



## ROMANIAN ECONOMIC THINKING INTERWAR CONCEPTS OF ECONOMIC POLICY

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**Abstract** *Romanian economic thinking in the interwar period can be treated systemically, as it presents a cohesive form, showing that it was able to develop current trends and variables defined and expressed, while society views those historical moments, translated politically by circles of thought associations and political groups. All the economic, Romania wars represents both a novel and complex decay's success as World War I land subject to the efforts over the powers of the Romanian nation. However, due to the final outcome of the war, the aftermath became favorable economic outcomes favorable to Romania, providing a substantial economic leap, the whole society, paving the domestic market growth, development and prosperity became the basis for later.*

**Key words:**

Economic thinking,  
liberalism, rusticism,  
socialism, economic  
policy

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B20, B25

### 1. Introduction

Great Union of 1918 had historical significance by creating Romanian national state, bringing changes in economic thinking, and structural changes in the economic, social and political life of the country.

Economically, enlargement of the internal market and improving the sectorial structure of the economy unified and integrated, increased the national economic potential.

Closely related to the transformations and the political, economic thinking reflected the major concerns of the nation: the agrarian question, the long term development strategy of the national economic complex: the priority of industry and agriculture, free trade or protectionism, state intervention in the economy and its proportion, position economy in the context hospitalized.

### 2. Currents of economic thinking

From this point of view, the Romanian interwar period was characterized by the existence of three main currents of economic thought: liberal current, rusticist current and socialist current.

#### 2.1. The Liberal and Neoliberal current,

Is considered that the accumulation and concentration of capital, represents ways on strengthening and development of big capital generating economic progress and social prosperity. In doctrinal, the liberalism, categorically restricts civic equality.

The basis of this rejection is the thesis of natural

inequality of men, which is based on the definition of private property as natural. This is the essence of liberalism of yesterday and today.

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“Thus, the doctrine of liberal bourgeois freedom is equivalent to private ownership with unrestricted right of initiative in relation to the state”.<sup>1</sup>

In this way, “liberalism favored Romania and defended the interests of capital, in general and big capital, especially industrial and financial, represented by the local bourgeoisie in its competition against foreign capital for economic supremacy”<sup>2</sup>.

Romanian liberalism continued the tradition of the previous three plans: the idea of private property as the foundation of the economy, the idea of industrialization and protection of Romanian industry and the priority of national interest to the foreign capitalists, summarized in the expression “in us”. In addition, inter-war liberals were to emphasize the role of the state, and to take into account more carefully, social problems.

Representative economists of liberal current were I.N. Angelescu Mihail Manoilescu Stephen Zeletin, Vintilă Brătianu Victor Slăvescu, Mitiță Constantinescu.

#### 2.2. The Rusticist current

Economic thinking of the rusticist current, was formed as a double reaction both to neoliberal thinking - which was taken from the bourgeoisie and against socialist thinking that this affinity with marxism.<sup>3</sup>

The main ideologue of this economic current, was Virgil Madgearu, one of the scholars of the interwar

period Romanian economists. Formed in the spirit of German business school, he is largely the creator of the rusticist current, which conceived ideology by defining historical framework and socio-economic development of the country. Adept of the sombartiene development scheme of the capitalism, in which "nothing justifies the same trend in the countries of Eastern Europe", in regards Romania, agriculture peasant wars present a number of features that they demanded reform: character extensively, mostly cereals, spraying properties and peasant holdings, low land prices and agricultural wages.

Another reality was that in Romania, small farmers - the majority numerically represented the main element of political life and their independent households not evolved under economic determinism, but under the action of biological factors. Troubleshooting solutions required: intensive development and rational mechanization of agriculture.

Based on the conclusion that "the Romanian economy has not fundamentally changed the structure of the state, semi-capitalist agrarian-peasant social order", the rusticism considers the agriculture as a necessary but not sufficient for the development of the Romanian economy, outlining why number of industry pros, as a prerequisite for ensuring economic independence, for industries, in turn, have beneficial effects on agriculture.

This school of thought also included, among others, and Ion Răducanu Ernest Ene, Constantin Stere, Mihail Ralea Gromoslav Mladenatz.

### 2.3. The Socialist current

Continued labor movement and socialist tradition from the late nineteenth century and early twentieth century. Socialist economic thinking of the time was the chief representatives, the most important being that Lucretius D. Pătrășcanu using dialectical materialist method of research and the Marxist concept of social-economic formation, linking early modern development of Romania, much earlier than 1829 and i.e. during Constantine's reforms Mavrocordat, between 1746 and 1749.

The cause of these transformations was the set of internal factors, external ones having only influence. Peculiarities and specifics of this process were generated by economic weakness Romanian bourgeoisie. Criteria for assessing the degree of penetration of capitalism in our economy were considered to be the share of wage labor in various sectors of national economy. As a socialist, L. Pătrășcanu neoliberal approach, the view toward supporting industrialization and the peasant, the agricultural reform<sup>4</sup>, concerns only the scope and nature of ownership fundamentally different.

### 3. Concepts of economic policy

Politically, changed the balance of power, between the traditional parties (Liberal, Conservative and rusticist) strengthened the liberal party (in the context of strengthening the economic position of the bourgeoisie), the conservative doctrine will disappear from the political scene, socialist political group divide, and in 1926, will show a National Peasant Party. Stormy parliamentary life was followed by personal authority during the regime of King Carol II, then the Legionary regime and the military mainly government authority.

Fundamental transformations arising after the Great Union have put the issue of finding ways and means of recovery and future development of the Romanian economy. In this sense, the postwar years were crossed by fierce debate on the subject, the confrontation of ideas and concepts of the various political groups and even economic interest groups, each showing a willingness to reflect and support their best interests.

Were detached, in particular, two major economic policy concept - "by ourselves", whose initiator was the National Liberal Party and "open doors", belonging to the National Peasant Party<sup>5</sup>.

Adapting to the realities of the World War, presenting itself as a promoter of state unity and electoral reforms and land by adopting the Constitution of 1923 and a significant economic legislation since 1924, the Liberal National Party dominated the political scene of authority Romania. Postwar economic program since the program manifesto in December 1918 liberal doctrine will gain new meanings.

The main ideologue of the party – economist. Vintilă Brătianu - theorized need for industrial development of the country, "labor, and capital Romanian initiative" to ensure "freedom of the Romanian economic".

The Liberals do not exclude cooperation with foreign capital, but asked that this be done under the native element, foreign penetration to be limited, which would ultimately result in strengthening the country's economy. Economic policy "by ourselves", have attracted foreign capital in a national program and activities of the national economy beyond his own ability. Although after World War ruling circles were called into active economic life, they were faced with insufficient equity.

In foreign trade, the Liberals have implemented protectionist tariffs. Drivers P.N.L. have provided in their economic programs and forms that had allowed foreign participation and the degree of participation. Under these aspects, even among liberal theorists were different views. Among the views expressed, the vehicle was the opinion expressed by Vintilă Brătianu

which show that be drawn, particularly for cross-border payment facilities for new businesses to finance large jobs<sup>6</sup> and reducing debt, etc.. Foreign capital may come in the form of state loans without impairing independence.

Disagreements among political groups, intervened in the role and degree of collaboration that had to be admitted on the regime would apply to foreign capital. "Most of these groups (People Party - Al. Averescu, Democratic Nationalist Party - N. Iorga, conservative groups, Romanian National Party - an appointment and Peasant Party - Ion Mihalache) have called for the admission of foreign capital in the country, without restrictions to free competition confrontation with the domestic economic realm"<sup>7</sup>.

Since 1918, the Romanian National Party Program measures were included integration of Transylvania into the national economic complex and equal treatment for strangers, is displaying "open gates" policy. For this policy circles championed local industrialists and landowners who collaborated with foreign capital, some industrialists in Transylvania and Banat with weaker economic position.

The emergence on the political scene of the National Peasant Party (1926, fusion) resulted in development of an economic program that emphasized the need administrative reform based on decentralization and local autonomy, organization of agricultural production, the development of cooperatives, credit granting peasants, free movement earths. The program includes also encourage industry based on energy sources of the country, supporting the development of small and medium industry and certain manufacturing industries and enterprises belonging.

Industry protection was limited to the minimum necessary for the defense industries were just "normal conditions of development in the country" and national defense industries required.

#### 4. Conclusions

What has characterized economic policies in the interwar period, which actually defines neoliberalism was state intervention.

The birth of neoliberalism was the Constitution of 1923 made to modernize and adapt to the new postwar

liberalism, with the state. The very popular "peasant state", as a means of state intervention and apply in practice the NPP program. Did not preclude individual capitalism, but we accept it fall into a state program, guided by particular forms arising from the realities of the Romanian economy.

Towards the end of the fourth decade, economists and increasingly oriented towards economic policy of state intervention to be controlled, directed and developed, along with the other form of property, but that does not negate operators based on individual property. Ilie Puia, *Istoria economiei*, București, 1991, p. 212. Corporatist doctrine of M. Mihail Manoilescu<sup>8</sup>, M. Constantinescu, I. Veverca was inspired by Italian corporative model and seek to integrate some principles of this doctrine in Romanian society structures, according to the new priorities of the state.

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<sup>1</sup> Trofin Hăgan, 1995, p. 96-97.

<sup>2</sup> Take Ionescu, 1996, p. 94.

<sup>3</sup> Ion Lungu, Sorin Cosma, 2002, p. 402-403.

<sup>4</sup> Ion Lungu, Sorin Cosma, 2002, p. 431-432.

<sup>5</sup> Ioan Scurtu, Gheorghe Buzatu, 1999, passim.

<sup>6</sup> Ilie Puia, 1991, p. 212.

<sup>7</sup> Ioan Scurtu, Gheorghe Buzatu, 1999, passim.

<sup>8</sup> Ion Lungu, Sorin Cosma, 2002, p. 405.