The Spread of Economic Ideas among Romanian People. Case Study: Alexandru D. Xenopol

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Abstract. Alexandru D. Xenopol (1847-1920), a leading figure of the Romanian intellectual tradition of the turn of the century – academician, economist, philosopher, historian, educator, sociologist and writer – has remained in the universal cultural memory as a tireless promoter of the economic empowerment of the Romanian inhabited territories. Encyclopaedic, visionary and lucid mind, Alexandru D. Xenopol dedicated his work to searching the elements of the compatibility of the Romanians with the modernity and globalization in the cultural, educational and economic history of our people. Alexandru D. Xenopol has not remain unnoticed; scientists of this country, such as Nicolae Iorga, paid an homage to his great intellectual value: "educated in the best traditions of the economic school of the mid nineteenth century, and above all, a man with a philosophical mind, comfortable with abstractions and with an endless love for subtle links between them" (Iorga, 1975, p.190). The purpose of this paper is to highlight the importance of the spread of economic ideas in shaping the Romanian economic development stage.

Keywords: economic education; industry; institutions; protectionism; economic emancipation.

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REL Code: B31.
Introduction

Certainly, the work of Alexandru D. Xenopol enriched our cultural heritage, but also the universal one: “Author of the first great synthesis of our national history, a classic work of reference, used even today because of its huge scientific documentary material introduced into the scientific circuit in a philosophical interpretation with a strong materialist character; member of the Romanian Academy and awarded by the prestigious French Academy for one of his works published at Paris, A.D. Xenopol gained an important place in the history of our economic thinking through works specifically dedicated to issues of the second half of the nineteenth century” (Murgescu, 1987, p. 334).

More than other intellectuals of the time, Xenopol drew attention to a fact which was not given a sufficient attention: “always a people's intellectual brilliance was like a flowering of its material welfare” (Xenopol, 1967, p. 79). Concerned in unleashing the energy boost of the intellectual potential of Romanians, Xenopol showed in a scientific way that between the material and the intellectual wealth of a nation there is a relatively unbreakable relations, where the “financial issue is the mean and the necessary condition for providing the development of the scholar” (Xenopol, 1967, p. 79).

What was the chance in the late nineteenth century and in the early twentieth century of a people who cut his way to the modernity following the example of some Western countries, meaning starting from the beginning – the modern state formation? Sceptics, disguised as patriots, who by the number and occupations dominated the public opinion, sustained with all their power the status of a eminently agricultural country. Alexandru D. Xenopol, who after his father was half Anglo-Saxon, could be accused of anything, but not of xenophobia. Conversely, the great historian rose not against some temporary ideologies, but against the propaganda clichés of the interests of landowners, dominant in the Romanian economy at that time.

Alexandru D. Xenopol prevails in the Romanian economic way of thinking by the civilizing vision on the economy: “Our life today demands to facilitate her game, a lot of items that need a lot of work both physical and intellectual in order to product them: pavers, roads, telegraphs, bridges of iron, in a more material order; schools, teaching establishments and museums, gardens, maintenance of a strong army in a moral and intellectual order. These all need to be made by the state and municipalities, which have to have significant material resources; if such needs cannot be met, the people is left behind on the path of culture, thus meaning the existence of a state of barbarism compared to the most advanced nations” (Xenopol, 1967, p. 79).

The economic conception of Alexandru D. Xenopol remains a scientific and moral landmark in the Romanian and universal history of economic
thought, although its theoretical eclecticism, a mixture of classical liberal principles and the ones of the German historical school, seems a rather desperate solution to the problems of Romania in the process of the full modernization. Under the influence of ideas of Friedrich List and Henry C. Carey's, but other economists too, Alexandru D. Xenopol contributed greatly to the spread of economic ideas in Romania in the second half of the nineteenth century. In the published books, pamphlets and articles and in public speeches, Alexandru D. Xenopol tirelessly advocated for the cause of agrarian countries, showing that they are delayed in their economic development, exactly like in the case of Romania at the time: “any nation that tends to prosperity must first secure a material basis on which to raise its prosperity” (Xenopol, 1967, p. 80).

Its economic arguments imbued with national accents, sometimes exaggerated, are also to be found in the work of other authors of the time (such as Marţian or Aurelian). In the introductory study of “Opere economice”, Ion Veverca summarizes the considerations regarding the scientific prestige of a great scientist: “His contributions and economic views place him among our most representative economists of the second half of the nineteenth century” (Veverca, Xenopol, 1967, p. 7). The force of the economic ideas which he argued for the emancipation of Romanian economic and industrial profile was emphasised in a capitalist-industrial vision, and “from this point of view, along with Marţian, Hasdeu, Kogălniceanu and Aurelian, Xenopol may be considered as one of the most representative protagonists of the need to develop the Romanian industry in the second half of the nineteenth century” (Veverca, Xenopol, 1967, p. 53).

**Agrarian countries and industrial countries**

In a globalizing world, the voice of Alexandru D. Xenopol remains one of the most powerful at the prospect of the eternal agrarian perspective of any country, in general, and in case of Romania in particular. His harsh reaction to the status of “agrarian country” concerned the supporters interested in maintaining the status quo; although the fact was obvious, it required further explanation regarding the economic and political implications, to indicate “the exorbitant degree of our lives hanging on foreign peoples” (Xenopol, 1967, p. 80). The saying “Romania – an eminently agricultural country” was „finally compromised in our economic literature of the time”, because “Xenopol was not content only to state a position of a predominantly agricultural country in case of Romania, to analyze the resulting data, to determine the many shortcomings to which Romania was exposed because of this, but he failed to fight with intransigence the tissue orientation that advocate for maintaining the agrarian position, denouncing the serious danger that threatens, using his words “threaten the very life and our existence” (Veverca, Xenopol, 1967, p. 53).
Naturally, Xenopol started his analysis from the assessing of the economic potential of Romania at the time, trying to identify the vulnerabilities and the targets of economic development: “What produces our country? Gross things, not very well manufactured objects, and in their production process the nature is more active than the man, while the last one only helps and facilitates the production process. And what is the man role in the animal breeding? Merely to give them some care. What does the man even in the agricultural production? He is able to put the seed to germinate: its growth and tightening remain completely at the mercy of chance, and the farmer after entrusts his fortune to the earth, is turning to the sky an eye full of care and expect the rain and the winds to establish the fate of his wealth” (Xenopol, 1967, p. 80).

Based on existing statistical data from several sources, Xenopol indicates the formula of Romania's foreign economic exchanges: “Raw materials from our country are directed towards foreign countries, where, turned into valuable objects, are returning to our country” (Xenopol, 1967, p. 80). Xenopol accuses the industrial countries of Europe in practicing a vicious circularity of the export and import activities, from where it results an enslaving dependence on the advanced countries, an addiction that went up in the details of everyday life. For instance, the sheep's wool went to Transylvania, from where it returned in the form of clothing, the animal skins were exported to Germany and France, then the Romanians imported them as footwear, and “our cattle bones returned as matches, the hemp as ropes used to bind the horns of oxen and it was the same story in the case of so many items returning to the country; thus we are dressed from head to toe in foreign objects, we are eating using foreign dishes, we are travelling in foreign carriages, we are using foreign furniture in our homes, we are covering our eaves with foreign tin, the windows we look through are foreign, thus we do not really know what is Romanian in our entire life, especially if we take into consideration the alienation of the language, the growth (education, n.n.) and customs” (Xenopol, 1967, p. 80).

Alexandru D. Xenopol's conclusion leaves no room for any doubt: “We are an agricultural country and therefore we produce only raw objects and introduce valuable objects from the foreign manufacturers. Many believe that this is very good and that we must keep this stage of development. We believe that here is the vice of our entire development, the danger that threatens our very life and existence” (Xenopol, 1967, p. 80). The dangers to which an agricultural country was exposed identified by Xenopol are similar to those that contemporary authors use to characterize a precarious economic situation of emerging countries that are not finding inside them a foothold for a sustainable development.

- The first danger is resulting from an unfair exchange ratio: “an agrarian country will sell cheap and buy expensive necessary items for living”; Alexandru D. Xenopol, the author of “historical series” generalizes the trends
for every place and every time: “A community of people dealing only with agriculture and bringing all other needful items from foreign countries will be put into harmful dependence on their markets. That country will produce in abundance wheat, barley, rye, so it will seek to sell its surplus abroad and with the acquired means (money) to meet its other needs (clothing, luxury, travel, parties)” (Xenopol, 1967, p. 81). The trend to increase the transportation costs in relation to the market distance influenced differently the return price: the prices of the exported agricultural products were lower as the distance was greater, while those of imported industrial products will always be bigger. His conclusion claimed the unequal exchanges as a reason for the disadvantages an underdeveloped country had to face, but denied all the theories and practices concerning the trade issue, “that country will be forced to buy expensive and sell cheap items necessary for living, so in time it will lose money, the import amount surpassing the export one” (Xenopol, 1967, p. 84).

- **The second danger** was represented by bureaucracy, excessive politicization and “the forging of democracy” as direct consequences of conserving the agriculture as a “principal occupation”. Moreover, in the absence of the occupational diversity, common in industrial countries, there were no grounds for possible democratic or social, or cultural emancipation and “democracy in that country will be a big lie.” (Xenopol, 1967, p. 82) At a time when in many parts of Europe people’s appetite for democracy appeared, the economic backwardness was the ground for “political and bureaucratic parasitism”. Typically, the arguments were up against the national interest and the personal interest, “God forbid a country where votes are divided between peasants who do not know to whom to give it, and landowners who give the vote in function of their agricultural interests and officials or aspirants to functions who give it for their personal interests” (Xenopol, 1967, p. 83). The conclusion reached by Alexandru D. Xenopol reveals that “because occupations are not varied, there will not be solidarity of interests between the members of that nation and the whole class that does not deal with agriculture will be interested in the state budget, creating a dangerous wound of clerks” (Xenopol, 1967, p. 84).

- **The third danger** reflects a dramatic demographic picture, showing the direct effect of “the farming life”: the continuous decrease of the population. Thus, Xenopol wrote: “In an agrarian country, people will live very badly and their reproduction will be prevented to the extent that they will be deprived of their basic needs. Two particular cases will contribute to the decline: bad standard of living and bachelor life” (Xenopol, 1967, p. 83). The absolute poverty of population was the poverty of all: “The peasants being poor, like communities, will not be able to satisfy the needs of the congregation: roads, bridges, schools, doctors, veterinarians. Housing of the farmers will be the worst (poorest) and will not be heated in winter, thus the peasant will have to
replace the heat with alcohol (alcoholic beverages), the heat being thus obtained from his body” (Xenopol, 1967, p. 83). However, the growth, care and education of children were compromised and the worrying mortality showed the long distance to civilization. In the city, the emancipation induced by urban life and job insecurity makes many young people to prefer celibacy to marriage. All this “will put the knife even to the existence of the people, who is diminishing as number of citizens, the cause of this phenomenon being the poverty of people” (Xenopol, 1967, p. 84).

The differences between agrarian and industrial countries are examined by Xenopol from the perspective of the gain resulting from a good production in the first case and from its processing in the second.

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<thead>
<tr>
<th>Who wins in an agricultural country</th>
<th>Who wins in an industrial country</th>
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<tr>
<td>the owner of the sheep</td>
<td>all those who turn it into fabrics (the laundry, the weavers, the painters, the paper and accessories manufacturers, the carriers, the merchants etc.)</td>
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<tr>
<td>the shepherd</td>
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<td>the one who transports the goods</td>
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<td>the merchant</td>
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Figure 1. A certain quantity of wool produced in an agricultural country and processed in an industrial country

In a metaphorical conclusion, Alexandru D. Xenopol captures the absolute advantage that industrial countries have compared to the agrarian ones: “While in an agricultural country one wins, in the industrial country a thousand wins” and “while in the industrial country everyone wins more, in the agricultural one everyone wins little” (Xenopol, 1967, p. 85). Furthermore, the absolute difference shows two very important things: first, “one nation can prosper only proportionally to what it produces” and second, “the issue of the industry in a country is not only a matter of gains, but also a matter of civilization” (Xenopol, 1967, p. 86). The obsessive concern for the development of the industry is one of the most important concerns of Xenopol, a fact underlined by the exegetes of his work: “None of our economists from the nineteenth century, who have militated for the development of the industry, succeeded to emphasize more strongly than Xenopol the multiple shortcomings that Romania has because of the situation of being declared an agrarian country and none of them succeeded to plead with more solid and broader arguments in favour of some urgent measures to encourage the development a national industry” (Veverca, Xenopol, 1967, p. 53).

The operating mode of working the land, primitive and poor, which induced a way of life founded on a principle “which is interesting for us is to be much, but not good”, was a natural result of a disjointed development, not productive and uncompetitive. The result of this situation was summarized by Xenopol in a few ideas, which emphasize the major difficulties in relation to markets:
• Lack of industry: “An agricultural country will be hampered in the exploitation land by the lack of industry itself” (Xenopol, 1967, p. 87), which is mirrored in the variety of crops, “industry is necessary even for the prosperity of agriculture” (Xenopol 1967, p. 89).

• Lack of competitiveness: “a country with so bad crop can only give very poor results even when we speak about hard work” (Xenopol, 1967, p. 87), and the result is disarming: “regarding the quantity and the small price, we cannot compete with any other agricultural country” (Xenopol, 1967, p. 87).

• A disordered economic action: “cutting almost all forests, the natural balance was broken regarding the rain and drought, and now we have some years too rainy, some others too dry; thus the nature revenges the disobedience or contempt of its eternal laws”, “the introduction of the iron road in our country meant the greatest threat to our forests, which was represented by the total eradication, thus shaking the atmospheric equilibrium” (Xenopol, 1967, p. 90).

• An old way of working: For example, “managing the cattle is similar to the wild state, their use as civilized state” (Xenopol, 1967, p. 93); “cattle in our country is one of the most defective. It requires a lot of work and a small production; but the cattle are badly cared for in order to meet the first requirement or the other” (Xenopol, 1967, p. 87).

• Protecting the local industry through internal and external protection: the internal one supposed a paradoxical and ineffective solution: a preference for the Romanian products, which had a poor quality and were more expensive than the foreign ones. Therefore, the state should impose the use of indigenous products primarily in public institutions, and then to generalize it to indigenous consumers.

The background observation, valid for Xenopol, but for us nowadays, sounds rhetorically: the state, the government or the parliament has as a purpose for the Romanian people a better life or a more expensive one? However, the historical experience of Romanians shows that such solutions are not productive simply because they require the abandonment of the search for initiative. The exit from the trap of the fear of foreigners existing in the collective mind is not completely even today. Now, as then, what is good and happens to us is because of us, and everything bad that happens to us is because of foreigners, no matter who they are. According to the studies of Xenopol, in Romania at that time, there were four major industries (leather industry, drapery industry, hemp industry and paper industry) and some small industries, insufficient to meet the domestic demand and to exit from the economic delay traps.

The transition from the state of a poor country to a rich one could not be done unless the activities in agriculture were emancipated and the development of the industry, sine qua non conditions of the economic, social and cultural prosperity. Indeed, a poor state cannot claim to improve the welfare of its
people by redistributing poverty, but can create the conditions for increasing wealth, which “cannot increase in a nation than refining it to work. Hence the need for industrial development is necessary” (Xenopol, 1967, p. 190).

In the Xenopol mind, the industrial development policy gives the preference to large industrial factory, an industry that is involving the capital. Even today, the capital issue is not simple, but then it was particularly difficult. Despite the evidence, Alexandru D. Xenopol was confident that something could be done: “even if we do not have important capitalists, this does not mean that we cannot easily find the needed amounts to set up a factory” (Xenopol, 1967, p. 180)

Xenopol's optimism for identifying some sources of capital should be appreciated; unfortunately he was not confirmed by the evolution in the next century. Xenopol's attention moved toward two directions: first – way of association, namely, joint stock companies, ”we remember the significant capital from the national insurance companies compiled by “Dacia” and “Romania”, by the discount and circulation Bank, housing society and credit building society” (Xenopol, 1967, p. 180).

The fear of foreign capital is explained: Xenopol, like other economists of the period, starting from the enthusiasm generated by the political independence, was confident in the creative potential of Romania, keeping at a long distance what was coming from abroad.

Trade

Xenopol has a limited understanding of the importance of the trade in a country's economic development, considering it beginning “less important than the industry and the agriculture” (Xenopol, 1967, p. 122). Like other thinkers, Alexandru D. Xenopol keep the millenary bias that the trade harm the morals of men. Xenopol, himself a xenos, has the same reaction considering the traders (foreign) of Romania at that time, as he wrote: “But what is sad and saddest in our country is that almost all traders are foreigners, so that the foreign countries sucks not only a great tribute to industrial products, but even they benefit by the fact that these objects are not sold in our country by Romanians, they are sold only by foreign people, who respect the trade’s principle “buy cheap and sell expensive” (Xenopol, 1967, p. 123).

In what concerns the foreign trade, Xenopol considered it a necessary evil. Xenopol has a very special vision of economic relations with other countries; although beneficial in the overall economy, the foreign trade is considered as destructing “the finest work of the people”, in fact the domestic industrial economy. Certainly, domestic industry has decreased in size with the diminishing of the natural economy and with the growing competition in the case of the emergence of industrial products. Thus, as Xenopol claimed, the appearance of the rail transport was the means and not the cause of the decrease of the interest in domestic economy. In the last quarter of the nineteenth
century, amid the general economic boom, the acquisition of the state independence it was a natural thing for the Romanian economy to record positive developments in the economic relations with other countries. Not always the increases in some areas were real. An interesting observation made by Xenopol shows an increase in both import and export, but the latter increase was due largely to the increase of prices of exported products: “Our export turnover is more significant especially because of the prices climb, and not of the increases of our productive activity” (Xenopol, 1967, p. 152). Boosting the trade is a way of procuring the means of payment to support the imports and the domestic formation of the capital. Xenopol launched some ideas about money that essentially shows a high degree of economic penetration of their meaning: “Money cannot come to a country other than as a replacement value of consumption. It follows therefore that in order to have money in a country, one must have the middle to attract it, because money does not come, waiting to be called. But money is the nerve of wealth, while others are only the means to reach him; thus you can see from this how dangerous it is for a country the phenomenon of giving towards foreign countries bigger amounts than those who are received. In other words, it is dangerous to leave the trade balance over time in favour of imports” (Xenopol, 1967, p. 191). Moreover, when you do not have money, you should know how to earn it!

**Education**

The classics of economic theory advocated in various ways for a minimal state focused on infrastructure, individual safety, independence of the judiciary system and education, convinced that a rich state must have educated citizens. This great truth is shared by Alexandru D. Xenopol, but also by all the Romanian economists of the time. The economic social, political and cultural emancipation at the time was negatively influenced by the “wrong instruction of people”. All started from the obsolete view that prevails in the school education; the school really produced educated people, but unskilled, therefore useless for the Romanian economy or for any other economy in the world. The educational activities were improperly developed for modern times, thus is why Xenopol warned: “Our school system is generally made so as to give the country's bureaucrats and officials.”

With an unmanageable ironic tone, Xenopol sanctioned the old bad habits of education: “From the village school to university, people are taught in our schools to handle up the pen” in order to get into any office “What our schools produce? aspiring to posts, and nothing more”; “the great danger is that through such a training even the lower class of people evade from productive occupations and learn to live as parasites at the expense of the state” (Xenopol, 1967, p. 103). The harsh criticism of the school who is oriented predominantly towards a humanistic instruction, the lack of vocational schools, the lack of technical universities, and the
fact that “what is felt in our country is the lack of suitable schools for the needs of the country, schools that make a tiller from the farmer boy, but an intelligent tiller” (Xenopol, 1967, p. 103). contributed to the continuous adjustment of the educational system in process of searching the best options.

On this occasion, Xenopol evokes the personality of Dionisie Pop Martjian and his ideas: “instruction in our country is vicious; from the very beginning we feel a great satisfaction to have the only true economist Romania ever had, Dionisie Pop Martjian, the one who from a long time ago, seeing the evil that threatens us, emphasized the need to guard ourselves, but as all the really benevolent voices in this miserable country, remained without any response” (Xenopol, 1967, p. 103).

State

State, with the authority conferred by the laws of the country, was the fundamental institution in producing and distributing the wealth. Reviewing the systems for generating wealth, Alexandru D. Xenopol explains his commitment to the state seeing as an arbiter: “in a state economy there can be applied two systems to produce wealth. The first means the state can mix as little as possible in the activity or to say otherwise is beyond the economic game of power, and the second, where the state is preoccupied in the supreme leadership of the economic interests of people not as a producer, but as a straightened” (Xenopol, 1967, p. 95).

Although he had not addressed issues contained in the general economic theory, Xenopol made some references when he has justified the incompatibility of economic policies resulting from the doctrine of free trade with the Romania's economic backwardness. The first principle, laissez-faire, laissez-passer, as Xenopol said, was applied to the more civilized states where agriculture, industry and trade are flourishing. The precarious economic situation of Romania in the second half of the nineteenth century required the state intervention, as a promoter of national interests, in supporting the private initiative of state and individuals. The main arguments in favour of such positioning resulted from several circumstances, including: the insufficient production in the case of industries (small), insufficient concern of the state for the economic interests of the country, as the state was “the highest representative of society” and what is the main activity of the state after all? “Spends more and produces less, and so is the government, which every year increases the budget spending without thinking in the means to increase the revenue”; the state “spends like a civilized state, maintaining a lot of luxury issues that might be missing and the production on which is based its cost is not much higher than that of a barbarian people! We have the zulu wealth, and we want to live as Englishmen. This does not work! and that is why we see that all our governments used the same means to procure their money: make loans or sell the assets of the state” (Xenopol, 1967, p. 112).
Xenopol noted the absence of the entrepreneurial spirit; saving was not one of the Romanians characteristics, "many families are economically living in our country", "to live economically when you are poor is not a merit, because your needs are the ones that makes you to do so, not the trends". "The merit would be there where you have the means to live and you apply the savings principles, when you have a surplus over your needs, surplus that instead of spending it for the satisfaction of the need of luxury, you save it until you take it as a source of enrichment" (Xenopol, 1967, p. 112).

The state would fulfil its mission when it assumes an industrial development program, guaranteed by the authority of institution and also being the guarantor of the national industry, which it offers a gradual internal protection. Xenopol himself successively proposed and supported a large-scale industry development program, the program to encourage small industries and those industries related to agriculture; Xenopol talks about the practice of laissez-faire, laissez-passer policy inside the country and about the protection of domestic production.

The means that the state could use to boost the industrial development are related to:

- First, reforming the education system by reducing the number of schools which increase the number of clerks and increasing the number of those who create people for the productive employment;
- Secondly, to encourage all industrial occupations (scholarships abroad to learn how to develop certain activities, loans for those who want to make their own business after finishing school, competitions, awards of excellence);
- Thirdly, the adoption of a law of the state concession of some industrial activities, coupled with the removal of abuses.

Starting from Alexandru D. Xenopol revealed affinities, from its militancy; he was associated with liberalism, while he sustained the liberalism without laissez-faire, with a direct and vigorous state intervention in favour of private initiative industry.

Undoubtedly, in the intellectual tradition of Romanians, the work of Alexandru D. Xenopol exercise a continuous interest and "in the history of economic thought from Romania, Alexandru D. Xenopol plays an important role among the most important economists of the second half of the nineteenth century, followers of the development of the national industry and of national economy through a policy of active intervention in the service of the state in order to strengthen the country's political independence" (Veverca, Xenopol, 1967, p. 72).

The efforts of economists of that period, to propose viable solutions, based on criteria more or less economic, have not attracted the political support they needed it. Over time, many projects were started and abandoned or changed
immediately when the political regime or political affiliation has changed. Unfortunately, after an economic history of one hundred and fifty years, Romania is placed among countries with large gaps in their economic development.

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