

Landmarks of Constantin Stere's Economic Ideology

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Abstract

Constantin Stere (June 1, 1865, Horodiște - June 26, 1936, Bucov), founder of poporanism, an ideology that considered peasantry to be the fundamental factor of social progress, is one of the main personalities of the Romanian intellectual history. The purpose of this paper is to analyze the main features of Stere's economic thinking with regard to Romania's economic development (the agrarian reform and the role of the peasantry, foreign capital and its influence).

Key words: poporanism, agrarian reform, agriculture, hot money

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1. Introduction

"The impetuous Narodnik who came rushing back from Siberia", as Costin Murgescu called Constantin Stere, had one "of the most passionate paths in life in the history of our modern political life" (Murgescu, 1990, p. 165)

Born in Basarabia, Constantin Stere attended a boys' high school in Chișinău. He was profoundly influenced by the ideas of the Russian Narodism, whose populist features marked his socio-political thinking, as it was proven by a statement he made in Parliament upon the revision of the Constitution: "A government that wastes money is a *popular* government from the electoral point of view" (Stere, 2023, p. 159). He got involved in the revolutionary activity and got exiled in Siberia for 8 years. He returned in the country in Iași in 1891 to continue his studies and he got his bachelor degree in law. He became professor of administrative and constitutional law at the Law School in Iași in 1901. He was elected Rector of the University of Iași in 1913.

After returning to the country, he became an influent personality of the socialist movement, but later he joined the Liberal Party, with direct help from Ionel Brătianu. Stere had his own vision regarding the economic progress of Romania. In the well-developed European countries, the agrarian issue depended upon solutioning the industrial issue. Over there the antagonisms of capitalism created objective conditions and circumstances to move to socialism. In Romania, the industrial workers were almost nonexistent in contrast with the peasants, therefore there was no reason for the existence of a labor party. Romania was an agrarian country, and its social progress could not be achieved by establishing a rural democracy.

Ideologically speaking, Stere expressed his ideas using the term *poporanism* for the first time in 1893, in an article titled *Societățile și mișcarea națională [Societies and the National Movement]*, which was printed in *Evenimentul* newspaper (Ornea, 1989, p. 169-170). Poporanism became a current of social and economic thinking in which certain particularities of the economic state of Romania in contrast with the situation in the developed countries of Western Europe or that in Russia could be found. Stere emphasized the fact that, alongside accomplishing the agrarian reform, introducing the universal vote was the second major priority for poporanists, in order to eliminate the concentration of the political power in the hands of a minority "that, given its social status and this political privilege, rose above the law and has no interest in respecting it [...]". (Stere, 2023, p. 159)

2. Theoretical background

Writer, publicist and politician, Constantin Stere was the author of a vast and complex work, which has generated numerous analyses and critical comments both from his contemporaries, and from posterity as well. The first significant study on Constantin Stere's work and activity was written by Ștefan Voicu and was titled *Ideologia lui Constantin Stere [Constantin Stere's Ideology]* (1937). Of all the biographical works dedicated to Constantin Stere we only mention two: Zigu Ornea, *Viața lui Constantin Stere [The Life of Constantin Stere]* (1989 and 1991) and Iurie Colesnic, *Constantin Stere. O biografie [Constantin Stere. A Biography]* (2023). Zigu Ornea amply analyzed Constantin Stere's economic and social convictions in his works *Poporanismul [Poporanism]* (1972), *Țărănismul. Studiu Sociologic [Peasantism. Sociologic Study]* (1969) and *Studii și cercetări [Studies and Research]* (1972). He also authored the introductory study to the volume *C. Stere, Scrieri [C. Stere, Writings]* (1979). Ștefania Mihăilescu, in her book *Poporanismul și mișcarea socialisă din România [Poporanism and the Social Movement in Romania]* (1988) presented a series of considerations on Constantin Stere's economic thinking, but from the distorted perspective of the communist ideology. The same perspective on Constantin Stere's agrarian ideology was used by Olga Constantinescu in *Critica teoriei România, țară eminentamente agricolă [Criticism of the Theory Romania, a Completely Agrarian Country]* (1973). We can find more objective thoughts from a scientific, historical and contextual point of view on Stere's ideology in the following: Alin Dohotaru, *Socialiștii. O moștenire (1835-1921) [Socialists. A Heritage (1835-1921)]* (2019), Antoine Roger, *Fasciști, comuniști și țărani. Sociologia mobilizărilor identitare românești (1921-1989) [Fascists, Communists and Peasants. The Sociology of the Romanian Identity Mobilizations (1921-1989)]* (2012) and Robert Adam, *Două veacuri de populism românesc [Two Centuries of Romanian Populism]* (2018). Stere's populist view was explained by Victor Rădescu in the foreword of the volume *Constantin Stere. Scrieri politice și filozofice [Constantin Stere. Political and Philosophical Writings]* (2005). Among the sociology papers that approach Constantin Stere's works, we mention the one written by Ilie Bădescu, *Enciclopedia gândirii sociologice. Vol II. Teorii sociologice contemporane [The Encyclopedia of Sociologic Thought. Contemporary Sociological Theories, vol. II]* (2016).

3. Research methodology

In our approach in this paper, in order to extract, analyze and interpret Constantin Stere's economic ideology we did quality research on his extensive works and the works of all those who were interested in his views at different moments in time. We also had to carry out descriptive research and observe how Stere's ideas impacted the Romanian society back in his times and how they still kept their validity long after he was gone.

4. Findings

4.1. The Hot Money Theory

In his very first speech in the Parliament in December 1901, Constantin Stere tackled the issue of the origins and evolution of what is known today as hot money. Back then he called it "*capital vagabond*" (*wandering capital*) to designate foreign capital that migrated from economically developed countries toward backward countries: „wandering and cosmopolite capital, which tends to rule the world, imposing its will, from the stock market place, to the whole world”. (Stere, 2023, p. 60) In the second half of the 19th century, the developed countries had as their economic objective to ensure a trade surplus, to favor significant wealth accumulation. But, taking statistics into consideration, Stere discovered that instead given the developed countries showed a trend to maintain a trade deficit, and increase their wealth by placing enormous capital abroad: even though they imported more than they exported, they cashed more than they paid as the trade deficit was less important than the income brought by national capital invested in foreign countries. The trade deficit was by consequence second in importance as the balance of payments resulting from interests and dividends brought to the country by the capital that was invested abroad.

Stere's analysis became Marxist (even Leninist!) when he stated that peoples that import capital worked for the great economic powers (England, France, Germany, Holland). He mentioned John Stuart Mill and Henry Carey who looked upon capital invested abroad as true „war weapons”. England turned itself from the „world's workshop” into the “world's moneylender”. The interaction between the national and the foreign elements could generate dangerous effects for the development and the safety of a country such as Romania. The income of foreign capital did not favor the local industry, but rather the taking over of the natural resources by “a handful of people who do not know a people's aspirations and traditions” (op.cit., p. 65).

History has proven that developed countries have created their national industry solely on export while seeking for new external markets. Constantin Stere had his own view on establishing a new national industry using foreign capital in countries that imported, capital. He advocated for the priority development of the peasant industry, which did not require large amounts of capital.

Moreover, Constantin Stere pointed out the fact that political economy theorists based their doctrines upon partisan ideological ideas, taking into consideration the interests and the development stages of their counties: when these predominantly exported goods and merchandise, they focused on the benefits of a free trade economic policy, but when they started exporting capital, they emphasized the essential and dominant role of foreign capital in creating the big national industry!

Foreign (“vagabond - wandering”) capital has got a positive role as long as the added value, even though acquired by the capitalist (that is Marxist terminology!), stays within the country and as long as there is a growth of the national wealth. Thus, the domestic industry only seems to be prosperous, the only positive aspect being the portion that is received by workers as wages. Backward countries are being exploited by foreign capital, whereas in developed countries the industry advances even if the workers are being exploited (op.cit., p. 280).

Six years later, in the context of his debate with the socialists (especially with Constantin Dobrogeanu-Gherea), Stere published in *Viața românească* magazine (1907-1909) a series of articles titled *Social-democrație sau Poporanism? [Social-Democracy or Poporanism?]*. Here comes back in the spotlight the analysis of hot money or wandering capital as he called it – in Romanian it is “*capital vagabond*”: “a huge commercial capital and bank capital [...] wanders throughout the world in search of an advantageous placement, and its area of action includes especially the economically backward countries” (Stere, 1996, p. 116).

As far as the effects of hot money invested abroad upon the social progress in its country of origin is concerned, Stere quoted Kautsky: only industrial capital has a revolutionary economic and social role, as it develops production and brings about the existence of the working class, whose historical mission is to introduce the socialist means of production. Thus, in England, “exploiting backward countries leads to a delay in the social transformation of the country” (p. 119) in such a way that, even if the economic and social power of the capitalist bourgeoisie grows, the working class loses its power both from a quantity point of view (its percentage decreases), and from a quality point of view (the working class turns aristocratic, and it loses its revolutionary momentum because it becomes “satisfied with itself, and with its proprietors”(Stere, 2023, p. 119)

In conclusion, hot money has got an antirevolutionary character in the country where it comes from and, even though it makes the capitalist bourgeoisie strong, it weakens the working class and prevents social progress from taking place. (op.cit., p. 122)

4.2. The Agrarian Issue

Constantin Stere made a synthetic analysis of the Romanian agrarian system and noticed that it had an agrarian character due to the creation of the leaseholders' trusts: 3,5 million hectares were owned by more than 1 million peasant households, whereas 4 million hectares were owned by less than 1000 families (in other words, peasant ownership represented less than 42% of the area that was being farmed). (op.cit., p. 163).

Stere believed that the key of an agrarian system that was able to be the cornerstone of an optimal organization of the national labor was the fair proportion between the small and the large ownership in the field of agriculture. (op.cit., p. 161) He made a clear distinction between the “large ownership” and the “latifundia”. Stere knew well a lot of theoretic elements of political

economy, especially those applied in the field of agriculture: in this field, the production growth is less in comparison with the supplementary increase in labor and capital, in contrast with the industry, where this growth is superior to the additional input of labor and capital. (op.cit., p. 176) In this way, he did not dispute the economic need for the large ownership, respectively the creation of the leaseholders' trusts. There was a process of absorption of the middle ownership and fragmentation of the small ownership, which resulted in a drastic diminishing of the economic independence of the peasantry. In Stere's view, the legitimacy of the individual ownership (respectively of the large ownership) can only be given by conformity with the interests of social and national solidarity (op.cit., p. 109).

Constantin Stere presented the view of the German economist Gustav Schmoller who recommended that, in case of too high a percentage of the large ownership, the government, through its agrarian legislation and policy, should help the peasantry by giving them parts of the large ownership (op.cit., p. 162). Stere pointed to the need to make peasants owners of the land, because in this way the peasants would work for themselves instead of working for an income received from the landowner. The solution he envisaged: expropriation, since the government, as person under public law, cannot make transactions with private people. As a liberal, Stere considered ownership to be "sacred and intangible", but "nobody can have a right against the state's very conditions of existence, since the state is the only source of legal order" (op.cit., p. 168). Starting from Gustav Schmoller's statement, according to whom no revolution is inevitable as long as a reform takes place in due time, Stere considered expropriation as "a normal means of development under certain conditions", which can appear at a certain point in time as a necessity in the evolution of a state, a unique way to avoid "a violent transformation, a breakout of a revolution" (op.cit., p. 168).

As he was interested in not interrupting the normal historic development, Stere believed that the necessity of a political reform lies with the fact that, without it, the economic reform cannot take place, which in turn appears as a condition of the political reform's seriousness and sincerity. (op.cit., p. 170)

5. Conclusions

Constantin Stere explained the basics of the modern socialist outlook which, following social solidarity and national interest, postulates that the state must act in order to limit the social effects of individual selfishness. Nevertheless, just as he admits, Constantin Stere the politician was "deeply imbued with democratic ideology". His socialist views did not prevent him from considering that only a "democratic state structure" can ensure the balance of the social forces: "In a democratic country, the interests and aspirations of the different social categories are mirrored in the various political parties", and the political confrontation among these parties is the only way to avoid anarchy and civil war. (Stere, 2022, p. 479-480) The state has to fairly arbitrate the antagonistic interests within society, to pursue the strengthening of the national unity and of the social solidarity: patriotism must be the supreme moral value of the state's members and representatives! (Stere, 2023, p. 108)

The development of the national productive forces is indissolubly linked to the democratization of the state institutions: "only in a democratic country can the conditions for economic prosperity be met" (op.cit., p. 126). The cornerstone of prosperity is "a peasantry that is healthy, powerful, and has all its rights and interests properly defended" as there is a constant concern to respect the superior interests of the state (op.cit., p. 128)

As a poporanist, Constantin Stere placed the focus on the economic factor as the center of development and modernization, unlike the representatives of *semănătorism* and *junimism*, who placed the focus on the cultural factor. In his view, Romania did not have to follow the orthodox path of economic development (the one followed by every developed European country), but rather a path based on encouraging and supporting small independent peasant households.

Alongside the principles of *țărănism* stated by Virgil Madgearu, Stere's ideas will be the foundation of the vision to solve the agrarian issue that the Peasants' Party established in 1918 will put forward under Ion Mihalache's leadership.

6. References

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