

## Ștefan Zeletin's View on Romania's Economic Development – A Reinterpretation

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### Abstract

*Ștefan Zeletin is considered to be one of the greatest Romanian scholars in the interwar period. Interested in sociology, philosophy and economics, Zeletin built an ideatic universe which is difficult to define and place from an ideological point of view. Using sociological analysis, Zeletin looked into the origins of Romanian capitalism. The fact that his analysis seems so contemporary springs from putting it into context. In his times, the influence of the developed countries upon the Romanian society unfolded on the basis of the economic, social and political disparities unmistakably working against Romania. Nowadays the situation is relatively similar if we compare Romania's level of development to that of most countries in the European Union. Moreover, the discrepancy between the economic changes in Zeletin's time and the mentality of the majority of the population back then corresponds to the moral and social crisis which is currently affecting the Romanian society.*

**Key words:** bourgeoisie, capitalism, oligarchy, mercantilism

**J.E.L. classification:** B31

### 1. Introduction

Ștefan Zeletin (his real name was Ștefan Motăș) was born in 1882 and died in 1934. He received a degree from the Faculty of Letters and Philosophy of the University of Iasi in 1906. He became a secretary of the University Pedagogical Seminar in Iasi and a librarian. After studying philosophy for two semesters at the University of Berlin, he became a teacher within the German Department of Codreanu Highschool in Bârlad where he himself had been a student. He continued studying philosophy in Leipzig, Paris, Berlin again, Erlangen and Oxford. He got transferred to Bucharest, at Mihai Viteazul Highschool, where he taught both German and political economy. Between 1927 and 1934 he was a professor at the department of Introduction to Philosophy and the History of Ancient and Medieval Philosophy at the University of Iasi. Among his works we can mention *Evanghelia Naturii* (The Gospel of Nature) published in 1915, *Din Țara Măgarilor. Însemnări* (From the Country of the Donkeys. Notes) published in 1916, *Burghezia română. Originea și locul ei istoric* (The Romanian Bourgeoisie. Origins and Historic Place) published in 1925, *Neoliberalismul. Studii asupra istoriei și politicii burgheziei române* (Neoliberalism. Studies on History and the Politics of the Romanian Bourgeoisie) published in 1926, and *Naționalizarea școlii* (The Nationalization of Schools) published in 1926.

As a historian dealing with the origins and the evolution of the modern Romanian society, he expressed and supported his own view, even though as far as his analytical approach is concerned, "there has been talk, in turn, of the influence of the English evolutionism and Hegel's dialectics, of the influence of Marxism and idealism, of the way he followed Dobrogeanu-Gherea or Werner Sombart". (Murgescu, 1994, p. 269). Referring to *Burghezia română. Originea și locul ei istoric* (The Romanian Bourgeoisie. Origins and Historic Place), philosopher Constantin Noica considered it "one of the few classical works of Romanian social thought, if not of pure Romanian thought", even though in many cases Zeletin's language and methodology seem to show a Marxist influence. (Noica, 1997, p. 78). Questioning the myth of absolute excellence of interwar intellectuals, Cristian

Preda claimed and supported the idea that Zeletin was a socialist, and not a liberal. In his work, Preda spoke of the thesis of the "poisoned culture" which can be summarized as follows: "capitalism is, in the eye of the public, exclusively what socialists claim it to be". (Preda, 1998, p. 213)

The purpose for the author's theoretical approach was to take an inventory and to present the problems of the Romanian economy in order to find solutions to speed up the development and reduce the gap between Romania and the economically developed countries in Western Europe. He starts from defining the bourgeoisie and presenting the historical stages in its evolution.

## **2. Theoretical background. The European Bourgeoisie: Origins and Historical Evolution**

Ștefan Zeletin meant to theorize the evolution of the bourgeoisie as it formed and progressed, trying to identify the forces that propelled it to leading the economic and social life in Romania. The bourgeoisie is defined as that "social class that deals with exchange values" (goods) (Zeletin, 1997, p. 66), which includes those who manufacture the goods (the manufacturers), those who make them circulate (the merchants), as well as those who bring the monetary means necessary for the manufacturing and circulation of the goods (the bankers). Dealing in goods, the existence of the bourgeoisie implies trading. And since trade requires the agreement of the two parties involved (the seller and the buyer) in order to take place, it has freedom as the sine qua non condition: "The bourgeoisie is like a plant whose roots spring from trade and whose branches spread in a free social atmosphere". (Zeletin, op.cit. p.67)

However, although he considered Zeletin "the most valuable interpreter of the evolution of the bourgeoisie", Mihail Manoilescu refused to accept the definition he gave to the bourgeoisie because it does not include the pseudo-bourgeois (engineers, business economists, lawyers, doctors, writers, teachers, magistrates, officers), the major landowners (who also deal in exchange values), or the small merchants and the craftsmen. (Manoilescu, 1942, p. 41; 56-57)

Analyzing the historical birth of the European bourgeoisie, Zeletin pointed out the fact that the East was initially more advanced as a civilization since the Venetians and the Portuguese paid in cash or in precious metals for most of the oriental goods (silk, luxury items). This trade between Europe and Asia, especially in the context of the Crusades – which were the decisive drive in the development of the European bourgeoisie – could have ruined Europe if they had not discovered the routes to India and America from where to bring important quantities of precious metals which created the premises for the emergence of the industrial capitalism. In time, Europeans have started manufacturing goods, and thus the European bourgeoisie has emerged: first the petty bourgeoisie appeared in the Latin South (Italy, Spain, Portugal, Southern Germany) in the 14<sup>th</sup> and 15<sup>th</sup> centuries, then capitalism developed in the north part of the Continent (the Netherlands, France, England) in the 15<sup>th</sup> and 16<sup>th</sup> centuries.

Zeletin agrees to W. Sombart's explaining how the center of gravity of the European economic development shifted from the south to the north: the petty bourgeois capitalists in the cities where the guilds had gained an important economic power (in Spain, Portugal, Italy, Germany) chased away the infidels (the Moors, and especially the Jews) who were forced to take their wealth and thus economic prosperity up north. These petty bourgeois understood freedom as a group privilege, while capitalists, who had workers, considered freedom as an individual right. Meaning to wipe out serfdom and to create free relations to favor labor supply, the bourgeoisie fought to gain individual freedom through revolution.

Zeletin pointed out three main historical stages in the development of the European bourgeoisie:

- Mercantilism. From a historical point of view, the first economic activity was trade. This stage is characterized by the power of the government upon economic life, and the emergence of the bourgeoisie took place as the state developed into a political and economic entity. Mercantilism is national, as W. Sombart showed in *Der moderne Kapitalismus* (1928): "Any history of the origins of capitalism is also a history of the formation of the state nations". (Sombart apud Zeletin, op. cit., p. 73)

- Liberalism. After the mercantilist stage, in which the bourgeoisie asked for the support of the state and prosperity was insured by the intervention and the initiative of the government, there came a stage in the development of industry in which the bourgeoisie rejected the interference of

the state in the economic issues and emphasized individual initiative and perseverance. Liberalism appeared first in England in 1846 by abolishing taxes on wheat imports, and then expanded to France in 1860, to Prussia in 1862 and to other German countries.

- Imperialism. The basis for this stage is the emergence of financial capital, by absorbing commercial and industrial capitals, which after satisfying the domestic needs for bank financing migrated abroad. As a matter of fact, Zeletin considered that each and every state nation started building its bourgeois society using foreign capital. (Zeletin, op.cit., p. 77)

Quoting W. Sombart, Zeletin showed that in a less developed country the evolution of the bourgeoisie began when the country came under the influence of a country with a well developed capitalism: being dependent on the imports of industrial goods, it was forced to intensify its production in order to obtain the raw materials necessary to purchase the respective industrial goods. (Zeletin, op.cit. p. 89)

### **3. The Romanian Bourgeoisie: Origins and Historical Evolution**

In Romania, the starting point of the Europeanization process (when the bourgeois regime began replacing the medieval one) coincided with the moment when the Treaty of Adrianople was signed, which abolished the old monopoly of the Ottoman Empire upon Romanian grain and granted freedom of trade to the Romanian Principalities. As a result, the ports on the Danube received a huge flow of western goods. The country under whose influence the Romanian bourgeoisie was born was England which needed Romanian grain. In order to stimulate the development of the intensive agriculture, the English paid high prices for the grain and sold goods manufactured with it in England at low prices in our country to take out Austrian competition. It first happened for textiles, and then, once the Constanța – Cernavodă railway was built, the English flooded the Romanian market with machines and iron products. At the same time, the development of trade led to the increase in the price of land and the replacement of the old feudal relations (built on authority and subjection) with new bourgeois relations (built on free trade and exchange values equity). Some of the boyars had started paying for their land to be worked, so that the value of the land given to the peasant should not exceed the value of the labor they received in exchange from the peasants.

As Sombart showed, during the development stage of the bourgeoisie the real political power belonged to the financial oligarchy. In Romania, this oligarchy had the political power while the bourgeoisie (made up of foreigners, especially Jews) had the economic power. (Zeletin, op. cit., p. 127-128). The state was forced to support this social category which gathered the precious metals: the bourgeoisie. Thus it made sure it had the necessary income to build and maintain the bureaucratic apparatus and the military system which are the foundation of any modern state structure. State leadership over the economy by the state was a reality which unfolded while the monetary economy emerged as a mercantilist policy meant to insure the monetary means that were indispensable for the running of the state institutions. In its incipient stage of the development of the bourgeoisie the main source of income was insured by the produces of the land used to pay for the imported goods. The state supported foreign trade through:

- developing the means of communication (as I. C. Brătianu pointed out "the first sign of civilization in a country are the roads, the railways and the maritime routes. When a civilized people conquers a new uncivilized country it cannot go further than it built roads, and it seems that land has no value for it without roads". (Brătianu apud Zeletin, op.cit. p. 131)

- setting up and supporting credit institutions (banks' capital accumulation, starting from commercial capital and usury capital, fostered the establishment of the Financial Credit in 1873 and of the National Bank in 1880) which had significant consequences: usury was replaced by the banking institution as the financial capital started to belong to Romanians (the bourgeoisie started to lend money to the state imposing terms and conditions) and the political oligarchy turned into financial oligarchy or 'bankracy' as Zeletin called it; (Zeletin, op.cit. p. 136)

- modernizing / europeanizing public institutions (national law was replaced by Roman law). In the context in which the West imposed the modernization of judicial and political institutions, Zeletin underlined the existence of a "disharmony" between the newly created economic, judicial, political and cultural institutions and the "the archaic agrarian mentality of the people" (Zeletin,

op.cit., p. 140) and explained this discrepancy by the fact that in Romania there had not been an evolutionary continuity in economic development on a period as long as the one in the advanced European countries and that the rapidity of economic transformations was not followed by a sustained modernization of institutions and mentalities. Countries such as the United States, Germany, Japan and Romania cut short their road to economic evolution. The bourgeoisie in these countries did not go from mercantilism to liberalism the way the old Anglo-Saxon bourgeoisie did, instead it went straight to imperialism. In the West the bourgeoisie came into being along the central political power and when it gathered enough strength it started the fight (often revolutionary fight) to take over the political power. Unlike the West, in Romania the bourgeois oligarchy came into being directly (it did so then and it did so nowadays) within the political oligarchy.

Zeletin offered a sample of scientific objectivity when he wrote that: "Democracy is a heavy apparatus which justifies its existence only in the period of full maturity of the bourgeoisie, when it is all about regulating the ready formed social life. But, in the mercantilist stage, when there is a need for making plans, creating institutions, forming states, democracy has little point in existing: in this case an intelligent dictatorship is needed, ready to take the necessary measures at any time and to put them into practice without delay. Running a bourgeois state in its formation stage is very much like a military operation: it imposes the same regime of dictatorship and centralization". (Zeletin, op.cit., p. 142-143)

In the developed capitalist countries in Western Europe there came into being a powerful class of industrialists which dominated the financial oligarchy, attaining true democracy. In Romania, it was the other way around: great finances subdued industry.

#### 4. Conclusions

By drawing up a sociological theory of his own, Zeletin emphasized a division of human history into two types: an agrarian type, dominated by the landowners (in Romania the boyars) and a plutocratic one, dominated by the owners of the financial capital (in Romania the bankers, at first foreign ones, and then Romanian ones). He believed that there were no special regulations that governed the development of the less developed countries; Romania's historical evolution is the expression of the action of the same objective regulations which determined the evolution of the developed countries, regardless of place and time.

Noticing that the elements of the bourgeois ideology appeared in the Romanian Principalities prior to the generalization of the elements of economic bourgeoisie, Zeletin endorsed the theory that states that there were "forms" before "roots".

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