

NEOLIBERALISM, PEASANTISM AND PROTECTIONISM IN ROMANIA IN THE INTERWAR PERIOD

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ABSTRACT

The objective of this research paper is to present the main trends of the economic thought in the interwar period in Romania, the influences that had the economic works of foreign authors on the theories developed by the Romanian authors and the original contributions of the Romanian authors, based on concrete realities and on the specificities of the Romanian economy at that time.

The interwar period was characterized in Romania, as in most of the Eastern European countries, by a first stage, between the years 1918 and 1924, for recovering the national economy after the First World War and by consolidating the newly created national state. Then, it followed a period of economic boom, between the years 1924 and 1929, in which were developed the most economic activities. The Economic Crisis between 1929 and 1933 has deeply affected the Romanian economy, in all its branches, causing a change in the economic policy applied by the State, which held that it must intervene more in the economy in order to recover the entire economic activity. Between the two World Wars, in Romania the political system was dominated by a few strong parties. The most important was the National Liberal Party, representing the bourgeoisie, who was supporting the idea of the self – development, based on the national forces and focused on the industry. This party held the power during 1922 - 1928 and from 1933 to 1937. Its members included prominent economists such as: Mihail Manoilescu, Stefan Zeletin and Vintila Bratianu. The second party, in order of the importance, was the National Peasant Party, founded in 1918, which initially promoted especially the interests of the peasantry, considering that this is one of the most important classes, plus the small bourgeoisie and the intellectuals. The peasant party doctrine aimed primarily the development of the agriculture, accepting the contribution of the foreign capital by the "Open Policy". Among the prominent economists members of this party, which held the power during 1928 - 1931 and 1932 - 1933 were enrolled: Virgil Madgearu and George Zane. As an extremist left party, whose ideology was strongly influenced by Marxist ideas, was founded the Romanian Communist Party, in 1921. The most important economic schools of thought in Romania in the interwar period were: neo-liberalism, peasant-ism, protectionism and communism. The socialism was divided into three sub-economic schools of thought: communism, socialism and social democracy. The common objective of all this theories was the realization of a better and a fairer society, they denied the progressive force of the bourgeoisie and aimed to improve the situation of the working class.

The neo-liberalism promoted by the National Liberal Party, aimed to create a developed capitalist national economy, promoting bourgeoisie class, seen as the only one able to perform a more effective economy, to ensure the development of the national industry. In order to achieve this goal, they wanted to encourage the Romanian capital and limiting the foreign one, to use especially the national resources, to develop the national internal market. The liberal economic policy measures combines with the protectionist ones. We can clearly observe the existence of the ideas of Friedrich List, the creator of the protectionism doctrine in the nineteenth century in Germany. The main Romanian neo-liberal economists were: Mihail Manoilescu, Gheorghe Tasca, Stefan Zeletin and Vintilă Bratianu. Being exponents of the liberal economic thought, they have supported the development of the private property as the basis of the freedom of the economic actions, but they also promoted such protectionist measures, in order to protect and develop the national industry. The industrial development was considered a prerequisite for reducing the macroeconomic imbalances and a positive factor for the development of the foreign trade activities.

The peasant-ism doctrine promoted by the National Peasant Party, sought to create a developed economy based on the massive penetration of the foreign capital into the country and on the development of the agriculture, as the main branch of the national economy. It was recognized, for the wealthy peasants, the right to use the employment in agriculture and to lease lands that could not be cultivated by themselves. The peasant-ism was an alternative reaction to the other two major schools of thought in the interwar period in Romania, accusing the neo-liberal ideology that favored the interests of the wealthy bourgeoisie and also the socialism, or communism that neglected the importance of developing the private property. To achieve these goals, the peasant-ists also accepted a certain degree of the state intervention in the economy through appropriate economic policy measures, even by planning the activities, mainly in industry and agriculture, showing that they do not contradict the development of the property and the private initiative. State planning should have being done only in order to coordinate the individual businesses and enterprises, to encourage and to assist them in their work. The main representative of the protectionist thinking in Romania in the interwar period was Dumitru (Mitita) Constantinescu and his main concern was to reduce the economic imbalances that were a consequence of the fact that the branches of the Romanian economy were unequal and asymmetrical developed. To overcome these problems, he proposed some measures of state intervention in the economy. Asymmetries are divided into three categories: between the industry and the agriculture; between the private sector, based on free private initiative and the public sector, based on dirigisme; quantitative and qualitative asymmetries and imbalances of foreign trade, which entailed, in Romania, a deficit of the balance of payments. Among the most important ideas promoted, are included the fact that Romania was unduly depleting national resources by exporting goods at low prices, which had also great fluctuations on the international markets and by importing products with high prices, resulting from this the currency depreciation and the reduction in the standards of living. In these conditions, the economic policy of the state had to aim to reduce the imports of manufactured products used in individual consumption of households and to increase the imports for those products used for economic development in general, to develop the national production capacities, to organize and to direct the export. Thus, the products used for the consumption can be then provided from its own internal production. The author proposed, for the state, to take some measures in order to control the prices for the exported goods and to finance the exported production by providing indirect export subsidies. He also showed the importance of developing a correlation between the measures applied in the industry to those applied in the agriculture, given the close relationship between the two most important branches of the national economy.

CONCLUSIONS

The representatives of the neo-liberalism underlined the role of the branches with a higher productivity that leads to increase the international purchasing power for that country. Consequently, in the international division of the labor, the countries will no longer be divided into agricultural and industrial countries, but industry will grow everywhere, leading to a significant reduction of the economic and the social disparities between states, to the disappearance of the countries division in central and peripheral countries, because all will have an increasingly closer degree of civilization. The peasant-ism analysis is based on the quantitative aspects of the economic activities and on the result of numerous studies and monographs on the state and the challenges faced by the branches and the social groups of the national economy. They showed that all these elements are very important in choosing the economic doctrine by the states. Madgearu emphasized as disadvantages, the existence of feudal remnants in the agriculture in the interwar period, as well as the existence of an agrarian overpopulation in relation to the total and the structure of the land, the existence of a low level of the technique used in the agricultural production, the existence of the difficulty of the access to credits and the weak involvement of the state in this area. The protectionists promoted the development of the industrial activities, the profitability of all types of businesses, idea which was reflected, in that period, in the economic policy measures undertaken by most countries with agrarian - industrial economy. In his opinion, these countries had to be focused on two main areas, called "double industrialization": the development of those sub-branches able to replace much of the imported goods with internal products and the development of those sub-branches able to determine a significant increase of the exports.

In order to achieve these goals, the state had to reorganize the internal economic activity and to review the economic policy of the commercial relations with the other countries.

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