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ABSTRACT

Our paper is an attempt to present the interest of the Romanian researchers and economists for taking over the economic theories present in the western literature (the neoclassical theory, the Keynesian theory, the monetarist theory, the Austrian School, etc.). And since, lately, such an interest in the academic world can be noticed especially for the Austrian School of Economics, according to which economic development is the result of entrepreneurship, an inborn human skill, regardless of the institutional framework man belongs to, we selected as a thematic topic for the present paper the translations in Romanian of the works of a great economist, who from an epistemological perspective belongs to the line of thought of the Austrian School of Economics: Jesús Herta de Soto. The bibliographic reference that inspired us, constituting at the same time the matrix of the context of our analysis approach, is the inspiring, professional study made by Silviu Cerna (2012): "Gândirea economică românească în perioada postcomunistă" (The Romanian economic thinking during the post-communist period).

Our paper is structured in two parts: the first is a brief synthesis of the main elements defining the socioeconomic context of the post-communist period, to which Silviu Cerna refers in the above-quoted study; the second presents the impact of the work of Jesús Herta de Soto on the development of the economic culture not just among the researchers and the specialists but also for our entire society.

1 Contextualization of the topic approached in our paper

Even though the study of Professor Silviu Cerna cannot remain the only bibliographic source for our paper, it provides a very useful guide for our attempt to situate the contribution of the economic works of the two authors selected. The study of Professor Silviu Cerna aimed to:

- understand the way in which ideas appear and spread in the contemporary Romanian society;
 - present the topics and the problems studied during the last two decennia, including the authors who approached the respective topics;
 - make a critical evaluation of the economic works appeared after the year 1990.
- An examination of the Romanian economic thinking in the post-communist period (after the year 1990) cannot be rigorous without a critical evaluation of the "heritage" inherited from the years of Romanian communism. Indeed, this period that lasted for over four decennia, characterized by the fact that a rigid, dictatorial and excessively centralized planned economy model was imposed and then

maintained until the 1989 Revolution, did not present any political and intellectual opposition to the totalitarian regime. Unlike other communist countries from Central and Eastern Europe (Hungary, Poland, Czechoslovakia), in which some economists (J. Kornai, E. Lipinski, W. Brus, O. Sik) put forward the issue of the change of the existing economic system, even though the party control remained present, in Romania there was no economist to write against the system and to acquire international recognition (D. P. Aligică, 2004, p. 77, quoted in Silviu Cerna, 2012). Even in the USSR, after the year 1985, there appeared a school of empirical and applicative economic thinking (represented by T. Zaslavskaya, A. Aganbegyan etc., quoted in Silviu Cerna, 2012), which, after the year 1990, will constitute the theoretical basis of some reform programs. There was nothing like it in the economic thinking in Romania, which has led to the fact that, by the time of the fall of communism, in 1989, the Romanian elites were faced with difficulties in their attempt to reach a consensus on a vigorous and sustainable model meant to allow the economic growth of the country.

■ During the transition period, the important Romanian economists were all related, almost with no exception, to the governments that came to power, one after the other, during the post-communist period, to the parties and the political and administrative authorities, a fact that usually cannot favor intellectual independence. Although this connection between the economists from the research and academic circles, on the one hand, and the authorities, on the other hand, may also suggest the existence of a reciprocal influence – in the sense that the professional economists can impose on the authorities adequate economic policy decisions –, in reality, the respective influence was either very weak, or was exerted unfavorably, since the reforms were delayed.

■ Starting from the assertion according to which the knowledge of the economic science and of the principles of a free society constitutes a priority for the increase of the general cultural level on the grounds of the preoccupation to invest in people, the human capital being one of the stakes that contribute to the increase of labor productivity and efficiency, and considering that, so far, the knowledge of the economic science and the awareness of the principles of a free society in the Romanian area remain deeply insufficient, the post-1990 period saw the birth of scientific entities – which appeared based on the initiative of some researchers and academics – whose declared mission was to build a healthy economic culture, exactly out of the desire to help fill in this gap. Some of the memorable ones of these entities are:

- The Romanian Center for Compared and Consensual Economics (Centrul Român de Economie Comparată și Consensuală), part of the Romanian Academy (created in 1999), whose founding director is the academician professor Tudorel Postolache, and whose president of honor is professor Lawrence R. Klein, a Nobel Prize winner in economics. The creation of the Romanian center for Compared and Consensual Economics was related to the creation of the academic reflection group for the “Evaluation of the State of the National Economy” (the ESEN group) . The goals of this exploratory group were taken from the actual state of the dynamics of the strategic elaborations concerning the evolution of the national economy.

- The Ludwig von Mises Institute – Romania, created in 2001 as an accomplishment and as an environment for the dissemination of the ideas discussed at the private Seminar that Dan Cristian Comănescu organized even since the beginning of the 1990s. The core of the institute remains to this day the Mises seminar, led in a Socratic way, in order to discover the arguments that have to do with the economic theory, such as, for instance, the theory sketched and partially completed by the giants of the Austrian School of Economics. Beside the seminar led by Dan Cristian Comănescu, there is also another seminar aiming to consolidate the economic grounds, entitled “Cărți mici, idei mari” (Little books, great ideas). Moreover, the Mises Institute provides the necessary framework for the discussion of certain specialized economic topics by the researchers who have the title or apply for the title of doctor in economics. The site of the institute (<http://mises.ro/desprenoi/>) has gathered, in a relatively short period, a remarkable volume of the fundamental works of the Austrian School of Economics, from brochures and papers to treatises of over 1000 pages, such as Human action (author: Ludwig von Mises), Money, Bank Credit and Economic Cycles (author Jesús Herta de Soto).

- The Center for Economy and Freedom (Centrul pentru Economie și Libertate - ECOL), an educational and research initiative aiming to promote - in the Romanian public area - a knowledge as large as possible of the principles lying at the basis of a free people's economy and society. ECOL reflects the initiatives of a group of young intellectuals, whose scientific and educational

preoccupations regard a correct knowledge – “scientia” in the original sense of the term “science”– on economy and society.

2 Jesús Herta de Soto translated in Romanian

The economic treaty Money, Bank Credit and Economic Cycles (in Romanian: “Moneda, creditul bancar și ciclurile economice”), whose author is Jesús Herta de Soto, belongs to the tradition of the Austrian School of Law and Economics and genially approaches the fundamental problems of the economic and monetary theory. The work comprises the history of the banking activity even since the antiquity, the complex operations involved by bank depositing and financial mediation activities, the presentation of the capital and interest theory, the presentation of the Austrian theory on the economic cycle. In the thematic context of the treaty, Jesús Herta de Soto critically approached the monetarist and Keynesian theories, finally proposing a reform of the banking system.

Table 1 synthesizes the vision of Jesús Herta de Soto on the differences between the Austrian perspective and the important schools of macroeconomics – monetarist and Keynesian. The fact that he placed the monetarists and the Keynesians side-by-side was justified by Jesús Herta de Soto through the fact that the similarities between them significantly overpass their differences. Milton Friedman himself admitted it: “we all use the Keynesian language and tools. However, none of us accepts the initial Keynesian conclusions anymore.” (M. Friedman, 1968, p. 15).

Table 1: Two different approaches of the economic theory

The Austrian School	Macroeconomists (monetarists and Keynesians)
1. Time plays an essential role.	1. The influence of time is ignored
2. The “capital” is seen as a heterogeneous set of capital goods, submitted to a constant process of depreciation and needing to be replaced.	2. The “capital” is seen as a homogeneous, self-reproducing fund.
3. The production process is dynamic and divided into multiple, vertical stages.	3. There is the idea of a one-dimensional, horizontal production structure, which is balanced (the circular flow of the revenue).
4. Money affects the process through the modification of the structure of the relative prices.	4. Money affects the general price level. The modifications of the relative prices are not taken into account.
5. The macroeconomic grounds are explained in macroeconomic terms (variations of the relative prices).	5. The macroeconomic aggregates prevent the analysis of the underlying microeconomic factors (bad investments).
6. The Austrians adhere to a theory of the endogenous causes of the economic crises, which explains their recurrent nature (vicious institutions: fractional reserve banking and artificial credit expansion).	6. There is no endogenous cycle theory. Crises have exogenous causes (psychological, technological and/or monetary policy errors).
7. The Austrians embrace a complex capital theory (the production structure).	7. There is no capital theory.
8. Sparring plays a determining role. It results in a longitudinal change in the production structure and determines the type of technology to be used.	8. Sparring is not important. The capital is reproduced laterally (more of the same type), and the production function is fixed and determined by the technological level.
9. There is an inverse relation between the demand of capital goods and the demand of consumption goods. Any investment requires savings and so a relative, temporary consumption decrease.	9. The demand of capital goods is always directly related to the demand of consumption goods.

10. It is assumed that production costs have a subjective character and are not predetermined.	10. Production costs are objective, real and predetermined.
11. Market prices tend to stabilize production costs, not the other way round.	11. Historical production costs tend to determine market prices.
12. The interest rate is a market price, determined by the subjective evaluations of the time preference. The interest rate is used to reach the present value (towards which the market price of each capital good tends), through an estimation of the future flow estimated by the revenues.	12. The interest rate tends to be determined by capital productivity or marginal efficiency, understood as internal discount rate, for which the anticipated revenue flow equals the historical cost for the production of each capital good – considered invariable and predetermined. It is considered that the interest rate on the short run is mainly of monetary origin.

Source: Jesús Herta de Soto (2010, pp.582-583).

There are certain important differences separating the two schools of macroeconomics. So, although they both lack a capital theory and apply the same “macro” methodology to the economy, the monetarists focus on the long run and see a direct, immediate and real connection between money and the real events, while the Keynesians ground their analysis on the short run and are very skeptical about a possible connection between money and real events – a connection that could somehow guarantee the attaining and maintaining of a balance.

By comparison, the Austrian approach and the elaborate capital theory it relies on suggest a solid way in the middle, in between the two (monetarist and Keynesian) extremes. In brief, the Austrian School considers that money is never neutral – on the short, average or long run – and the institutions dealing with it (particularly the banks) should be lawfully universal, which would prevent a “falsification” of the relative prices via strictly monetary ways. Such „falsifications” lead to crises and recessions.

3 Conclusions

To conclude, we subscribe to the perception of Professor Silviu Cerna concerning the possibilities that the Romanian economists might consider in the sense of their preference for one economic theory or the other. There appear to be three such possibilities:

- a) resuming, eventually in a new form, the old conceptions from the recent (communist) or earlier (pre-war) period;
- b) resuming the economic theories present in the western literature (the Austrian School, the Neo-Classical theory, etc.);
- c) elaborating completely new and original economic theories.

In Romania, the tendency to build completely new economic theories is weak (Silviu Cerna, 2012). The other two possibilities, although there are no institutional positions and perspectives (such as the case of a political party), are naturally substantiated through the contributions of the groups of researchers and supporters affiliated, for instance, to the Romanian Center for Compared and Consensual Economics, the Ludwig von Mises Institute, Romania, ECOL.

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