
Place and Significance of the Liberal Aspect of Economic Thought
In Modern Romania (1859-1918)

By
Lecturer Ph. D, Diana Pociovălișteanu¹

Abstract

Liberalism has occupied the central place in economics in Romania during the transitional period, indeed from the traditional economy (Middle Age) to modern economy especially in the first decades of the existence of modern Romania. Given these conditions, it is thoroughly justified the enhanced interest, shown both by the experts as well as by the public opinion regarding the history, its contents and the practical role, fulfilled by the economic liberalism within the context of the progress of the Romanian society.

In this paper differentiated conclusions for Romania are drawn in a duplicate matter. On the one hand, bearing in mind the economic processes in real life and on the other the controversies of ideas among the aspects and the economic thinking, respectively in the process of materializing and clarifying the political and ideological profile of different ideas of economic thought during a very long period of over half a century.

Keywords: Liberalism, transitional economy, economic thought.

JEL Classification: B10, B13, B15.

1. Introduction

The economic liberalism is an aspect of economic thought having a long tradition and its own identity, which results both from its historical roots and the political and moral profile of the social forces affiliated to this aspect in different phases of the modern world and in different geographic area of this present world, especially the industrial bourgeoisie. The way in which it spread and developed differs from one country to another differing from the point of view of internal factors and international concurrence. In theory and practice, in each and every country, liberalism had rhythms and premises which are different in growth, with salient features of appearances and growth, while the general rules and the basic characteristics remained the same. This was due to the concrete historical premises when liberalism occurred. For instance, in France, in the wake of its existence liberalism occurred in the agriculture area. In England and in the USA

¹ *Economics Faculty,*
Constantin Brancusi University
Tg-Jiu, Gorj, Romania
E-mail: diana@utgjiu.ro

the same liberalism served the industrial area. In other countries such as Romania, liberalism adopted the external protectionist economic policy contrary to the basic principle of liberalism respectively, the free competition.

2. The Liberal Aspect of Economic Thought

Rearranging the old regime that the traditional society proved to be necessary for all the European countries, including Eastern European countries the rhythm and the profoundness of the alterations were though different from one country to another and from period to period. The changing aspect of the internal situation of each country in the modern epoch as well as the economic, social and political tendencies manifested at world's scale have determined the existence of national particularities in the evolution of capitalism and in modernizing the society in different countries. In this respect, there were significant differences between the western and eastern European countries especially during the XIXth century, the moment for modernization taking place in more difficult conditions because of their conditioning by the external milieu. On the one hand it is about the Tsarist and Ottoman Empire, which had traditional, conservative points of view and on the other hand it was about the western countries, which supported in some extent the forces, which fought for modernization. Why in some extent? Because they were for modernizing the eastern European countries, but only on condition that this modernization be concurrent to the western interests (for example creating new markets for the western goods). The western influences and the meeting with the western civilization had a very strong impetus and in many regards positive upon the economic perspectives of Romanian society in modernization orientation.

The analysis of liberalism in modern Romania may be accomplished in a double perspective. First, to study this aspect of economic thought in connection with the local Romanian problems which had to be solved as well as the most efficient methods, this had to be used on this line.

Second analyzing the liberal aspect of economic thought, taking into consideration the critical points of the conservatives' view. This view was mainly in the forms devoid of substance theory, a theory, which was rejected by the Romanian liberalists. Also studying the Romanian liberalism one has to take as reference point the western liberalism that reached the maturity given its historical priority and its indisputable influence upon the course of modern history on the whole. In specialized literature it is specified that we cannot consider liberalism and free trade as being equal.² Even if we speak about liberalism as about an aspect of economic thought, we cannot say that the external economic policy promoted by a country has to be necessarily free trade (this being a feature of the classic economic liberalism). Beginning with the market economy, the western bourgeoisie itself practiced the protectionism as an external policy for developing and advancing their economy, in their economy, in the period known under the denomination of mercantilism. A few centuries later, the developed countries did

² See Sută-Selejan, Sultana, *Economistul*, Anul XIV, NR. 1609 (2635), Suplimentul săptămânal al ziarului „Economistul”, *Economie teoretică și aplicată*, Nr. 392 din 3 mai 2004, p. II.

not practice the protectionism, because they had developed a thorough economy based on a flourishing, these countries being interested in applying the policy of free trade for trading the obtained products on European markets. Passing from mercantilism to free trade was not accidental and it was closely linked by the alterations, which took place within western modern society and by some layers ascending in bourgeoisie, respectively industrial bourgeoisie. It enjoyed a powerful economic potential and thus it was able to influence the external economic policy in a certain direction in the sense of its liberalization, liberalization presented as an objective necessity universally valid.

Although practiced a long time by the developed countries in west, at the beginning of the modern epoch, protectionism was denied for the less developed countries in Europe. The liberals in Eastern Europe turned to good account being absolutely necessary for creating and developing their own industrial branch, thus being an inconvenient for the competition of industrial products in west and stirring large theoretical and doctrinal disputes on this topic both between the current of economic thought inside our country and at European scale.

The representatives of a conservative group have started being very combative, but life pushed them in the outskirts, especially in the first decades of the XX century. The *Junimist theory* of forms devoid of substance generated numerous controversies between the representatives of conservative aspect and the liberal ones of economic thought.

Formally, both the liberals and the conservatives wished the changing; the difference between them was that the liberals promoted ways and methods of developing which were useful for the entire nation (especially industrialization), whereas the conservatives foresaw ways and methods of economic development more limited in the advantage of one social layer (land gentry). In conclusion the liberal aspect of economic thought is a progressive national aspect, which struggled for the rights of all social layers, for increasing the standards of living for the entire population, for integrating Romania within the economic international circuit. Even if they had some good standpoints, especially at the beginning of their governance, the representatives of the conservative aspect, through their policy they aimed only their own interests, without taking into account the drawbacks and the needs of the layer at bottom, being the most numerous.

Despite the criticizing in all the directions, the liberal aspect of economic thought, emphasizing the general interests of the Romanian nation, consolidated and its influence became more visible decade after decade.

The socialist, as well, who initially opposed both the liberals and the conservatives, recognized that in the given circumstances, in Romania, the liberal policy of industrialization of the country was not only inevitable, but beneficial too, the working layer included and that one of the greatest impediment in the way of rapid development of the country's economy came from the conservative area through the persistence of some feudal reminiscence, which as it is known, the socialist thought, to be more precise, C. Dobrogeanu Gherea classified them neo-serfdom.

Many of the liberal thinkers perceived more clearly and accurately the major tendencies of the Romanian society on its way of economic, social and political progress, they seized the impediments, which existed on the way of the

evolution of the Romanian society, were open to new ideas, at the same time criticizing the conservative thinkers concerning the development and modernization of our country's economy, finding solutions as well for the economic problems which they dealt with. Their thought was original and constructive and many of their ideas are valid nowadays.

On the basis of the analysis of the confrontation of ideas in the Romanian economic thought in the modern era, with regard at the necessary changing conversions necessary to economic, social and political development of the country, we noticed the variety, the multitude of the standpoints, its richness of contents, the undoubted scientific value of these doctrinaire debates, which emphasized accurately the great challenges, the Romanian society confronted with between 1859-1918 and which foresaw numerous efficient practices, able to respond and meet all these challenges, especially their preoccupation for modernizing the technical and economic structures of the Romanian society for diversifying and make the economy more efficient, for its organization and leadership starting with the most recent accomplishments of economic and social sciences, as well as the most performing economic policies practiced by different states in modern era.

For most of the authors, especially those liberal radicals as B.P. Hașdeu, P.S. Aurelian, and A.D. Xenopol, who wrote about the modern epoch, modern Romania was not conceivable without the development of capitalism. The evolution of economic liberalism in modern Romania began to get going because of stringent needs of the society and local economy, of Romanian Principalities and of the united Romania, but at the same time under the influence of the economy and western ideology. The ideological controversies referring to the normal or abnormal character of the Romanian economic development in the modern epoch offers through the multitude and variety of the expressed standpoint, through the refinement of analyses, important theoretical and methodological perspectives for the second transition of Romania to capitalism, the post-communist transition, which still unfolds nowadays. Now, the debates concerning our country's transition toward capitalism regard the heritage from the communist regime, the difference of the departures in technology, economy and culture, the model which has to be adopted or imitated, the methods and the ways through which the model should be adjusted, the economic, psychological, cultural and ideological particularities resulted in the application of the model in recent or removed past of these countries.

Thus we notice a close connection between the end of the XIX century and the beginning of the XX century and what occurs nowadays regarding the influence of the west upon capitalist development in Romania concerning the way the ideas of economic liberalism are perceived. The ideas of economic liberalism, regarding the development of some free market mechanisms, based on freedom in activity of economic agents have not solved the problem of economic development and progress as a whole. For instance, a free market functioning does not necessarily guarantee the economic progress.

So that liberalism manifested in our country in the modern epoch had some limits without solving correspondingly some economic, social and political

problems, similarly the liberalism in Romania cannot claim to have found answers for all the problems at that time. With all these limitations, the Romanian economic problem is a progressive aspect, which enjoined a special importance through the obtained successes especially in modern era, through its merits in framing the Romanian modern and post-modern society.³

This is the proof that the history repeats, in another context though, nowadays Romanian society is characterized through freedom, democracy, advanced civilization, higher standard of life comparatively to the past. At the same time, contemporary society, regarded at national, regional and global scale has to face new challenges connected both by the distortions which took place in the country's economy within the process of transition and its restructuring and the conditions of emphasizing the differences which separate it from the countries strongly industrialized.

3. Conclusions

Whether concerning the technical and the managerial aspects, as well as in the foreign trade problems, the present liberalism goes on registering outstanding successes, some of them entirely exceptional. The fact that the economic and the social problems, starting with the problems concerning the environment and ending with deepening the inequalities among people as well as the differences among countries, the present liberalism becomes more and more embarrassed, its operational attitudes diminish foreshadowing increasing difficulties, if not a failure in the approach of social cohesion and balanced functioning of democracy. It seems likely that taking into account these increasing difficulties on social and political approach, a number of political and economic analysts, foreshadow the diminish of the horizon of expectation of the great audience for the liberalism and also suggest the inevitability of a third way in the future evolution of the present society.

4. Bibliography

- 1) Iliescu, A.P., (1998), *Liberalismul între succese și iluzii*, Editura ALL, București.
- 2) Pociovălișteanu, Diana, (2005), *Liberalismul – Principalul curent de gândire economică din România modernă*, Teză de doctorat, Academia de Studii Economice, București.

³ See Iliescu, A.P., *Liberalismul între succese și iluzii*, Editura ALL, București, 1998, p. 1, 269-271.

- 3) Sută-Selejan, Sultana, (May 3, 2004), *Economistul*, Anul XIV, NR. 1609 (2635), Suplimentul săptămânal al ziarului „*Economistul*”, *Economie teoretică și aplicată*, Nr. 392.