

IN MEMORIAM VICTOR SLĂVESCU - ON THE ECONOMIC THINKING OF THE ECONOMIST

Alina Georgeta Ailincă⁴⁰

Gabriela Piciu⁴¹

Abstract:

Preparing with special attention in his career as an economist, studying at the University of Bucharest, Paris but especially at the Universities of Göttingen, Munich and Halle, Victor Slăvescu distinguished himself throughout his career by seriousness, rigor, firmness, fairness, generosity, desire to straighten things out and the pursuit of perfection. For this reason, his work has not always enjoyed well-deserved recognition, and his contribution to Romania's history of national economic thinking has often been overlooked. Therefore, as a tribute to the 130th anniversary of his birth, this article seeks to highlight, modestly, often emphasizing the quality of perpetual topicality, a number of important ideas of the great teacher's thinking.

Keywords: *Romanian economic thinking, fundamental economic theory, the structure of the Romanian economy in the first half of the 20th century*

JEL classification: B10, B20, B31

Introduction

The First World War brought dramatic changes on the political, social and economic life of Romania, amid a territorial doubling in 1918 (at 295049km²) compared to the pre-war period and a population growth over 2.5 times in 1930 (at 18057028 inhabitants) compared to the population registered at the 1912 census (BNR, 2001, pp.13). In this context, many challenges have emerged in the form of: a) domestically - the need to unify state legislation and apparatus, rebalancing state finances and stabilizing the leu's position internationally, carrying out agrarian reforms, moderating the declining purchasing power of the leu, achieving the fight against the effects of prefigured international crises and improving the trade balance, moderating public and private indebtedness, but also inflation, b) externally - highlighted the need to gain state and political recognition and credibility. Therefore, after the Great Union, there was the problem of restoring the Romanian economy after the war, but also the integration of the economic branches within the national economy of the Romanian state.

In this context, as a young Romanian specialist with studies abroad, Victor Slăvescu's personality stands out, in the first phase, by resuming his position at Banca Românească (1915), then becoming director of this institution. Subsequently, Victor Slăvescu held the position of director at the National Industrial Credit Society (1923) and he was given the task of reorganizing the Public Debt Directorate of the Ministry of Finance. Then, he was an expert (along with Nicolae Titulescu, which was Minister of Finance in the period 1920-1921) in the negotiations on the regulation of the war debt to the USA. At the same time, Victor Slăvescu has held numerous positions in the management of many industrial companies, including the president of the General Union of Romanian Industrialists (in Romanian -Uniunea Generală a Industriaşilor din România - UGIR). Equally, within the Government I.G. Duca, he was appointed Undersecretary of State at the Ministry of Finance, after that he was appointed Minister of Finance (1934-1935), then he was appointed Vice President of the Superior Banking Council of the Superior Economic Council (in Romanian - Consiliul Superior Bancar al Consiliului superior Economic, 1937), then he was in six

⁴⁰ PhD., scientific researcher 3rd degree, Centre for Financial and Monetary Research "Victor Slăvescu" of INCE "Costin C. Kiriţescu", Romanian Academy, Bucharest, Romania, e-mail: alinageorgetaailinca@gmail.com

⁴¹ PhD., scientific researcher 2nd degree, Centre for Financial and Monetary Research "Victor Slăvescu" of INCE "Costin C. Kiriţescu", Romanian Academy, Bucharest, Romania, e-mail: gabriela_piciu@yahoo.com.

successive governments Minister of the Army endowment. Victor Slăvescu was also a member of the Directorate of the National Renaissance Front (in Romanian *Directoratul Frontului Renașterii Naționale*) and of the steering committee of the Institute for Social Research, but was also elected a member of the Board of Directors of the National Bank of Romania (1945 - 1946). All the functions obtained culminated with the appointment of a corresponding member of the Romanian Academy (1937) and especially of a full member of the Romanian Academy (1939) (BNR, 2001, pp.8-11).

Beyond political activity and banking practice, since 1925 Victor Slăvescu stands out as a professor at the Department of Currency, Credit and Banking of the Academy of Advanced Commercial and Industrial Studies in Bucharest, later teaching courses at the Higher School of War as a holder of the department of political economy and national economy. In the period 1955-1977, following the imprisonment without prior trial in Sighet (1950-1955), Victor Slăvescu retired from the forefront of public life, devoting himself entirely to scientific research, leaving in addition to the printed work, also about 80 volumes typed, unpublished (BNR, 2001, pp.10-11).

As Pascu remarks (1937, pp.223), Professor Victor Slăvescu's writings can be divided into: a) writings on currency, credit, banking and exchange, b) writings on enterprises, c) writings on transport, d) writings on economics and f) various writings (e.g. agriculture, public finance, labor). At the same time, Pascu (1937, pp.223) remarks that the entire work of Victor Slăvescu can be divided into didactic works (courses taught especially at the Academy of Higher Commercial and Industrial Studies in Bucharest) and non-didactic (research on various national financial problems, phenomena and institutions).

Description of the Problem

After 130 years from the birth of Victor Slăvescu, marking mainly the highlighting of realities, but also of thinking and especially of human behaviour, from the interwar and post-war period, we could have expected that the possible comparisons with contemporary realities would not be possible. However, the realities seem to transcend time and space, carefully analyzing the realities of the Romanian economy, through the critical lens of Professor Victor Slăvescu, especially in issues aimed at: rethinking rural space and Romanian agriculture, the need to strengthen the role of local capital, supporting industrial branches through industrial credit, solutions and proposals to the global economic crisis of 1929-1933, the adequacy of banking regulations to the realities of the time and possible solutions to financial-banking problems. We can note that today industrial credit is still a problem, agriculture, still has a poor population unable to have technology without the help of credit from banks, and international economic crises (e.g. in 2008) or non-economic (e.g. COVID -19) retain its devastating force. All these considerations make Victor Slăvescu's contribution to the history of Romanian economic thought extremely relevant and current, and the solutions proposed by him are still to be considered today.

Methodology and Data

The article follows, through a theoretical, logical, but also critical analysis, both the framework - the interwar period, and especially the coordinates of the activity and especially the coordinates of the thinking of the professor and economist Victor Slăvescu. The paper captures, by highlighting the depth of the great professor's thinking, the connection with the current period, in which, keeping the scale, unfortunately the same perpetual problems of the Romanian economy are highlighted. The data sources are represented by: BNR study notebooks, documents of the time, books, articles and studies, aiming especially to reveal the problems of Victor Slăvescu's economic thinking.

Results

Although less noticed, Victor Slăvescu is an important historian of Romanian economic thought, often leaning on archival documents, being convinced that following the course of time of a discipline "it is much easier for us to understand its purpose, the methods that it also uses the results it obtains" (Slăvescu, 1926). Therefore, his work is carried out in three important directions: the history of Romanian economic thought and the national economy, the fundamental economic

theory and the structure of the Romanian economy in the first half of the twentieth century (BNR, 2001, pp.64).

Constantly connected with the country's problems, Victor Slăvescu considered that one of the main problems of the country was found in the agrarian and peasantry problem in particular, being found as a concern from the beginning of his career as an economist in the doctoral thesis "The agricultural issue in Romania"(Die Agrarfrage in Rumänien). Although the law on the implementation of the agrarian reform was given in 1921, the ownership of the peasantry was difficult, requiring special laws in each of the historical provinces of the country. At the same time, the size of the lots was inadequate to the structure of the peasant households, and the agricultural inventory necessary for the work of the land required support from the state for the acquisition but also agricultural credit from bank. Thus, the agricultural credit was not in Victor Slăvescu's vision "only a matter of humanitarianism, but a vast economic and social problem, the solution of which depends also the raising of the state on unshakable foundations" (Slăvescu, 1925, pp.213) and that "And the state budget and the banking body and the country's currency and industry and trade rest on the peasant household" (Slăvescu, 1931, pp.1). At the same time, as a solution to the difficulties of farmers, Victor Slăvescu proposes the agricultural cooperation: "When 80 percent of the country's population lives in the country and has agriculture as its main occupation, when agrarian reform goes from its legal application to enter its agricultural technical organization, there is no doubt that our constant concern must be the education and guidance of our villager towards a better culture to be achieved only through agricultural cooperation" (Slăvescu, 1928, pp.1), a considerable role been seen to be played by popular cooperative banks. In V. Slăvescu's view, the agricultural cooperation was seen as oriented partly *towards supply* (for machinery, seeds, etc.) and partly *towards sales*(in order to avoid exposing the peasantry but also to make peasants the clientele of speculation), and interest on agricultural loans,in order not to become burdensome, it had to be better framed in the National Bank of Romania (NBR) regulations.Supporter of the Code of Cooperation voted in 1928, V. Slăvescu publicly reiterates his confidence in the cooperative movement in 1936 through the article "I believe in cooperation", which showed that it is the only solution for this social class (the peasantry).

At the same time, Victor Slăvescu was a convinced promoter of national values, considering that the liberal doctrine "by ourselves" should be seen only as a defensive policy of protecting national interests from external desires of seizure (Slăvescu, 1929, pp.7), the state being interested and even obliged in Victor Slăvescu's vision to support local capital on a healthy basis, avoiding international financing, which often put the selfish, momentary and speculative gain in the foreground. In the period 1919-1920 Victor Slăvescu published a significant number of articles in which he analyzes the role and purpose of domestic capital, the conditions of collaboration of foreign capital, the need to "Romanianize" the economic life of Romania. Moreover, he advocates the "nationalization of economic life as soon as possible, going so far as to impose itself on the basis of the country's economic activity," first of all, and, if possible, exclusively the element "Romanian", which aims at "the economic independence of the country, by developing its wealth and by supporting Romanian capital, energy and labor".Slăvescu's vision was not to be interpreted as being against foreign capital, but rather as a precaution, foreign capital being the bearer of well-defined interests and political ideas belonging to the borrower. In addition, no state has the interest to contribute to the economic rise of another state, which in time could become its competitor; therefore, the solution is complementary collaboration between capitals, the majority role having the national capital and not the foreign one (Slăvescu, 1919, pp.1).

Regarding industry, Victor Slăvescu considered that the state should be the supporter of the industrial field, especially since the share of foreign capital in this field was 80% in 1916 and in the oil field it was close to 100% (Scurtu, 1996 pp.13), shares unacceptable in the liberal view. As a solution, Victor Slăvescu saw the establishment of an industrial credit company to cover four types of specific financing for companies in the industrial field: - of investment (with a long investment horizon), - of working capital financing (for supply, salaries, etc.), - financing for supply (for the purchase of raw materials) and - financing for deliveries (especially to regulate the relationship with the state, which was still suffering from massive war losses and precarious public funding, therefore the coverage of this credit was proposed by Victor Slăvescu to be made by payment orders of the Ministry of Finance) (BNR, 2001, pp.23). Thus, after becoming director of the National Industrial Credit Society, Victor Slăvescu contributed directly to the development of

Romanian industry through capital that allowed the establishment of state-owned enterprises such as: Câmpia Turzii Wire Factory (1922), Titan – Nădrag - Călan Plants (1924), Copșa Mică-Cugir (1925), Malaxa (1926), IAR-Brașov (1926) (BNR, 2001, pp.24).

At the same time, in Victor Slăvescu's vision, the state had to ensure public order, but the economic and legislative means for a good life in general, supporting areas such as education, transport, promoting the interests of economic enterprises and ensuring intellectual property. At the same time, Victor Slăvescu accurately classified the categories of enterprises in relation to the state: - state-owned enterprises or monopolies, - state-controlled enterprises (in areas of national interest), - state-supported enterprises, - free or private enterprises (NBR, 2001, pp.24-25).

If we refer to the world economic crisis of 1929-1933, marked by price volatility in some categories of goods (e.g. falling prices for grain, wood and especially the fall in oil prices on US stock markets - all being dominant elements in the structure of trade balance and payments of Romania), reducing revenues to different categories of enterprises, increasing the interest rate on capital, increasing unemployment and deteriorating stock market indicators, Victor Slăvescu tried to outline a series of solutions. These solutions include: - assessment and classification of taxes and fees on the actual ability of taxpayers (especially the peasantry) to pay, - regulation of agricultural debt, rescheduling and adjustment of interest rates in line with the ability of farmers to pay, - proper organization of the grain trade, externally, but especially internally, - the imposition of a protectionist customs policy, to protect the industry from the dramatic effects of the crisis and the preferential acquisition of the state for national industrial products (Slăvescu, 1932a). At the same time, Victor Slăvescu remarks, what happened also later in the economic crisis triggered in 2008 globally, that the post-war lending activity was of an inflationary type, doubling the monetary inflation, the loans were granted too easily (Slăvescu, 1932b) .

In connection with the financial-banking crisis, Victor Slăvescu notes a series of symptoms that foreshadowed the crisis: - declining liquidity in the system, - increasing demand for loans to the NBR and reducing the supply of guarantees from the debtor, - the need to restructure the credit period by the transformation of short-term loans into long-term loans, and - the withdrawal of deposits or cash from banks suspected of being in difficulty, etc. (BNR, 2001, pp.68-69). Slăvescu also highlights in his works the lack of morale and sometimes the lack of rational judgment of depositors who seek profitability rather than stability and security of deposits and, at the slightest weaknesses of the banking system, immediately ask back their deposits, aggravating the crisis by panic and by withdrawing money from the normal economic circuit.

At the same time, Victor Slăvescu observed that along with the economic crisis there were also moral and social crises, passivity, blaming, lack of continuity in public governance measures, inability to seek methodical solutions and of continuous application of discovered remedies, but also lack of rational judgment of the rulers, who, often, did not understand that a prosperous budget can be obtained only with prosperous taxpayers and not with ruined and burdened taxpayers (Slăvescu, 1932b).

It should be noted that an important contribution of Victor Slăvescu is in understanding and describing the local banking system, as Costin Murgescu said, he (n. V. Slăvescu) "[...] elaborates the first, most complete and most important monograph of our credit system when it had to embark on the path of post-war activities [...]" (Murgescu, 1994). At the same time, in consolidating the role of Romanian finances, in numerous papers, Professor Victor Slăvescu lists a number of principles of running a commercial bank, emphasizing the need for caution and balance in lending, but also: the bank's independence from political factors, lack of concentration economic power, framing the bank's policy in the general interests of the state, respecting the bank's role as a financier of the economy, respecting customers without taking advantage of their good faith, maintaining the national character of majority capital, ensuring the credit institution's capacity, supporting small economies and their channelling to ensure general prosperity, the need for co-optation of new shareholders, the bank's contribution to the financing of public administrations, as well as the carrying out of charitable acts in support of the general interest (Slăvescu, 1922).

Regarding the National Bank of Romania, Victor Slăvescu points out, in an impressive monograph from 1925, that the NBR was, in addition to a bank issuing money and controlling money circulation, also a financial institution involved in financing Romanian industry, trade and

communications, but especially in consolidating the Romanian banking sector. At the same time, Victor Slăvescu captures, through an ex-post analysis, the evolution of the NBR, starting from the establishment of the NBR and evoking the figure of the founder Eugeniu Carada, so that later he can outline a series of directions for solving complex problems of the time (Slăvescu, 1925 and BNR, 2001).

As Costin I. Murgescu (1943, pp.463) points out, the writing of Professor Victor Slăvescu "is equivalent to opening a new chapter in our economic literature", and that in order to start outlining a unitary critical look, in the form of a compact history of economic thinking required a diligent work of documentation, which Victor Slăvescu started as Murgescu noted with "a young energy and devotion that is illustrated by the number of works printed between 1936-1943." At the same time, about the working method of Victor Slăvescu, Murgescu mentioned that the Victor Slăvescu method "chosen was not that of monographs, claiming to solve definitively chapters from a probable and future economic history, a method full of risks, the monograph assuming itself the evidence of all the existing works, but the partial presentation of texts and people, put in the light and in the ambiance of the epoch, by brief references to the published texts." (Murgescu, 1943, pp.465).

Thus, Victor Slăvescu follows through his studies, many important figures in the history of Romanian economic thought such as: Eugeniu Carada, Partenie Cosma, Dionisie Pop Marțian, Ion Ghica, Ion Ionescu de la Brad, Petre Mavrogheni, Dimitrie A. Sturdza, Gh. Gh Cantacuzino, P.S. Aurelian, A.D. Xenopol, B. P. Hașdeu, Nicolae Șuțu etc. Therefore, the study of history is in Victor Slăvescu's vision an important point in research work to identify the origin and development of Romanian economic science and economics. At the same time, Murgescu (1943, pp.467) remarks that Victor Slăvescu "does not follow any plan in choosing the economists on whom to dwell. The only criterion is that of the importance that certain works or lives present, doubled by that of their recognition in the intellectual and even specialized world in our country".

Along with the historical study of the evolutions of credit institutions, Victor Slăvescu also explores the area of economic theory and foundations. For example, he points out the differences between the technical and the political-doctrinal role of credit institutions, highlights the roles of credit institutions as intermediaries of payments, capital management and offering loans in addition to creating means of payment, not forgetting that "the primary function of a banking enterprise is to promote, through all the powers at its disposal, the national economy to which it belongs" (Slăvescu, 1930). At the same time, Victor Slăvescu makes a corollary of bank policy identifying principles regarding the nature and usefulness of credit, guaranteeing and repaying it, the bank, in his vision, having to focus on production loans and less on consumer loans. Equally, Victor Slăvescu brings contributions on the concept of financing the enterprise, the reasons and conditions that justify the financing of the enterprise, while identifying two types of financing: occasional (commercial) and professional (banks and stock exchanges), establishing the necessary parameters related to own and foreign financing, so that the decisional autonomy at national level can be preserved (Slăvescu, 1927; BNR, 2001).

It should be noted, Victor Slăvescu's constant concern for currency, being in his opinion used "in order to achieve a specific goal" and being assigned five functions: - instrument of economic exchange (Slăvescu noting, in other works, that economic imbalances also before the war of independence (1877) was due to the lack of a national currency, with many foreign currencies circulating in parallel), - the measurement of the values of exchanged goods, - the instrument of storage and hoarding, - the instrument of payment and basis of credit (Slăvescu, 1932c). Equally concerned with the new forms of currency or rather with the dematerialization of currency, Victor Slăvescu also focuses on explaining how the scriptural currency works in relation to the actual currency, emphasizing that in general transactions of higher value, belonging to the production or economic circulation takes place through scriptural currency. Thus, the scriptural currency is similar by Victor Slăvescu to the banknote issued by the NBR with full coverage in gold and convertible at any time into gold, with the difference that the scriptural currency is based on both the credit and the authority and prestige enjoyed by the commercial bank issuing deposit (Slăvescu, 1942).

The great economist V. Slăvescu also has an important role in the development of Romanian accounting in the first half of the twentieth century. Having influences from the German school of

business economics and benefiting from the studies of his predecessor V.N. Madgearu who approaches accounting in the discipline of study (management) of enterprises, in 1952 V. Slăvescu treats accounting as the main tool of business administration. Considering that "here are found the researches related to the administration and registration of operations (accounting-balance sheet), with the procurement of means of work (financing), with the examination of the obtained results (profitability) etc.", V. Slăvescu integrates accounting in the economy of the enterprise, considering that "enterprise science" aims to create universally valid rules and principles that facilitate profit maximization.

Conclusions

Victor Slăvescu's contributions to the history of Romanian economic thought, to the fundamental theory but also to the accurate description of the Romanian banking system in the first half of the twentieth century reveal the topicality of his studies and demonstrate a depth of analysis based on his experience and training. Author of the largest work in the Romanian economy culture (over 55,000 pages), Victor Slăvescu is, along with others, a pioneer in highlighting moments, but also important writings in making understood the need for works of Romanian history and economic thought, constantly trying to avoid making premature conclusions on texts collected and published. Therefore, as Costin I. Murgescu (1943, pp.467) pointed out, "the works of Professor Victor Slăvescu have acquired an essential position, he not only opens the interest but also inaugurates the work of capitalizing on our economic thinking."

Marked by clarity and synthesis, especially in writing didactic works, the scientific work of Professor Victor Slăvescu overflows with a real ideological coherence in defence of the national economic interest, emphasizing once again the need to relate to its own economic, political, social and cultural identity of a nation, so that economic solutions, otherwise general, gain meaning, strength and efficiency. Therefore, the ideas, lucidly presented, more than a century ago, by Professor Victor Slăvescu, remain valid to a large extent, even today, indicating the need for more seriously approach (both from theorists and researchers but especially from practitioners and decision makers) on the perpetual problems of Romanian economy.

Future Directions

Concerns for the history of economic thought, the history of Romanian economic literature can be found in many contemporary and less contemporary authors, and personalities, such as Victor Slăvescu, are a true historical landmark, but also a pillar of development for future Romanian economic science and research. As Costin I. Murgescu (1943, pp.464) pointed out, "history, as a synthesis of life experiences, is if not the main, in any case one of the primordial elements of economic science in deciphering the social and economic possibilities and tendencies of a people". Therefore, the unknown, unremembered and misunderstood history inevitably leads to its repetition in various forms, with more or less dramatic consequences. Thus, this article aims to be, on the one hand, a modest tribute to the activity of the great professor of economics Victor Slăvescu, and on the other hand, a gate to the knowledge of other scientific creations of other authors concerned with the history of national economics and national economic thought, but also of the economic history of the world.

Bibliography

Banca Națională a României (2001), Restitutio, nr.1 octombrie, ISSN 1582- 7550, online: <https://www.bnr.ro/PublicationDocuments.aspx?Icid=6921>.

Murgescu, Costin (1994), The course of economic ideas in Romanian, Bucharest, Encyclopedic Publishing House, 1994, vol.I, pp.57-58.

Murgescu, C., I. (1943), Victor Slăvescu and the possibility of a history of our economic thinking, Revista

Royal Foundations monthly magazine of literature, art and general culture, Year x, no. November 11, Bucharest.

- Pascu, Dim, P. (1937), The economic writings of professor Victor Slăvescu, in the Bulletin of the Romanian Economic Institute, year XVI, no.4-6, April-June 1937.
- Scurtu, I. (1996), History of Romania in the years 1918-1940. The evolution from the democratic regime to the dictatorship, Didactic and Pedagogical Publishing House, Bucharest.
- Slăvescu, V. (1919), Working methods of international finance, in "Viitorul", year XII, no. 3547/12 December 1919, pp.1.
- Slăvescu, V. (1922), Credit Organization of Romania, Cartea Românească Publishing House, Bucharest.
- Slăvescu, V. (1925), The history and development of popular banks, in the Bulletin of the Romanian Economic Institute, year IV, no. 3/1925, pp. 213.
- Slăvescu, V. (1925), History of the National Bank of Romania 1880-1924, Romanian Social Institute, Archive for Science and Social Reform, ed. National Culture.
- Slăvescu, V. (1926), Object, method and doctrine in the science of enterprises, in "Economic and statistical annals", year IX, no.11-12 / 1926, pp.1.
- Slăvescu, V. (1927), Financing of economic enterprises, in "Economic and statistical annals", year X, no. 3-4 / 1927, pp.20.
- Slăvescu, V. (1928), New orientations in cooperation, in "Viitorul", year XXI, no. 6182/25 September 1928, pp.1.
- Slăvescu, V. (1929), Economic problems and political parties, in "Democracy", year XVII, no. 7-8 / 1929, pp.7.
- Slăvescu, V. (1930), Bank Treaty, Cartea Românească Publishing House, Bucharest, vol. I, pp.15.
- Slăvescu, V. (1931), Agricultural debts, in "Viitorul", year XXIV, no. 7075 / September 3, 1931, pp.1.
- Slăvescu, V. (1932a), Current economic problems, Bucharest, Imprimeriile Independența, pp.8.
- Slăvescu, V. (1932b), Our economic crisis and its current solutions, Bucharest, Copuzeanu Printing House, 1932, pp.14.
- Slăvescu, V. (1932c), Currency, credit, exchange rate, Romanian Writing Publishing House, Craiova.
- Slăvescu, V. (1942), On the Scriptural Currency, in "Economic Independence", year XXV, no. 1-3 / 1942.