspora has had the will or would have the will to conceive and fund such an undertaking. And the same might said to be true of other nationalities and their own diaspora.** Maybe someone has

to re-invent 'Kickstarter-like' funding schemes targeted on high-value Romanian projects in varied fields - and particularly in the arts - then see what happens.

**Raising the bar on 'superior Romanian education' is no small task. It's a systemic issue involving all levels of public and private society. Education in Romania is dominated by the government funding of elementary, secondary, and university levels. For now there is no systemic or progressive vision inside the government and this is creating a big chasm for anyone stepping forward with such a vision. Private education has yet to take hold as a viable 'high-quality' option sustainable over decades into the future. Rather private education has a checkered history or paid-for diplomas and low standards.**

*A.C.C.: Many foreign citizens and businesses buy properties in Romania. How do you see this?*

**D.D.:** That's not an easy question. **To many Romanians selling 'land' is akin to selling the heart of one's country. Selling non-land properties such as companies or buildings is normal worldwide. The only problem is that if foreign companies become the primary owners of Romanian businesses, profits are exported and thus not reinvested locally.** That's an issue of public policy for which there are multiple variants devised and implemented in other countries. **Companies like Renault and Ford are best examples of large manufacturing entities that create internal networks of job-creating supplier companies, i.e., the proverbial multiplier effect. Unfortunately, many of these suppliers are not home-grown but rather foreign subsidiaries. On the other hand those companies transfer managerial know-how, high performance standards, and employment growth.**

*A.C.C.: Are you in contact with the Romanian diaspora from Boston? From the US? How mature do you think is the Romanian diaspora from the US and from North America, in general?*

**D.D.:** The Romania diaspora in the US is not large - the national census identifies 500,000 individuals with 'Romanian origins' out of a population of 315,000,000. In the metropolitan area of Boston (3 million people) there are an estimated 6,000 Romanians with green cards or recent US citizenship. In New England (excluding New York) the number may be twice as large. In short, it's a small dispersed community. The primary catalyst in the Boston area is American-Romanian of New England (AR-NE) that promotes events, shares information, runs a Romanian language school for children. It counts 200-300 members. There are several Orthodox churches though each with small parishes.

My contact with the diaspora locally is through ARNE and student associations in the universities of which MIT's is the most pro-active.

*A.C.C.: What will it be in your opinion the best way for Romania to encourage foreigner corporations to focus their corporate responsibility on hiring Romanians talents and experts instead of bringing expats that are more expensive and have no major impact upon local sustainable development?*

**D.D.:** First - Learn from others: Singapore, South Korea. Second: create incentives that are transparent and encourage technology transfer, local hiring and training. Third: encourage universities (and particularly Polytechnics) to partner with businesses. A US model is at Northeastern University that is noted for its 'coop program. It's worth quoting from their website:

*“With over 100 years of experience connecting students and employers, Northeastern’s Cooperative Education program allows students to alternate periods of academic study with periods of employment in their desired career field. This program simultaneously provides companies with a source of talented and motivated students to join their workforce.*

*Our Co-op program (short for “cooperative education”) is one of the largest and most innovative in the world. Our method has proven to be a success: Nearly two-thirds of our graduates are offered full-time”.*

The appropriate government ministries could engage the varied foreign chambers of commerce - such as AmCham - to design and implement such a program in partnership with selected universities/polytechnics.

Let’ us talk a little about US – Romania relation.

**A.C.C.:** *How would you characterize the US-Romanian relations today?*

**D.D.:** On solid footing. No dramatic front-burner issues other than the military by-products of Middle East and Ukraine crises. Strong collaboration around drug, white slavery, and terrorism and border controls. If any tensions exist, it is in the US insisting on strong measures to tame hi-level corruption in the country.

**A.C.C.:** *In your opinion, is the crisis in Ukraine going to affect the relations between Romania and the US? How?*

**D.D.:** The US has clearly taken a stand against Russian incursions upon Ukrainian sovereignty. The problem is going to get worse in the short/long term. Sanctions are US’s primary mechanism to influence Russia. One way in which the Ukrainian crisis may affect US-Romanian relations is through oil and gas policies and cooperation. Pipelines, new drilling, and related endeavors may come into play to deal with Russia’s monopoly on flows.

**A.C.C.:** *In your opinion, why to do thing we still do not have an American Ambassador in Bucharest?*

**D.D.:** I have no answer to that - other than a disconcerting political gridlock between the two parties, Democrat and Republican, in Washington, DC.

**A.C.C.:** *How is Romania perceived now by the average American citizen?*

**D.D.:** **As we say colloquially: “Romania is not on the American radar.” Few - even well educated - can place it accurately on a map of Europe.** Many think it’s exotic; some ask whether travelers need to get special immunization shots. Almost none could mention anything of historical importance related to Romania - other than the very ‘old’ generation with memories of the Ploiesti oil raids of WW-II. Queen Marie is a long-faded memory. The ‘Ceausescu’ name and ‘orphan’ legacies are thankfully also fading away. The biggest negative is the ‘Dracula’ legacy that was fueled by American-authored books in the 70s and 80s that drew attention to Transylvania - and which Communist authorities capitalized on to draw tourists to Bran (falsely linked to Bram Stoker or to Vlad Tepes).

**To date, there has been no consistent or successful effort to build a widely recognized image of Romania.** This had been successfully forged in wealthier decades of the 20s and 30s with Romania being widely and positively visible across Europe and the United States. **Current and costly efforts to ‘brand’ Romania have failed largely out of incompetence, corruption (i.e., misspent monies), and a failure to understand the concept of ‘branding’.** It only works if one can promote a product, service of environment that **delivers a consistent expectation of quality.** That country-wide consistency is not yet delivered in Romania - particularly in the foreign tourism sector. **The quality is selective rather than across the board.** Bad experiences result in bad publicity and unmet expectations. This is one reason Romania draws only and estimated 500,000 foreign leisure travelers per year - in contrast to Spain attracting 50 million.

*A.C.C.: Although Romania is a committed partner of the US in the Middle East, Romanians still needs visas to travel to US. Why is that?*

**D.D.:** This is hard to explain. The question is best asked of foreign policy experts. My own explanation is that there is no strong and influential Romanian constituency in the US to affect change in the Senate or House of the US Congress. Other nationalities such as Italians, Polish, Irish, Jewish have substantial influence in Washington due to their large numbers and long-standing organizational abilities.

**The Senators or Congressmen who ‘know Romania’ could probably be counted on one hand.** The most pro-active is a Congressman from Ohio.

*A.C.C.: It seems that a new cold war is knocking at the door. It is time for a quick decision about strategic transfers of know-how and expertise in Romania from EU and US. Do you think US will do more than just verbally support Romania from Washington? If this will happen, which are in your opinion the priorities for such transfers?*

**D.D.:** As long as Romania offers the United States a territorial base for strategic movement of troops and supplies, there will be increased partnership. The Middle East is probably a more important catalyst for that than is Russia. Whether this leads to transfers of know-how - probably in training, upgrading of weaponry such as jet fighter avionics, radar, etc. - is quite probable and indeed has been going on for many years. Oil and gas policy may be another area of ‘shared strategic interest’.

*A.C.C.: Thank you Mr. Dimancescu for the generous time you offered me. It was a real pleasure to get these answers from Romanian born in exile who did not forget his roots.*

**D.D.:** Thank you.

**September 24<sup>th</sup>, 2014**

You can find more information about Dan Dimancescu [HERE](#).