



# THE GENERAL FRAMEWORK FORMING OF CAPITALIST ECONOMY IN THE ROMANIAN SPACE 1821 – 1878 (MARKET - FINANCES - TRANSPORTS - RELATIONSHIPS)

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**Abstract** *This study wants to highlight, more significant moments, to illustrate how in the Romanian space economic ideas of the liberal type, able to allow the emergence and formation of the capitalist economy entered. The action of the new laws and mechanisms that have been propagated from the Western, to the East of Europe, proved to be beneficial, economic and social, so that the Romanian space was, initially, integrated through slow social transformations and capital shy accumulations. The informations are authentic and represent the researches of a historical stage with many transformations, some even spectacularities were, at the beginning, effects and then, causes for the future evolutions, in the Romanian provinces. It is easy to understand that countries regarded as great economic, military powers - were therefore acting with domination and expansion in the new emergent markets.*

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## 1. INTRODUCTION

Even if the first germs of emergence of the capitalism, in the Romanian provinces, in the middle of the 17th century and the first forms of their manifestation, they succeeded ascendantly, at a low speed,

The evolution of the international economic and social-politic life, after 1821, was strongly marked by visible trends and renewing action, animated by the idea of civic freedoms, the deleting feudal privileges, emancipation of the peoples and nations. As an expression of the capitalist development, we assist at the constitution

intensification of the global market, at the same time, with many differences in opinions, misunderstandings, disagreements and controversies, between developed strong states, for domination.

## 2. POLITICALLY SITUATION IN SOUTH EASTERN OF EUROPE

Politically, this situation has led to sinuosities in interstate relations, first of all, in Western Europe. As capitalist relationships were deeply consolidated in this part of the continent, it is easy to understand that countries regarded as great

powers - economic, military - were therefore acting, for domination and expansion.

„In Southeast Europe, the continued decline of the Ottoman Empire and the intensification of the Russian and Habsburg expansive actions, have accentuated the rivalry of these powers engaged in the competition to control and divide the sphere of Ottoman domination into the Balkans, the Straits and the eastern basin of the Black Sea” (Ciachir, 1998).

In this context, in the direct contact of the Romanians, with the center and the west of Europe, they were penetrating, more and more, the ideas of capitalist origin and the economic experience, which was added to the first attempts, of the mid-eighteenth century.

„In the years of crisis, preceded of the Romanian Revolution of 1821 year, Prince Ion Gheorghe Caragea tried to keep up the pace of the weather, without taking into account, the personal interests of some peaks, also known as the *Peak Crisis*. In the wake of the much desired emancipations and transformations, political and administrative reorganization was sought and attempted, a political reorganization, for the elaboration of a new legal code and for the development of education” (Iscru, 1983).

The consequences of the revolution led by Tudor Vladimirescu marked the beginning of insufficient changes, but inaugurated a distinct stage of transformations and structural thinking, especially, political, economic and social.

### 3. STRUCTURAL TRANSFORMATIONS FOLLOWING OF THE REVOLUTION FROM 1821

The Romanian Revolution of 1821, though defeated by the Turkish armed intervention, through its program, called for substantive reforms, for the modernization of the institutions of power, the creation of a new legislative framework, which today, would be interpreted as well as the creating of a state But and other reforms based on the national idea, such as: the formation of a national army, reform and relaxation in the taxation field, customs and education reforms, trade reforms, the promotion on the basis of competence, without taking into account the created precedent .

Its echo has internationalized the Romanian problem, and from the main claims, made in its program, as well as from over one hundred memorials of the various boyar groups from both Principates, to the great powers, transcend liberal and democratic ideas, in the new spirit of bourgeois ideology. The revolution also, created a precedent for the other Romanian provinces: Tansilvania, Moldavia, Banat, Bessarabia and Dobrogea.

At the same time, conditions were created for a new ideological stream, with renewed goals that could not be either ignored or stopped, but capable of being an adaptable, favorable and compatible model with the upward trend of the historical stage and supported by the economic performances, Production and social relations from Western Europe.

#### 4. THE MAJOR MEANING OF THE REVOLUTION

The major meaning of the started evolution, by the revolution of 1821 year, was the partial and gradual restoration of the sovereignty and autonomy of Wallachia and Moldavia. The Ottoman Empire consented to the reestablishment of the earthly rulers and the removal of the Greeks from the civil, military and ecclesiastical dignities, which began in 1822 year, by the installation, as the princes, of Grigore IV Ghica, into Moldavia and Ionitza Sandu Sturza, into Wallachia.

The Akerman (today - White Fortress) Convention, concluded, between the Russians and the Turks - in October 1827, provided for the duration of the reigns, seven years and the setting up of a regulation to correct the state of affairs, in the two Romanian Principalities, this second provision constituting the embryo of the future Organic Regulations.

The Russian-Turkish war, concluded in 1829 year, with the Peace of Adrianople, in addition to abusively transforming of Russia into a riveran state at the Danube, has also produced, beneficial political and economic consequences, first of all, Through the re-establishment of the Romanian-Moldo-Ottoman relations, in the sense of the return of the Principalities to the previous status, of autonomy, to which it adds the life-choice of the princes (principals).

#### 5. ECONOMIC DEVELOPMENT OF WALLACHIA AND MOLDAVIA

Regarding the economic development of Wallachia and Moldavia, „this was regulated in an additional act of the treaty, called special convention which, among other things, stipulated the assurance of freedom of navigation in both directions of the Danube-Black Sea-Sea Mediterranean trade, of the all merchant ships, irrespective of the flag, which had as a consequence, the closely interest of industrialized countries from the west of Europe, in relation to the Danubian trade, for the exchange of goods, especially cereals” (Atanasiu, 2003)

„The Convention proclaimed the freedom of Romanian trade (and thus the abolition of the Turkish monopoly and the exemption of the Principalities for the delivery of any supplies, to the High Gate) and shortly thereafter, the conditions for the liberalization of trade in Braila (1834) and Galatzi (1836) and then, Sulina (1856) - by granting of free port status (port-franco)” (Iorga, 1925).

This new state of affairs, through its practical effects, represented not only the liberation of the economy from servitude to the Porte, but also, the emergence of a maritime breach which directed the Romanian trade, towards the West and the amplification of the direct relations with a society belonging to the industrial civilization. The impact on the West gave an extraordinary impetus, to the process of change that began in the last quarter of the 18th century and to the ritm of modernization of the Romanian society, in its entirety.

## 6. THE ACCELERATION OF THE REFORM RITHM

Under these conditions, the application of the Organic Regulations (1831/ 1832-1848) - almost identical - to both Principalities, has accelerated the pace of reforming of the institutions - essentially feudal, but has created new modern institutions, favorable to the development of the capitalism, Marking the entry into a new stage of economic, social and political development. Despite all its decreases, especially, related to the maintenance - even of some forms of feudal relations - the Organic Regulation, in fact, replaced the first written Romanian constitution with new and modernizing provisions.

Thus, was instituted constitutional rule and the central authority of the prince was controlled by the Public Assembly, a body with wide legislative and control powers, which had the significance of a parliamentary regime in the making and an embryo of applying of the principle of separation powers in the state. „It also provided for: uniform administration, measures to stimulate the development of the economy - such as the freedom of the internal and external trade and order in the tax system - replacing old chaos, with a unique tax, called capitiation” (Muresan, 1995) (former bir).

In Transylvania, Banat and Bukovina, found under the rule of Vienna, the process of destroying feudalism and the emergence of capitalist elements has seen a more rapid pace and more obvious results, compared to Moldavia and Wallachia, but inferior to other areas of the Empire Habsburgic.

Through a series of reforms, specific to the enlightened absolutism, that began at the end of the eighteenth century, as well as by the retention of troops in Transylvania, the Vienna power was limited, until the cancellation, of the autonomy of Transylvania, for the direct subordination of the local administration and Systematically and effectively violating of the provisions of Leopoldine Diploma. One of the instruments of political domination of the imperial authorities, the pressure on the privileged categories, was the policy of attracting Romanians to Unity.(the union of the ortodox church, with Rome).

In the first decades of the nineteenth century, „the struggle for social and national emancipation, in the new conditions of economic transition to capitalism, increased, and the consciousness of ethnic unity with the Romanians found over the Carpathians, led to the intensification of the material and Spiritually relations, between the three Romanian Countries, to the aspiration towards their political unity” (Constanescu, 1998).

The periods that preceded and succeeded the revolutionary movements and events of 1821, „were characterized by chaos in the Romanian money circulation, trying at the time, different methods of rectifying the situation. To begin with, the use of *debit money*, without material existence, as a means of expressing the various currencies in circulation, as precursors of the account money, was formalized. Thus, it became possible for the lion-tailer to become a conventional standard, with the quality of official calculation money, called a fictitious money without *material being*" (Vijoli, 1958).

Another attempt to place order in finance appeared in 1831, implemented in 1832 and which "stipulated the introduction of the bimetallic system that worked successfully, during the period between the sec. The sixteenth and eighteenth centuries, in western Europe, establishing itself as a standard monetary unit, the *Dutch ducy* (the yellow of Holland)" (Kiritescu, 1968), but the German ducy was accepted, and as a silver unit, the sorocovat. There was also a monetary union between the two principalities.

"Attempts to regulate the money circulation also existed from the rulers Alexandru Ghica (1834) and Mihail Sturza - 1837" (Vijoli, 1958).

In 1848, shortly before the revolutions of the same year broke out, "Mr. Gheorghe Bibescu and the same Mihail Sturza, intended to beat their own currency" and even "tried to issue banknotes". (Ionescu, 1936)

"The governments of the Romanian Principalities have ceased to request Ports, the authorization of the battery of a national currency, based on the stipulations of the Treaty of Paris, from 1856, which provided for their complete freedom in their internal affairs" (Boeresco, 1856)

The union of Moldova and the Romanian Country (1859) marked the entry into modernity of the country, putting the monetary problem on other bases. This historical act was responding to the need to increase the internal market, the better organization of the state, leaving free rein to the capitalist development of Romania. Thus, "in 1860, Alexandru Ioan Cuza ordered the drafting of a draft monetary law that provided for the beating of national

currencies called Romanian or Romanat" (Vârtosu, 1941), "the system itself being copied after the French one". (Bossy, 1931) As this first step failed, negotiations were held with the Sublime Gate in 1864, but the result was not the one expected.

Viewed at the time scale, all these provisions constituted a preparation for the unification of the Romanian Country and Moldova. In fact, the Organic Regulation is the first official document by which some foreign powers recognize the common origin of the Romanians, their continuity and religious community and interests, customs, language and economic life, all of which constitute sound arguments in support of the Unification of the Romanian Country and of Moldova, since 1859.

The bimetallic system came into crisis, and for its maintenance, for protectionist purposes, "on September 28, 1865, the Latin Monetary Union, composed of France, Belgium, Italy, Switzerland and then Greece" appeared (Vijoli, 1958).

"It was obvious the necessity of introducing a unitary monetary system, generalized, with legal, technical theoretical basis, indispensable to the economic life of any nation".(Jinga, 1981)

From this moment, "the unorganized, heterogeneous and dependent monetary circulation was replaced, with another, based on its own, modern issue, following the French model, and of the group of countries that joined the Latin Monetary Union" (Kiritescu, 1931).

## 7. THE ROAD TO THE MARKET ECONOMY

The road to the market economy was opened, creating the conditions for the transformation of the popular consciousness, into the national consciousness, whose germs had sprouted, towards the middle of the eighteenth century, at the same time, leading to the struggle for state unity and full independence.

The European Revolutionary Wave, of 1848 year, covered all the territories inhabited by the Romanians, the objectives of the revolutions, materializing on these territories, in three fundamental programmatic acts, drafted independently and known under the names of "Our Principles for Homeland Reformation - in Moldova", "The Proclamation from Islaz"- in Wallachia and "The Blaj Program"- in Transylvania. These programs enounce the rights of the nation, define the country's internal and external status, the civil status of the inhabitants, and the reforms, aimed to led at these Accomplishments.

Naturally, economic objectives have an important place in all three Romanian programs. Within the common elements of their content, a particular place is dealt by the national problem, which is under the double aspect, of national unity and independence and considered as a particularly favorable factor, for the development of a modern economy.

## 8. ROMANIA'S ENROLLMENT ON THE REFORM ROAD

In the strictly economic field, the programmatic acts of the revolutionaries of 1848 year, provide for the liquidation of the feudal agrarian relations, the emancipation and the equipping with land of the peasantry, the emancipation of the subordinate monasteries to Constantinople, the equitable distribution of the taxes, a modern credit and education system of all degrees. However, of all these objectives, the most discussed was the emancipation and equipping with land of the peasants.

Among the events that followed the three revolutions, the Treaty of Paris, signed on March 30, 1856, concluded the conflict known as the Crimean War. "In addition to the fact that Russia ceased to be a Danubian state, the Black Sea was neutralized and the European Commission of the Danube (1856) was established. According to this treaty, it returned to Moldavia, the southern Bessarabia and the principles of internationalization of navigation freedom, on the Danube, were extended to the Lower Danube" (Boeresco, 1856). It also provided the revision of the Organic Regulations, according to the wishes of the Romanians, for which purpose, following to be convened an Ad-Hoc Assembly, for each principality.

In April 1858, the conclusions from the report of the European Commissioners, on the analysis of the resolutions of the two Ad Hoc Assemblies, for the organization of the Romanian Principalities, were presented to the Paris Conference (the representatives of the seven Powers). The final

document was titled The Paris Convention (1858) which established the future political, social and administrative status of the Romanians.

„The Union of the Principalities, made by Alexandru Ioan Cuza's double choice, produced great joy in all the Romanian provinces” (Ciachir, 1998) and has put the great European powers, in front of a fulfilled fact. In this way, was realised a fundamental desideratum of the era, that has marked the beginning of the process of formation, based on modern criteria, of the Romanian national state.

From this moment on, a superior stage of our history began, a structural and legislative reform, the emergence of some democratic institutions and a weakening of the dependence from Ottoman Empire.

The reopening of the Eastern issue and the expansion of the anti-Ottoman struggle, in 1876 year, through the participation of Serbs, Montenegrins and Bulgarians, combined with the interference of European powers in resolving the crisis, created the favorable European conjuncture for the achievement of Romania's independence state. Its proclamation in 1877 year and its conquest with the arms, on the battlefield, were recognized diplomatically and internationally at the Congress of Berlin (1878). The peace treaty stipulated that Romania included the Danube Delta, the Serpent Island and the Dobrogea province - from the east of Silistra, to the south of Mangalia (Ionescu, 1998 and Mehmed, 1976), and the southern Bessarabia came to „Russia which regained the status of riveran country, at Danube”. (Ionescu, 1998)

Transformations from economics, technology, social and political life, which were interconditioned, began to make their mark on the evolution of the capitalist market.

The deepening of the international division of labor, also reverberated in the Romanian Principalities. The goods in traffic were addressed to a larger consumption, growing, as opposed to the previous stage.

In the first half of the nineteenth century, the largest share came from textile plants in the country, cotton and wool, determined by the growth of the urban population, as well as the decline of the peasant household industry. As a result, the trade in textile raw materials and cereals - as a result of the need for products for the food industry and food for the non-agricultural population - has also increased rapidly.

As a result, “there was a permanent expansion of the trading market, so that Europe was in first place, concentrating 80% of world trade, with England leading” (Maurois, 1987). An important role in the development of the market, it had the penetration of transports and tendencies of modernization and the means of communication. The gradual realization of the railway network has been achieved and important successes have been achieved, for that time, in rethinking maritime transport.

The dominant commercial doctrine of this stage was free trade. Applied in practice, for the first time, by the Franco-British treaty, from 1860, which included the most favored nation clause. Free trade was materialized through a whole network of treaties

and conventions covering all European countries. „Some events, especially the crisis that started in 1873” (Carpantier and Leburn, 1997), questioned the effectiveness of this policy.

## 9. CONCLUSIONS

The events in the Romanian Principalities, in the analyzed period, are taking place, when the Western European world is at the stage of free-market capitalism - from the end of the 18th century, until the beginning of the 19th century - a period of obvious development, of the world market. Transformations in the economy, technology, social life and politics, which were interconditioning, put their mark on the evolution of the world capitalist market.

There is a deepening of the international division of labor, following the industrial revolution, through the creation of a group of industrialized countries, which has led to international economic relations, becoming permanent and necessary. Trafficked goods “were destined for large consumption, mass consumption, unlike the previous stage, where commodity traffic corresponded to a limited luxury consumption.”(Bocanete, 2011) Even if they were at an early stage of the reforms, the Romanian Principalities, in the virtute of economic development, began to participate at the international trade which grew steadily (between 1780 and 1800 it increased by 60% and between 1800 and 1850 - Value increased four times).

Substantial changes have also occurred in the structure of goods. In the first half of the

nineteenth century, in the three Romanian Countries, the highest weight was attributed to textile plants, cotton and wool, due to the increase in urban population and the decline of the rural household industry. As a result, trade in raw textile, raw materials and cereals, increased - due to the need for food and food products for the non-agricultural population - in rapid growth.

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