

**ECONOMIC MENTALITIES – CAUSE OR EFFECT FOR TODAY’S VALUES IN  
ROMANIAN BUSINESS HIGHER EDUCATION? A HISTORICAL PERSPECTIVE**

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**Abstract**

*Mentalities and behaviours are the result of the interactions between persons/groups and the environment. The present paper explores the way mentalities and behaviours have been created by and have themselves determined the economic, social and political processes on the present day Romanian territory at the end of the 19th and the beginning of the 20th centuries. A historical perspective to the study of mentalities shows that the adaptation of a certain mindset, of the mainstream values characteristic of an epoch, to the changes in the evolution of the economy and society was also responsible for preparing the changes in the development of the economy. The capitalist spirit, understood as attitudes towards money, goods, trade, capital movement, is the main element in inducing and developing the new business oriented behaviour. The economic constraint becomes way as well as means of building up a wage earning attitude and behaviour of workers in the unfolding of economic activities. The present paper explores the differences between economic and business mentalities of people belonging to developed and emerging market economies by considering their historical development. Although on the present Romanian territory the 19th century was characterized by a profound political instability, reflected in specific life values and attitudes, at the end of the 19th and the beginning of the 20th century, the main institutions which allowed the functioning of the market, the social contract and democracy had been set up and were running. The paper looks at the importance of the presence in the curriculum of business schools of the history of economy and/or of economic thought disciplines in order to help Romanian business higher education become a driving force in changing present day mentalities into values that pro-actively help Romanian students to become effective employees on the globalized labour markets.*

**Keywords:** values, mentalities, higher education

**JEL classification:** A13, A23, I20

## 1. METHODOLOGICAL ASPECTS

The Explanatory Dictionary of the Romanian Language states that the concept of *mentality* represents a specific way of thinking of an individual or a group, while that of *behaviour* refers to a way of acting in specific circumstances or situations [1]. However, both mentalities and behaviours being the result of the interaction of the individual/ group with the environment, we believe that the socio-economic and political trends of the Romanian society had a big influence on the economic mentalities and behaviours, especially in that part of society which was subject to the direct impact of the changes determined by the historical evolution.

The economic activity – one of the many human activities – takes place in the framework of a society. Individuals are born and develop their personalities in an already defined social environment. From this point of view, society influences us, by shaping ideas, convictions and habits and by inducing a specific behaviour. This behaviour becomes a permanent personality trait and, at the same time, it determines a particular mental representation of reality. As a result, the behaviour of economic agents become – to a great extent – a reflection of the environment in which they live and carry out their activity.

The specific conditions and historical environment in which the Romanians lived and carried out their everyday activities have undoubtedly influenced their options, their way of thinking and acting, their life philosophy, their value systems and of course their economic behaviours and mentalities.

Specialty literature in the field of economic theory and history highlights the fact that Europe, in general and Western Europe in particular, represents that part of the world which from the 16<sup>th</sup> to the 20<sup>th</sup> century experienced the most dynamic economic evolution and growth and which was to a great extent responsible for the creation of the modern world economy [2]. And one of the characteristics of the new type of economic order established in western European after the 16<sup>th</sup> century is gradual, but sustainable growth [2]. In addition, during the 17<sup>th</sup> and 18<sup>th</sup> centuries, the scientific revolution represented an essential element in the complex process of changing the mentalities and the perceptions on the economic progress, the interest in the economic system and its power of changing the society. All this is accompanied by a sometimes ignored feature of the western world during that epoch, namely the fact that the development was intrinsically connected to innovation, experimentation, risk and creativity, named by some authors “the creative-innovative and experimentation process”, or in short “the creative process” [3]. This term does not refer only to the technical field, but also to the institutional and organisational ones.

All these changes which marked the evolution of the West during the above mentioned centuries were due to a large extent to the appearance of a new behavioural pattern generically called *bourgeois* or of the *bourgeoisie*, which expressed a new attitude, most often called *bourgeois spirit* or *entrepreneurial spirit* [4]. The bourgeois spirit, understood as attitudes towards money, goods, trade, capital movement and accumulation becomes the main instrument in inducing and developing a new economically-oriented behaviour.

Mihail Manoilescu clearly defines the difference between the capitalist spirit and capitalism itself in his argumentation, in full agreement with Werner Sombart’s opinions. “At the beginning”, says Manoilescu, “the capitalist spirit is the one which gives birth to capitalism, of course in a generally favourable environment and in the framework of specific pre-existent socio-economic conditions; later, capitalism is the one which gives birth and sustains the capitalist spirit for every individual” [5].

During its evolution, capitalism usually goes through three development stages, dominated in turns by the commercial, industrial and financial capital. In one of his works [6], Ștefan Zeletin stated that “The three evolution stages of capitalism have their own characteristics, this is why it is not possible to understand the development of one stage by analysing the characteristics of another one, each must be analysed separately and understood according to its special features” [7]. In addition, he says, “The bourgeoisie is like a plant, whose roots start from trade relations and whose branches spread out in a free social environment” [8].

In his turn, Mihail Manoilescu defines the bourgeoisie as “an almost millenary social class whose main function is to organise work and production (first manufacturing and then other types of production) based on the possession of its instruments” [9]. He also considers that the bourgeois spirit “consists of the strong wish to be an entrepreneur, to earn, and of a series of minor but useful virtues which ensure the individual’s accession to and development in the bourgeois world” [10]. In addition, he makes a clear distinction between the genuine and the pseudo-bourgeois people. In the first category he includes the important industrialists and merchants, the big bankers and rural owners – the latter only if they are “real heads of agricultural enterprises”. In the second category he includes the engineers, the economists, the teachers, the judges, the clerks and the professional people [11]. On the historical evolution of the bourgeoisie, he maliciously states that his contemporaries were not able to make the difference between the real bourgeois element and the capitalist and liberal element. “I have shown” – he mentions – “that the confusion between bourgeoisie, capitalism and liberalism is a common one, even in the case of the greatest researchers of the world. But this confusion takes catastrophic proportions in the works of Romanian authors” – the allusion being to Ștefan Zeletin, with whom Mihail Manoilescu had a long dispute during the interwar period [12].

Of course, we cannot ignore the opinions of Gheorghe Zane [13], according to whom the freedom of trade and the extension of its area represented the point of departure for the modernisation of the Romanian economic system, the shaping of the political and institutional structures being the effect of the economic changes.

## 2. SOME TRAITS OF THE ROMANIAN SOCIETY IN THE 19<sup>TH</sup> CENTURY

Going from the field of the theory of economic history to those of historical realities, we can state that at the beginning of the 19<sup>th</sup> century the dominant feature of the Romanian environment was an obvious political instability evident both in the larger geographic environment and within the national context. All this determined the insecurity of life and wealth, limited the economic initiative and the accumulation of capital. The 1828-1829 Russian-Turkish war ended in September 1829 with the Peace of Adrianople, had an important long-term impact on the Romanian Principalities, by reconfiguring their relations with the Ottoman Empire. The liberalisation of external trade, the retrocession of the Danube ports, the free navigation and trade on the Black Sea led to the creation of permissive conditions which allowed a greater access of part of the Romanian society to the trade processes of that epoch. During that period “we can speak about the take off of the trade movement in the Romanian principalities. Not only because there was a real separation from the umbilical cord that tied it to the Turkish monopoly, but also because changes took place on a new

scale, the structure of the exported goods was modified and an infrastructure of trade was created, which determined new changes in the field" [14].

Numerous structural modifications of the economic and social life appeared soon. The liberalisation of external trade led to the appearance of the business interest in cultivating large lands and in selling Romanian products and, last but not least, to a more obvious expression of the economic and political interest of the West in this part of the European continent [15]. The rapid growth of trade activities in the ports of Brăila and Galați, especially after the establishment of the free port regime, is significant in this respect.

Influenced by the experiences, the trends and the models of the West, the Romanian economic life starts evolving in all its aspects. It still lacked the foundation of the capitalist world, namely the individual and contractual freedom, as well as the absolute private property. The adoption of the Rural Law in 1864 will correct this drawback only partly and extremely slowly. The implementation of the Rural Law leads in time to a complex reforming process which will continue for approximately half a century. It also generates a series of problems determined by its provisions, as well as by the habits of the rural life at that time. One of these problems is related to the incomplete use of the workforce, a phenomenon which is caused by the exaggeratedly high number of religious and official holidays or by the seasonal character of the agricultural labour. According to the calculations and estimations of Dionisie Pop Marțian around mid-19<sup>th</sup> century the annual average number of days worked in an individual agricultural field was of 115 [16].

The second observation is that during the entire 19<sup>th</sup> century the Romanian economy was dominated by a strong rural feature. The rural environment protects its moral and cultural values as well as its own speed of acting, thinking and becoming, having a distorted perception on the movement and the rhythms of the economic system. The entrepreneurial spirit, however not the bourgeois one, was represented in the 19<sup>th</sup> century Romanian rural environment by the tenant and the middleman.

Urbanisation was a slow and difficult process. At least in the first part of the 19<sup>th</sup> century, the Romanian town was generically represented by the central authority, respectively "the prince" and the high offices, respectively the state institutions. The urban trades served the few existing urban citizens. The agricultural field fulfilled its needs for agricultural tools or semi-processing of agricultural produce through its own workshops where mainly peasants worked during the extra seasonal period. And the village household met its necessities in the framework of the family, by producing hand made goods. What was obviously missing was the commodity market for handicraft or industrial goods.

By the mid-19<sup>th</sup> century, the Romanian Principalities had 3,865 thousand inhabitants, from which 17.2% in the urban environment and 82.8 % in the rural one. At the end of the century the population had increased to 5,957 thousand inhabitants, but the proportions are almost the same, with an urban population of 18.8% and a rural one of 81.2% [17]. As a result, the bourgeoisie and the bourgeois spirit have an extremely limited area of activity, being to a large extent reserved for the elites and manifesting themselves in sui-generis forms. This is caused by the specificity of the Romanian society, as well as by the mix of influences coming from various cultures, which were interpreted and adopted differently in terms of coverage and depth.

The era of industrial protectionism [18] started towards the end of the 19<sup>th</sup> century, more exactly after 1886. However, apart from customs protection, there were also measures to encourage domestic entrepreneurs. This was, in our view, the epoch of the growth and maturing of a national bourgeoisie and of the cultivation and consolidation of the bourgeois

spirit. It is important to make a comment concerning the urban and industrial mentalities. A great part of the Romanian industry was born under the protectionist shield of the state. But the workforce came mainly from the rural environment. The peasant, an agricultural worker who had become an industrial worker, brought to towns not only the strength of his arms, but also the specific behaviour adapted to the rural-household activities. The adaptation of this workforce to a new lifestyle and new rigours was difficult from two perspectives: first as result of the change of professional qualifications, and second as result of the need to change behaviours, values, mentalities. Industrial work involves preciseness, order, promptness, efficiency, performance, etc. Professional training was mainly done on the job taking long periods of time, without the benefits of special professional or vocational schools which meant that the adaptation of the former peasants to the new world and mentalities was done at across generations.

Vocational schools existed in the big cities, usually in Bucureşti and Iaşi. Statistical data show that in the period 1852 – 1905 there were 650 graduates from the vocational schools of Bucureşti, out of which 207 graduated only in the last four years, between 1901 – 1905. In the period 1841 – 1905 there were 500 graduates in Iaşi, out of which 104 graduated between 1901 – 1905. The Law of Education promoted by Spiru Haret created the possibility to set up professional workshops near primary schools, as well as a network of professional schools, but the effects would be seen only decades later [19].

The conclusion of this section is that at the end of the 19<sup>th</sup> century and the beginning of the 20<sup>th</sup> century the bourgeois mentalities and the entrepreneurial spirit existed and functioned in the Romanian society, but to a low extent. Most of the population was still living in the country side, being involved in agricultural activities of subsistence and having, as a consequence, rural mentalities.

### **3. SOME TRAITS OF THE ROMANIAN SOCIETY IN THE FIRST HALF OF THE 20<sup>TH</sup> CENTURY**

The end of the second decade of the 20<sup>th</sup> century witnessed a new stage in the evolution of the Romanian economy towards a competition-based market economy and, implicitly, towards the consolidation of the bourgeoisie and the bourgeois spirit.

Greater Romania benefited of favourable conditions for increasing its rate of development and becoming known in the world: it was a state of an average size, with access to sea, two large, navigable rivers and rich mineral resources, among which oil was the most important one, with extended agricultural lands, a high birth rate and a large young population that represented an important potential internal market. In 1923 a new Constitution was adopted, reconfirming two important reforms promulgated during the war, respectively the agrarian reform and the universal suffrage. These two reforms, obviously of undeniable social relevance and urgency, led to the appearance of two different paces in the functioning of the Romanian economic system.

The first pace reflects the fact that the rural environment preserved its dominant role in the then Romania. Throughout the period between the two world wars, the structure of the population recorded by the censuses was the following one: in 1921, the population of Romania consisted of 15,728 thousand inhabitants, out of which 77.9% represented the rural population and 22% the urban population. In 1939, the population of the country consisted of 19,934 thousand inhabitants, out of which 81.8% lived in a rural environment and only 18.1% in an urban environment [20].

Land ownership, which meant a further redivision, through successive inheritances, of the lots that had resulted from the 1921 agrarian reform, provided some material support to its owners, but did not encourage the functioning of the internal market. The production offered for sale on the market represented the occasional surpluses of the work of the peasants, which limited the solvent demand for industrial products of most part of the population. Moreover, giving the right to universal suffrage to a large part of the population, not always prepared to exercise this right, turned the Romanian villages into a “field of electoral manoeuvres” and this disturbed their economic activities even more. The rural environment continued to be considered the standard for the national moral and spiritual values, but it remained or was left on the outskirts of the area of the development of the principles and institutions of a functional market economy.

From the point of view of the workload of most part of the active population, the situation remained almost the same [21] as the one which had existed half a century before. For example, Alexandru Alimăneșțianu stated that “from 365 days, only 120 are worked on the field, the rest being wasted without bringing benefits to the peasant” [22]. And to estimate the losses that the national economy recorded as a result of the incomplete use of the workforce and implicitly of the working time in the agriculture of the epoch, he made a relatively simple calculation according to which the national economy incurred an annual loss of 17,645,898,160 lei. Also, to highlight the degree of aggravation of this situation in the future, he showed that without a proper development of both agricultural and non-agricultural activities, at the appearance of mechanisation “the surplus of arms in agriculture will be even higher” [23].

Alexandru Alimăneșțianu was not the only author who estimated that in the period between the two world wars approximately 50% of the working time of the peasants was wasted. Other researchers who analysed the Romanian agriculture during that period reached the same conclusions by using statistical methods [24].

The second pace operating in Romania at the time was a faster, more efficient one, being used in the urban environment, dominated by capital and interested in the industrial, commercial and bank development. Despite the controversies of the main political groups, the economic policies adopted gave birth to measures, laws and institutions whose purpose were to encourage and to accelerate the growth of the Romanian economy, an aspect which was confirmed by the results obtained at the end of the interwar period. The economic policy had an important role in this respect. Thus, the laws for encouraging the domestic entrepreneurs, the customs tariffs, the industrial investments, the facilitation of financing enterprises and/or the co-participation of the state or bank capital to their functioning, the institutions that were created, the economic measures adopted by the Romanian National Bank, the increase of the number of operations on the commodity and stock markets, a.s.o. created a permissive framework for the growth and development of our national economy.

During the interwar period the organisation of enterprises was consolidated in the form of share capital companies. Their number increased dramatically from 447 in 1920 to 1,171 in 1925. After this year their number remained relatively constant and in 1938 the number of such enterprises was 1,160. On the other hand, during the period 1925-1938 the invested capital increased from approximately 40 billion lei to 162 billion lei, a phenomenon which proved the expansion of the strength of the industrial capital [25]. The above statistical data clearly substantiate the growth of the economic potential of the large industry, as well as the maturing of the Romanian bourgeoisie.

The General Union of the Romanian Industrialists, the organisation of the large capital in the country, was created to represent and promote professional interests. This was accessible only to the important entrepreneurs, namely to those who, according to the regulations, were the owners of factories or mills with equipment of minimum 50 horse power. Of course, other professional associations made up of various industry branches or sub-branches were in existence at the time, but the General Union of the Romanian Industrialists deserves a special mentioning as reflecting the business necessities of those called by Mihail Manoilescu the “real bourgeoisie”. The industrial professional associations had important objectives especially in their relations with the state: they submitted memoranda and proposals concerning the fiscal policy, they were consulted by the government concerning the legislative measures, a.s.o. In conclusion, they played an active role in designing and implementing economic policies.

In its role of both cause and effect of the industrial development, the technical education system had an encouraging evolution. However, as in the previous period, the great majority of the students still came from the rural environment. Thus, for the period 1920-1940, the statistical data show that the average annual number of industrial schools for boys was 150, the average annual number of students going to these schools was 12,113, and the annual average number of teachers providing the training was 762. Apart from these schools there were also 96 vocational schools with 12,550 students and 1,500 teachers. There were also a relatively important number of vocational schools for girls. During the academic year 1938-1939 there existed 98 schools where 15,109 girls were studying. Remarkably, the new characteristic of the interwar period was represented by the increased number of students and graduates of technical higher education institutions. In 1920, the National School of Roads and Bridges became the Polytechnic School, which functioned with several faculties. In the same year the Polytechnic School of Timișoara was founded, and the University of Iași and București organised new sections of applied learning in fields such as mechanics, chemistry, a.s.o., which offered diplomas for engineers. In Cluj, Cernăuți and later Chișinău there were schools of technical conductors.

In the academic year 1921-1922 there were 632 people studying at polytechnic schools and a decade and a half later their number more than trebled to 2,257. In its turn, the High School for Architecture had 75 students in the academic year 1919-1920 and 217 in 1937-1938 [26]. The statistical figures that reflected the evolution of technical education in the period 1920-1940 are sometimes contradictory or imprecise. Nevertheless, we can still appreciate that technical education evolved relatively at the same pace as the Romanian economy and the expansion of the modern, capitalist spirit.

To the above data that underlie the accelerated pace of economic and social development of Romania we can also add the perceptions of most of the important Romanian economists as well as politicians of the period between the two world wars. They highlighted in their writings or in their public statements the important role played in the economic development of the country by the mobilisation of the national resources and by the strengthening of the local capital.

Consequently, the development of the Romanian industry – the most dynamic of all branches of the economy – during the interwar period made significant progress, but it failed to go through all the stages of evolution seen in the Western pattern. Implicitly, the Romanian bourgeoisie and its spirit had the same incomplete evolution. Subsequently, the beginning of the second world war suddenly stopped the ascending trend of the Romanian economy and reinforced, in retrospect, the national stereotype of a highly polarized society:

the dynamic, quick to get rich bourgeoisie and the rather unfortunate working class, inefficient and dependent on either nature, as farmers, or on the state for welfare.

At the end of the interwar period, Mihail Manoilescu was wondering rhetorically about the future of the Romanian bourgeoisie. According to him, our bourgeoisie, new and different from the Western one, “has less strong characteristics and a smaller spiritual homogeneity”. He also noticed there are two categories of components in the lifestyle and psychology of the Romanian bourgeois, respectively “some brought from the original environment of our new bourgeois, and others brought naturally and compulsorily by the bourgeois status” [27]. And he continued ironically, slightly bitterly: “you totally change your opinions once you stop walking and start driving” [28]. In the long run the speed the Romanian bourgeoisie was gathering by changing the mode of travel would most probably have had a positive impact on the rest of society. It actually had, if only we take into account the development of the education system as a reflection of affluence in society as a whole. The fact that the post-war history of the region put an end to the development of the local capitalism is something that society has to come to terms with and draw its lessons for the present and mainly for the future. But in order to do so it is important that the history of the business development of the country, of its economic actors and institutions, of the values that made Romania “greater” are made known to the general public through education.

#### 4. CONCLUSIONS

Romanian business higher education needs to become a driving force in changing present day mentalities, still full of stereotypes about the lack of initiative, general inefficiency of people, mainly managers, into values that pro-actively help Romanian students to become effective employees on the globalized labour markets. One possible way to do so would be the presence in the curriculum of business schools of the history of economy and/or of economic thought disciplines in order to help people develop their critical approach to the history of their country, mainly to the history of its economic development.

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