

MARKETS EVOLUTION AND COMMERCIAL CONSOLIDATION OF ROMANIA (1878 – 1914)

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Abstract

We proposed to develop the subject related to the evolution of markets and commercial consolidation in Romania, at a time when almost everything was at the beginning and the national economy was in greater need of fundamental support measures, and we are not referring to the national market, even if they still met a series of pre-capitalist elements that were assimilated quite quickly. The role played by the emergence of a national market, compatible with Romanian interests, at the macro-economic level, allowed the development of production and trade and allowed the growth of the pace, in almost all sectors of the national economy. There is a greater centralization of commercial capital, a fact attested by the appearance of joint stock companies. The first company of this kind was founded in 1894. On the eve of the First World War, there were 60 such companies with a capital of about 43.4 million lei; of these, 42 were established after 1910.

Keywords: piață internă, comerț, import, export

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Introduction

It is known that the industrial evolution was not a political revolution, but produced a transformation of the economy, first slowly, then much faster. In this way, the development of capitalism, that is, the exploitation of collective labor by an entrepreneur, fully began. For example, this trend towards large enterprises was stimulated by the increase in the number of consumers and implicitly, by the opening of new markets and by mechanical interventions.

This model was followed everywhere, because applying the same principles, the same laws acted and as a result, there were the same effects. This great leap of Western European production forces, later extended to other countries, will generate a process of gradual economic growth.

On the territory of Romania, the consolidation of the internal market was based on the growth and diversification of production, stimulated by the growth of the population, in general and of the urban population, in particular. Also, of particular importance was the realization of the customs union between Muntenia and Moldova.

The permanent, ancient ties between the Romanian provinces continued with increased intensity, foreshadowing, beyond the political vicissitudes, that economic unity that was the basis of the national unity of the Romanians. Transylvania's economic ties were and remained until 1918, stemming from the organic and complementary character of the Romanian territory. Even when the government from Vienna introduced Transylvania (since 1850), into the customs system of the empire, these ties could not even be limited.

1. The internal market

Although embarrassed by some pre-capitalist remains, the internal market marked an increase in activity, as a consequence of the acquisition of state independence, through the increase in the social division of labor which, after 1878, materialized in new industrial branches, the differentiation of the peasantry, the specialization of some areas in certain agricultural products and the wider use of wage labor. In 1890, in the Kingdom (without Bucharest and Brăila and Iași counties) the number of merchants amounted to 55,726, and the number of commercial companies will increase, reaching a capital of 28 million lei. In 1903, the number of merchants was 107,332.

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2. Forms of trade

Retail trade was the most widespread form, until 1900, practiced in barns and weekly fairs - in the county residences where regional trade was concentrated, but also in the countryside where *balciu*, *iarmaroaca* were organized, these being historical forms of trade which fulfilled, equally, the functions of wholesale trade.

The development of production and trade would determine the opening of exhibitions that, by making known the production of industry and agriculture, aimed to facilitate sales.

Along with the development of trade, a process of concentration and centralization of capital took place in this field as well.

In Transylvania and Banat, internal trade also marked an increase, although it was hampered by the feudal remnants of agriculture. There is an important trade in cities like Brasov, Sibiu, Oradea, Arad, Timisoara.

Starting with the new decade, as a result of the development of the transport routes, some of the mentioned forms of trade are losing their importance due to the much easier access of the peasants to the urban trade, they keeping their commercial, but also social-cultural and ethnographic role.

In the Romanian villages, during the period 1874-1914, itinerant trade was also practiced - with small items, either by merchants or by craftsmen who sold their products roaming the villages. There were numerous mixed stores, in the sense of taverns and/or grocers, which had a wide range of products needed by peasant households.

3. New, modern forms of trade

Modern forms of trade appeared, first, in the urban world, starting with the seven-eighth decades of the 19th century, when the forms of manifestation of trade multiplied and diversified. Along with the mixed, traditional stores, specialized stores or specialized general stores have also become present. The modernization of internal trade has contributed to the diversification of forms and ways of manifestation of competition, methods of attracting customers.

Characteristic of the internal trade activity, during this period, was the increase in circulation expenses, both those caused by the sorting, conditioning and packaging of the goods, as well as those with advertising and publicity.

At the end of the 19th century, there was a greater centralization of commercial capital, a fact attested by the appearance of joint-stock companies. The first company of this kind was founded in 1894. On the eve of the First World War, there were 60 such companies with a capital of about 43.4 million lei; of these, 42 were established after 1910.

Comparatively, urban trade was much more developed than rural trade. For larger purchases, the peasants had to go to the city, as well as for the sale of products specific to urban needs. In the world of villages, there were a number of intermediaries, *samsari*, merchants, usurers who bought peasant products at prices lower than those on the market. Commercial capital also brought its share of "contribution" to the exploitation of the village by the city.

The length of the working day was not regulated, and the weekly rest (until 1897) was non-existent. Not by chance, many trade employees joined the socialist movement, and from 1905, the professional unions.

4. Commercial legislation

The development of commercial activity made necessary a more sustained training of trade workers, as well as the adoption of commercial legislation (Mureşan, 1995). Thus, in 1887, a new commercial code was adopted that replaced the one from 1840. Chambers of commerce and industry and employers' organizations gained greater influence after 1878, when their activity became more sustained. The issue of trademarks and trade marks, the way to resolve disputes, the procedure to be followed in case of bankruptcy, the sanitary control of

goods, the verification of measures and weights were also regulated. It has become mandatory to keep accounting records. Without removing all the shortcomings, Romania's internal trade took steps forward on the path of modernization.

5. Commodity exchanges

In the era, a particularly important aspect was the promotion of grain trade through the emergence of a normative act called the "Law on general stores-docks", adopted in June 1881, also known as the "law of silos", which appeared with the aim of increasing the degree of capitalization and profitability of grain production. In fact, the law came to meet the simplification of the process of storage, selection and sale of cereals in large batches.

As a novelty in the field, also based on the law of 1881, was the appearance of the stock market, as a form of wholesale trade, but which, in Romania, did not know the extent of other parts of the world. According to this act, the Bucharest Stock Exchange was established in 1881, and in 1882 a similar institution was established in Iasi. Grain exchanges existed, before this law, in the port cities of Brăila, Galati and Constanța.

6. Trade links between historical provinces

Commercial links with the country's provinces were both production and consumption. There were, at least, 15 customs points through which large quantities of raw materials needed for Transylvanian industries and crafts, as well as finished products, required by the Kingdom's internal market, were passed. The reports of the chambers of commerce and industry in Brasov, Cluj, Timișoara, Reghin, Sfântu Gheorghe, Odorhei and Arad reveal the links between them and Romania. (Puia, 1991)

Foreign trade and commercial policy have really experienced an obvious growth, determined, first of all, by the conquest of state independence but also by the consolidation of capitalist relations.

7. Commercial policy

Until 1886, Romania's commercial policy was based on free exchange principles, then on protectionist ones. Illustrative in this respect was the commercial and customs convention with Austria-Hungary, concluded for ten years and entered into force on July 1/13, 1876. The conservative government, in power, motivated the conclusion of the convention by two considerations: a) obtaining a safe market for cereals, animals and animal products - in the conditions where the global agrarian crisis created difficulties in sales and b) the affirmation of Romania's right to conclude conventions, by virtue of its autonomy status, a right disputed by the Ottoman Empire. (Mehmed, 1976)

According to the convention, the two parties ensured each other the most favored nation clause (Dumitrașcu, 1995). Apparently, the equality between the contracting parties was respected. In fact, however, Austria-Hungary reserved the right to increase tariffs, while Romania was not stipulated to do so. The 32 articles stipulated, among other things, the freedom of trade and navigation between the two states, the right of merchants and manufacturers from both states - to export, the rights regarding the possibility of buying movable and immovable goods, on the territory of the other state. The provisions of the convention created greater advantages for landlords and merchants. As a result, a number of manufacturing enterprises and many craft workshops have closed. The Austro-Hungarian economic expansion was so great, with such profits, that as N. Iorga pointed out, it gradually became an "exploitative economic annexation".

At the beginning, conventions were concluded, in 1876 - with Russia, in 1877 - with Germany, then in 1878 - with Switzerland and Greece, in 1880 - with England, in 1881 - with the Netherlands, etc., on the same principle of free trade.

As the convention with Austria-Hungary was applied, its negative consequences became more and more apparent. After the expiration of the ten years of validity, the Romanian government did not renew it.

8. The customs war with Austria-Hungary (1886-1891)

This war has broken out which broke out under the conditions presented above, damaged not only bilateral relations, but also the relations of the Kingdom's comet, with Transylvania and Bucovina.

In this regard, the problem was complex, first of all, because from an economic point of view, the protectionist policy in favor of Austria-Hungary could not be continued. Secondly, the repressive measures of Austria-Hungary had a negative impact on the economy of Transylvania and Bucovina and thirdly, even though we had concluded a friendship treaty with Austria-Hungary in 1883, it showed that Romania did not feel excessively long associated with this treaty.

Expiring the ten years of the commercial convention, in 1885, Austria-Hungary, on July 1, 1886, arbitrarily ordered the introduction of a 30% tax for Romanian goods, along with the total cancellation of animal imports. Under these conditions, Romania fought back (we were in a period when protectionism spread throughout Europe) because it too had to defend the interests of its inhabitants and its own economy, and the consequences for the economy of Transylvania and Bucovina were disastrous. In 1887, Romania concluded a new economic convention with Austria-Hungary, but under different conditions.

The episode with the customs war demonstrated the necessary organic connection between the economy of the Romanian provinces outside the borders and that of Romania.

9. Customs tariffs

After 1886, a general protectionist tariff was adopted, the provisions of which will work in parallel with the measures to encourage the national industry. The taxes established, by the tariff of 1886, on the import of goods, concerned almost 600 articles. They represented, on average, 10-15% of the value of the goods. At the same time, the government had the right to levy a 30% surcharge on the value of products imported from countries that subject Romanian products to additional taxes. The 1886 tariff was reduced in 1891, but in 1893 a Liberal government raised customs duties again. On the basis of the 1886 tariff, in 1891 new commercial conventions were revised or concluded with Switzerland, Russia, England, Germany, thus introducing protectionist principles into commercial policy.

After almost two decades, in 1904, a new customs tariff (the Costinescu tariff) was developed and in 1906, it was implemented.

10. Foreign trade and exports

Between the years 1878 and 1914, the total volume of foreign trade (calculated as the total amount of import and export), compared to the annual average of the period 1872-1876 (=100), increased to 225% - in 1901 and to 439% - in 1913. Compared to the same base period, in 1913, the value of export rose to 399.6%, and that of import to 494.3%. Regarding the trade balance, until 1877, it was surplus; between 1877 and 1899, it was deficit year after year. In the period 1900-1913 (with the exception of 1904 and 1908) the trade balance became surplus again.

Romania attaches importance to foreign trade, having the most diverse business partners. Until 1880, inclusive, the Romanian export with England (especially with grains) doubled, reaching 18% of the total export, and the import from England (textiles, metallurgical products, coal, colonial articles) amounted to 17.8% of the total the Romanian import. Trade with Turkey, once dominant, has continuously decreased, both in terms of import and export.

With the settlement of accounts with Austria-Hungary, the introduction of protectionist customs tariffs and the conclusion of conventions on new bases, the situation changed for the better, but to begin with, it did not lead to a significant removal of the Romanian market from the domination of foreign industry. A telling example is the convention concluded with Germany, from 1893 and entered into force the following year, which allowed the economic expansion of Berlin on the Romanian domestic market, and the other conventions, having the most favored nation clause, also took over the advantages granted to Germany.

After 1886, as a result of the introduction of the general customs tariff, the first signs of recovery were seen in Romania's trade balance.

During this period, England became the most important partner in Romania's exports. If in 1882 the export to England represented 39.9% of the total, in 1892 it reached 42.2%. Towards the end of the 19th century and the beginning of the 20th century, the first place in the Romanian export was occupied by Belgium, which, from 0.2% - as much as it absorbed in 1882, reached 54.5% - in 1902.

Agricultural products predominated in Romania's exports (cereals alone represented 70% of the entire export). In the last two decades of the 19th century, the export of wood and oil also increased.

11. Romania's import

In the period 1880-1900, consisted of 75% of industrial products (in the last decade there was an increase in the import of metal, metallurgical products and machines), 15% - various food items, 4% - raw materials intended for domestic industry and 6% - various other products. (Puia, 1991)

The causes that explain Romania's trade balance deficits, in the last quarter of the last century, are the following: the effects of conventions practiced on the principle of free trade, the customs war with Austria-Hungary, the world agrarian crisis of the last decades of the 19th century, competition American, the differences between the prices of exported and imported products, the obtaining of poor harvests and, as a result, the reduction of grain exports.

The 1900-1914 stage was characterized by a positive trade activity, it being known that there was also a process of modernization of foreign trade forms. With the stronger development of means of transport and communications, trade based on samples began to develop, both for export and import. The creation of "bulk" trade conditions and the emergence of commodity exchanges, also called "trade exchanges", with the appropriate legislative support, represented other causes of emancipation of Romanian foreign trade.

Although in Transylvania, Banat and Bucovina this kind of trade had to face a more complicated situation, over time, capitalist type relations settled down and a Romanian market was created supported by the economic and financial interests of capital from all the provinces history of the country. (Daicoviciu et al, 1963).

Conclusions

The decree of free trade as the only exchange system represented a very brave measure to support the national market, but the action was blocked by the guarantor powers (Zane, 1980)

The process of consolidation of the internal market was also accentuated by other factors of an economic nature: the modernization of transports, the abolition of internal customs, the creation of the national monetary system. Against this background of market consolidation, there was a gradual transition towards modern forms of internal trade. Thus, the chambers of commerce played a very important role, especially after Romania produced its modern legislation, which it needed, a fact that helped it enormously.

At that time, the leaders were patriots, they thought and acted, overwhelmingly in the spirit of national interests, so that, over time, the demarcation between wholesale and retail trade deepened, feeling, more and more, the need to cross to forms of stable and profitable trade. Although the forms of periodic trade continued to maintain some economic importance, towards the end of the 19th century, the new forms of modern trade, based on samples, began to appear, through the participation with increasing frequency of companies Romanians, at international fairs and exhibitions, but also at the organization of national exhibitions.

Foreign trade represented an essential link, both in the process of capital formation and accumulation, as well as in the changes in the agrarian structure. In the conditions favorable to the sale of grain, from the last decade of the 19th century and in the first fifteen years of the following century, prices increased, exchanges evolved and Romania benefited from a prosperous economy, for that time.

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