

## **ELEMENTS OF THE CONCEPT OF VIRGIL N. MADGEARU ABOUT THE STATE INTERVENTIONISM**

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*The ideas debates from Romania, in the inter-war epoch included within their sphere the state interventionism, too. Appeared and considered on some people opinions, a reaction to the liberalism or a reaction to the socialism, or a result of the war and post-war recovery efforts, this reached to its apogee during the period of the great economic crisis between 1929 and 1933 (the great depression). Virgil Madgearu, an economist educated at the German school, an attentive scientist observer of his epoch (age) or a politician who should propose solutions for the crisis effects, he preoccupied himself with the problems of the state intervention into the economy, too.*

*Key words: interventionism, capitalism, depression, economy, politic*

In the concept of Virgil Madgearu, who overtook the opinions of Franz Oppenheimer, the evolution of the interventionism was produced from the monetary-current considered an accumulation of precious metals aiming to support a numerous army for achieving the state expansion politic, at the first form of state interventionism- the mercantilism – „the interventionism extended upon all the domains of the economic life” with preoccupations and nation education.

The appearance of the state interventionism as a reaction to the liberal doctrine was produced, on V. Madgearu opinion, as a result of the population growth, too, as an answer against the „wild” exploitation of the children and women in working.

He thinks (thought) that the most vehement reaction was that one of the Marx-fans: „The whole construction ideology of Marx is based on the ascertainments made concerning the effects of the economic liberty (freedom) for the British industry development by the description of the results of the non – human exploitation of the children and women”<sup>1</sup> creating a very powerful social fighting platform and the appearance of a new tenet: the socialism, which, „through the working parties...represents the most formidable reaction against the liberal idea as a state doctrine.”<sup>2</sup>

And as a reaction for the appearance of the military actions of the working parties, V. Madgearu sees the appearance of the „desk socialism”, considered as „a state interventionism doctrine” that is justified only through the necessity of the setting or ruling the output (production) reports and of eliminating the social disadvantages resulted from the free activity of the production forces. This doctrine appears, as V. Madgearu believes, from the necessity „of protecting the capitalism”, and within the domain of the social politic, it manifested by enacting the social health assurances, helping allowances in case of work accidents, old people and unemployment helps (allowances) etc.

The interventionism as a state politic appeared under the confronting conditions of the capitalist economy with earlier unknown phenomena of the kind of the economic crises (depressions) and of the unemployment, which have affected globally the economy and the society. The beginnings of the state interventionism are placed during the period of the World War I when in the countries involved in the conflict it was necessary the unitary coordination of the war efforts and at the same time the concentration of those ones under a unique command (order), situations that couldn't be solved than the state itself.

So, the belligerent countries needed to concentrate at the disposal of the state a huge volume of resources and to lead them so that to be able to cope with the war effort.

At the end of the first world conflagration, the necessity of the recovery of the infrastructure and of the economy, and also the restarting of the economic and social development were assumed as tasks charged to the state authorities. Therefore, under such conditions, the state involved itself in an important measure by its decisions aiming to supporting the economy setting and development, a fact that conferred to the taken measures an interventionist character

The apogee of the intervention politic which gave birth to the interventionist doctrine is considered simultaneously as being the period of the economic word depression (crisis) between 1929 and 1933, when the state had to abandon one of its liberal thesis of not involving much deeper in allocating, redistributing and using of the resources and also regarding the economic initiatives, a thing which earlier was an unconceived one.

By confronting the economic crisis (depression) difficulties, the state extended its activity, including within its action sphere politics for counterworking the disturbing factors. Next to its traditional earlier assumed tasks or duties of the state, other new ones contoured which involved especially the correction of the negative impact upon the society as a whole, determined by the mistunings in the economic and social life caused by the economic depression (crisis).

In this context, it came out a new doctrine, concerning the state in economy and in society generally, which enacted the increase of the role of the state in economy and society generally, known as the interventionist doctrine, called also the modern doctrine, comparing to the classic one. According to this doctrine, for counterworking the defaults and the imperfections in the economy and for setting the mechanisms of the market economy, it is considered admissible the involvement of the state not only in the economic activities for influencing the Gross Intern Product evolution (for ensuring to this one a balanced increasing tendency), but also within the social domain, for improving the material situation (wealth or wellness) of the persons affected by the disturbing phenomena appearance within the economy (crisis, depression, unemployment).

Such a politic of balancing brought to the trends appeared in the economy turned out as being favorable to the attenuation of the amplitude of the cyclic oscillations, avoiding the profound disfunctionalities on economic, social and politic plan

From such a perspective of the balancing measures which may be applied by the interventionist state, the doctrine of J.M. Keynes reasons the necessity and the possibility of involving the state in economy, not only by influencing the evolution of the private economic activities, but also by developing a powerful economic state sector.

The concept of V. Madgearu concerning the role of the state has elements surprising similar, even if some of his theses are published by the means of the university lectures, few years before the Great Depression (the major economic crisis).

So, in his Course of Transports, taught in 1924, he underlined that: „in a necessary way it intervenes in the activity of the collective economy, which completes or replaces that one of the individual activities.” By the „collective managing (administrating) activities” or the „state management” („state administration”) he understands in fact the state enterprise, which has as motto (slogan) and therefore as a working method, „the maximum of collective use with minimum costs (expenses)”.

Along the same line of his concept about the state intervention in the economy, we have to notice another reason: „the state is the only factor that can foresee the future development, too and a plan for taking in account of the future necessities”, by this term understanding that the individual initiative cannot aim at the long time economic goals which may involve generations, the state must arrogate itself this obligation. On the other hand, we meet here the notion of planning, which already has passed the sphere of the interventionism, entering on the conducted or led economy.

In his vision the state intervenes automatically at certain moments or on certain domains, V. Madgearu calling it „mechanical intervention”, namely the intervention on the domains where the private activity „is not active” or within, if the domain has a special importance for the society, in the system of the free competition the organizing by the state obtains what he calls „maximum of collective use „and finally, there where it is necessary „a provision for the future developments”.

The intervention manners of the state in the economy are classified by V. Madgearu as „adjuster” and „creative”. Regarding the state means considered as being proper for the activity setting, he asserts the possibility of acting in a negative way when the state laws prohibits certain individual activities which may be against the collective interest, in a positive sense, when they creates the legal framework within whose limits the game of the individual interests, may be performed for the general use.”

It is, we think, important to mark such a kind of intervention, as „adjuster”, says Virgil Madgearu, referring himself only to the directing by the state authorities, by using a proper legal framework, of the private initiative within the economic domain. The motivation of such a kind of interventionism doesn't succeed to

prevent from and attenuate the effects of the economic crisis, as in the Keynes' doctrine, but it aims at the primates of the general interest of the society upon the individual interest, a thesis sustained by the representatives of the German school, too, representatives whose writings influenced on him for sure.

What V. Madgearu calls „own creative state activity”, represents, we think, the economic initiative of the state, which must, on his opinion, to replace the private initiative, over there where the latter is not manifested, although „ it is possible and it would be useful for the economic general development”, or when the necessary financial means are much higher than the possibilities of the individual entrepreneurs, or when the public authorities consider that the private activity „ doesn't correspond to the interest of the general wellness.”

Practically, he enacts the state interventionism and from the point of view of the state as an economic agent, although, on the other hand, he has doubts regarding the capacity of the state of being a good administrator.

Important argues (reasons) we find in the analysis of what he calls „in-fact monopoly”, a category that includes the organization and exploitation of the railways , telegraph, etc, about which he says that these are, „ by the nature of the things destined (meant) to the organization of the monopoly”, and not anyone, but a state monopoly, as, in addition of the consistent part of „immobilized capital”, which wouldn't be handy for the private initiative, the optimal planning of the railways network can be performed only by the state.

Concerning the specific means of „ the methodical influencing of the national economy by the state” in the Virgil Madgearu's vision these can be systemized in four groups:

1. means of guidance (directing) the national economy – supposing an intervention of the state limited when placing at the disposal of the active economic agents of the necessary information for the „good guidance” of the economic activity. Within this category are included the investigations and the studies performed by the authorities about the existing economic situation, publishing of the gathered information from the Romanian consulates, the obliging under the law for publishing the balance-sheet of the economic agents etc.
2. „the helping of the economic forces to be able to work with maximum of effects”, by organizing the circulation of the exchanges, the creation of the national currency and the reglementation of its functioning, the formation of the communication and transport, post (mail), telegraph, railways institutions, means of stimulating the actions of the economic factors, the enacting of the right of the free choice and free performance of the profession.
3. the restriction of certain free economic activities, a category that includes the measures against the exploitation of the women and children, generally, of any form of exploitation, measures against the disloyal competition, against the usury (extortionate) by limiting the loan interest, measures against the exploitation of the forest and oil. In this way, as it is right, Virgil Madgearu asserted that, although there are activities very profitable for the private initiative, and the oil and wood were products with an overwhelming weight in the export provided by our country, the state, the „society” as he said, must intervene as there is the danger of the fast depletion of the oil reservoirs, and the massive and uncontrolled land clearing (grubbing) may have negative influence on the climate, agriculture and lands.

His concept, we could say a modern one, of protecting the natural resources of the country has no connection with any ideology, but it denotes the preoccupation for an efficient exploitation of the resources, which anytime is actual.

It is worthily to be noticed that Virgil Madgearu considers that the state intervention in the „free game of the economic forces” may have also negative effects, when it restrains the function of the Darwinist law of the natural selection, a law by which the companies with old technology and having too much energy consumptions should disappear, if they wouldn't be helped by the state to survive, braking like that the economic progress.

From this point of view, his opinion is placed along the line of a necessary limitation of the state intervention in the economy.

4. the overtaking by the state of some economic activities, in competition with the private initiative, or by excluding this one, by the state monopoly system.

Regarding the efficiency of the state intervention in economy, Virgil Madgearu considers it quite relative, the state interventionism is „the system without system”, especially after what happened during the Great Depression (the major economic crisis of the world) when he ascertained „the null result of these multiple interventions” and he considers that it must be decreed „the interventionism bankruptcy”, his conclusions being in favor of the conducting or directing (leading) as a state politic, conducting meaning a planned and methodical influencing of the national economy aiming at the renunciation of the „automatic functioning of the economic mechanisms”

We don't pretend to have depleted the exposure of the concept of Virgil Madgearu about the interventionism as a doctrine, about the state intervention in economy – which is necessary, possible, and limited too, but we consider that we have revealed some aspects we thought as worthing for paying the attention of whom it may concern.

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