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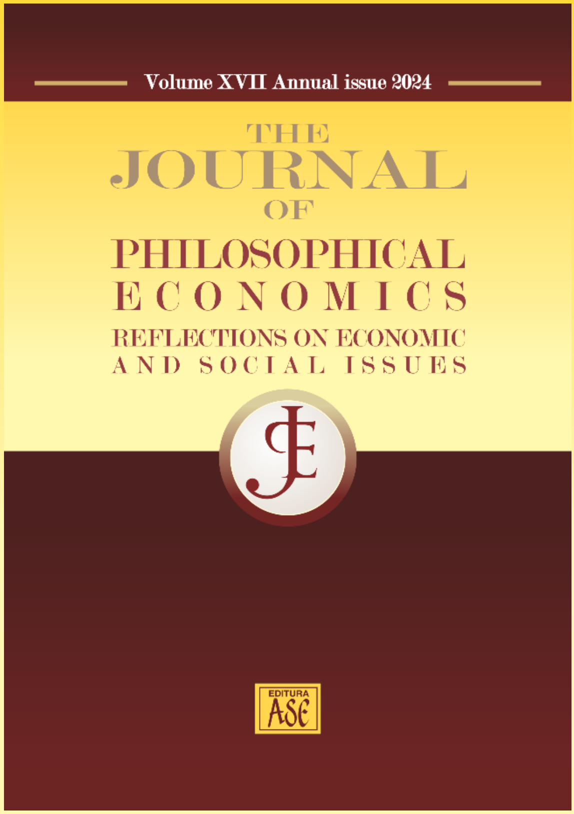

Review of Valentin Lazea, *O istorie morală a politicilor monetare şi fiscale* [A Moral History of Monetary and Fiscal Policies], Bucureşti, Publica, 2023, 176 pages, ISBN 978-606-722-595-2

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Valentin Lazea's *Moral History* is both a treatise on moral economics and an essay on economic history. The purpose is to provide learned expertise about the impact of societal transformations on public and economic morality and, further, on monetary and fiscal policies in the last 150 years. In such a theoretical approach, the author starts from the premise that public morality is a variable depending on the technological, political, social, and family transformations within society, which, in turn, strongly influences fiscal and monetary policy decisions. The latter are equally capable of impacting morality itself and the transformations (p. 18).

The book analyses the configuration of this chain of causes and the successive effects based on the different value standards that have been used repeatedly in the monetary economy since 1873 (the year of the conversion to the gold standard in the United States) to this day: the gold standard, the gold currency standard and the fiat money stage. Within this epistemic framework, the author traced in a historical register the relationship between the use of different monetary-value standards, the adjacent fiscal and monetary policies and the collective socio-economic behaviour.

In the first part of the book, the author believes that the use of the gold standard has created a severe economic discipline based on Kantian deontology principles [1]. It helped configure a bourgeois economic morality, whose fundamental assumptions describe a society of financial balance and discipline based on low taxes and public spending, wages below labour productivity, almost permanent deflation, and minimal economic growth. The lack of concern for growth coexisted with the absence of appetite for consumption in a docile population willing to accept sacrifices for the fulfilment of long-term desires (p. 56). This type of bourgeois morality, prevalent until World War I, is depicted by the author as one of economic chivalry and very suggestively characterised by the label 'debts are always paid' (p. 38), in which the basis for repaying the loans contracted was a 'sound finance' supported by consistent primary surpluses and not by macroeconomic speculative accounting procedures, as would happen in the era of consumer morality. The outbreak of World War I determined the temporary abandonment of the gold standard in order that the state be able to massively issue currency to support the war effort. The successive impacts of the second industrial revolution and universal suffrage undermined the return to this standard after the war, which was far too demanding in relation to the new aspirations for progress.

The second part of the book traces the dynamics of fiscal and monetary policies from World War I to the early 1970s, when, amid the softening of government action under the pressure of universal suffrage, there was a replacement of Kantian philosophical landmarks with utilitarian ones in the aggregation of the new economic philosophy, a change that led to the emergence of the concept of economic growth starting in the 1930s. In the context of this paradigm shift, Lazea restates, based on references from various recent studies [2], that the transition to the new economic morality associated with growth was accompanied by the prioritisation of citizens' desires, the significant reformatting of fiscal and monetary policies and institutions for the creation of welfare [3], the appreciation of work, education and meritocracy [4]. At the same time, the installation of socialism in the USSR also focused the attention of Western decision makers on satisfying people's desires as a soft power weapon in the ideological and hegemonic competition with the enemy in the East (p. 92). The author shows that, in this new international framework, governments got caught up in the fever of searching for solutions to satisfy the demands of increasingly demanding citizens, a situation accentuated after World War II. The academic answer to these searches was given by the theory of John M.

Keynes, who proposed relaxing the iron discipline inherited from the gold standard era and prioritising employment as solutions for the desired economic growth and reproduction. Lazea portrays this phenomenology of the massive access to welfare through the concept of proletarian morality, characterised by the relativization of economic behaviour about the exigencies of financial-monetary discipline. The use of this term could, however, generate confusion as being associated with the ideological terminology used in the USSR; therefore, the use of the phrase *popular morality* instead of *proletarian morality* would bring more clarity to describe the spread of mass economic culture in the period 1914-1971.

The author argues that, against the backdrop of the establishment of the Bretton Woods mechanisms, the adoption of the gold-currency standard in 1947 emulated the post-war international stability and well-being. The prosperity brought to the Western world by this economic-monetary system, combined with the accentuation of the effects of universal suffrage, generated an increasingly hedonistic attitude of individuals and a rush for accelerated economic growth. But the galloping growth outstripped the increase in the US gold reserves, a situation that, combined with the effects of the Vietnam War, led the Nixon administration to abandon the practice of the gold-currency standard on August 15, 1971. Lazea considers this moment to be the turning point to the stage of fiat money correlated with the consumerist morality in which the world still finds itself.

The third part of the book examines the post-1971 phase in which the functioning of the consumerist economy is based on the expansion and generalisation of utilitarian philosophical-moral conceptions and relies on the principles of variable exchange rates, the return of central bank independence, and the liberalization of capital flows. This is the era when the individual hedonism prevails, the electoral interest controls the decisions of government officials and the socioeconomic context degrades itself: consumption beyond the sustainability limits of the available resource pool, fiscal facilities granted very generously by governments, the decrease in the value of education, the diminution of responsibility and the increase of individual claims, the expectation of miraculous solutions from the monetarist policies of central banks (pp. 148-149). Now, inflation management no longer takes place through the economic chivalry of sound finances from the period of bourgeois morality, but with the help of accounting-speculative procedures agreed upon in the global consumerist economy (competitive inflation, strategic reduction of real interest rates, forced economic growth). Lazea emphasises that inflation management is one of the key points in the era of consumerist morality, which was the basis of the developmental policies of the Reagan and Thatcher governments (p. 138). We believe that the author could have achieved an even more comprehensive demonstrative framework on this issue if he had augmented his exposition with argumentative references supported by Milton Friedman and the leaders of the Chicago School for whom inflation management represented one of the pillars of their intellectual apprehensions [5].

The book highlights several notable reference elements. Thus, the author proposes an original definition of money based on moral-economic criteria, according to which 'currency represents a cultural construct that reflects a nation's tolerance for (lack of) productivity, inflation, and inefficiency' (pp. 100-101, 122), a perspective in which currency is assigned a status as a psychocultural barometer of moral economy in the age of consumerism. Another essential feature of the post-World War II era captured by the author is the institutionalisation of the principle of 'privatization of gains and socialisation of losses' (pp. 50, 147), generated by the coalition of interests of large corporations with those of the public seeking assistance in difficult situations (p. 147). In such a context, the reduction of growth seems unacceptable at a global level, although there have been theories, even in the current consumerist period, supporting alternative paradigms, such as the bioeconomic theory of N. Georgescu-Roegen [6], whose considerations could broaden the scale of the analysis in the present book. At the same time, against the background of the analysis of the relationship between resources, technological progress and population, the evaluative reports on a potential world population of 15 billion inhabitants, as well as the assertions related to the astral body, karma, and other such esoteric elements (p. 134), put the narrative of the investigation at a considerable distance from the concrete realities of the relationship between resources and economic growth, in the context in which the estimated models confirm a global population ceiling of approximately 10.5-11 billion inhabitants in the second half of the 21st century [7].

Lazea's book addresses an audience well informed in the fields of macroeconomics and global history and impresses with the abundance of information concentrated in a relatively small editorial space (176 pages), offering the reader a concise and well-articulated perspective on the economic behaviour of humanity over the last century and a half, transgressing in many aspects the strict framework of monetarist and fiscal dimensions. At the same time, the explanatory interpretations in the book substantiate the package of solutions proposed by the author at the end of the work that deserve the reflection of the decision-makers: early civic education and the adoption of a system of incentives and penalties through which humanity can buy time to incorporate technological progress capable of (re)balancing the world economy (pp. 150-151), the convergence of fiscal and monetary policies, the adequate management of inflation, and the recognition of financial repression as a robust lever for reducing the stock of public debt (p. 167). All these tonic-challenging theses/proposals undoubtedly form the support for future approaches on how the tandem of fiscal policies – monetary policies (and implicitly the relationship between ministries of finance and central banks) should ensure global balances in the current consumerist economy.

Endnotes

[1] The author uses the notions of Kantian deontology according to Kant, Immanuel (2011), *Critica rațiunii pure* [Critique of Pure Reason] (translated from English: Nicolae Bagdasar and Elena Moisuc), Bucureşti: Univers Enciclopedic.

[2] The author cites the following works as documentary sources: Dari-Mattiacci, Giuseppe and Marco Fabri (2023), 'How institutions shape morality', *The Journal of Law, Economics, and Organization*, 39 (1), 160-198; Browne, Katherine E. and B. Lynne Milgram (eds.) (2009), *Economics and Morality: Anthropological Approaches*, Lanham, US: AltaMira Press.

[3] Regarding the use of fiscal and monetary policies as tools for creating welfare, the author cites the following work: Tylecote, Andrew (1993), *The Long Wave in The World Economy*, New York: Routledge.

[4] To illustrate the paradigm of valuing work and education after World War I, the author uses the arguments of Wooldridge, Adrian (2021), *The Aristocracy of Talent. How Meritocracy Made the Modern World*, New York: Skyhorse Publishing.

[5] Friedman, Milton (1977), 'Nobel Lecture: Inflation and unemployment', *Journal of Political Economy*, 85 (3), 451-472.

[6] Georgescu-Roegen, Nicholas (1971), *The Entropy Law and the Economic Process*, Cambridge, USA: Harvard University Press.

[7] According to the United Nations (2013), 'World Populations Prospects: The 2012 Revision', Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat.

Conflict of Interest Statement

The author declares that this research has no conflict of interest.

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