

The Impact of the Protectionist Politics over the Increase of Foreign Commerce

Senior Lecturer Chiru Gheorghe, PhD
“Danubius” University of Galati

Abstract: This article presents the evolution of foreign commerce between 1865 up to First World War. After 1863 until the first World War, the foreign trade of Romania increases its volume permanently (between 1863-1913 - 6,5 times, from a 72,1 million gold lei import and 120,9 million export, to an import of 590 million and an export of 670,7 million gold lei). Romania reduced already the gap between prices, but its predominant agrarian economy, its poor industrial development exposed it still to the effects of uneven exchange with stronger partners better economically developed.

Keywords: foreign trade, agrarian economy, customs duties

Jel Classification: B3, N7, N9

The social division of the labour that took place after the year 1877 has been concretized in developing new industrial branches and extension of the existent ones, in differentiating the peasantry and specialization of different areas in certain agricultural products, in a broad usage of the paid work. Therefore, during 1865-1914 the total population of the old Romania increased with 88 %, while the urban population increased with 115, 8 %, from 648, 6 thousands inhabitants up to almost 1.400 thousand inhabitants. This fact, along with the formation of several industries, especially in towns, strongly stimulated the goods exchange between town and village. Almost within the same interval, the number of traders increased approximately 5 times (see table 2, 3). The domestic market has been stimulated also by the creation and extension of the industrial chain, especially banks, credit instruments/facilities (cambia, check, mandate), of the national currency, of introducing the decimal measuring and weighing devices etc. A huge role in developing the domestic market was played by the externalization of the transport network. As it expanded on certain areas, thus the volume of transported goods on railway also increased. Crossing the country from one corner to another, connecting different regions of the country, as well as the most important centres to Bucharest, with main shipyard and Constanta maritime shipyard, railway traffic permitted a

faster and cheaper means of transportation than the existent one. This phenomenon leads to the development of production, as well as the intensification of the goods flow. After 1863 until towards the first World War, the foreign trade of Romania increases its volume permanently (between 1863-1913-6,5 times, from a 72,1 million gold lei import and 120,9 million export, to an import of 590 million and an export of 670,7 million gold lei).

Table no 1

Romanian foreign trade –million gold lei - (Corneliu Olaru, History of economy, București, 1998, page118)

YEAR	IMPORT	EXPORT
1863	72	121
1877	336	141
1900	217	280
1913	590	671

Table no 2

Brasov traders' evolution

Nationality	No of traders over years		
	1870	1884	1895
Romanians	110	179	200
Germans	82	127	128
Jewish	10	24	47
Hungarians	28	56	71
Greeks	14	5	6
Other nationalities	2	5	6
Total	246	396	458

Source: N. N. Constantinescu, De l'origine jusqu'a la deuxième guerre mondiale/ From the origins untill the Second World War page 218

Table no 3

Evolution of the traders within Sibiu

Nationality	No of traders over years		
	1870	1884	1895
Romanians	6	12	30
Germans	76	142	192
Jewish	7	19	26
Hungarians	7	14	19
Greeks	-	-	-
Other nationalities	1	6	2
Total	97	193	269

Source: N. N. Constantinescu, De l'origine jusqu'a la deuxième guerre mondiale, page. 218

During 1897-1906 it may be observed a restriction of the volume, but this doesn't affect the general tendency. The commercial balance shows a surplus during 1863-1876, a deficit during 1877-1899, than a highly excess within 1900-1913. By means of the new tariff within 1904-1906, the customs duties were situated at a 10-25 % average versus the goods value. The customs duties for the machines, devices, semi products and raw materials, which were hard to procure (or were not produced) within the country, were much reduced (or they were exempted). On the contrary, the goods manufactured within the country or have the premises of being manufactured in the country, were taxed increasingly than the anterior tariff. This made clear distinction between the countries with whom Romania had concluded commercial conventions and with those with whom it didn't: the firsts were given huge advantages, the others, limited compensations. Although it has been highly criticized, some of the critics being extremely grounded, the customs protectionism as well as the industrial one, were objectively proved –under the epoch conditions – the Romanian economy solitary modalities of promotion and defence.

The total volume of the foreign commerce (calculate as sum of the export and import), versus the annual average of the period 1872-1876 (=100), increased up to 225 % during 1901 and up to 439 % in 1913. As compared to the same base period

in 1913, the export value increases up to 399, 6 %, and of import up to 494, 3 %. In other words, while the export increased 4 times, the import increased almost 5 times¹.

As far as the commercial balance is concerned, up to 1877 that presented a surplus, during 1877-1899 it shown a deficit. Within 1900 – 1913, except 1904, 1908, the commercial balance showed again a surplus. The causes that provoked the deficit of the commercial balance during 1877 – 1899 were numerous. Among them we name: the negative consequences of the customs convention with Austro – Hungary, the customs war that followed and unfavourable economic reports with a number of high powers. The agrarian crisis from the last quarter of XIX century, considerably reduced the prices of grains, our main exported product, with the difference between the prices of the exported products and price of the imported items. During 1880-1913 Romania reduced already the gap between prices, but its predominant agrarian economy, its poor industrial development exposed it still to the effects of uneven exchange with stronger partners better economically developed.

Over the last decades of the XIXth century, especially at the beginning of the XXth century, the foreign trade within Romania experiences an impetuous development, reflecting the rhythm of the evolution of the Romanian economy during these decades. To have a closer analysis, even a concise one of the volume and structure of the foreign trade, it is necessary to consider the following steps: now the demand of the agrarian products on the foreign market enlarges, determining an increase of prices with 15-25 %; the quality of the Romanian wheat is one of the best; creating the transport technical base imposed the necessity of importing equipments, shipyard devices, transportation means, etc; the economical growth also imposed the capital import invested in industry, commerce and banks.

¹ Vasile Bozga, Ilie Puia, Radu Vasile, Eduard Ribczuc, *Istoria economiei naționale/ History of the national economy*, București, 1993

Table no 4

The increase of the foreign commerce volume is reflected in the following table:¹

Years (total of 5 years)	Export		Import		Sold of the commercial balance	
	Amount (mil. lei)	%	amount (mil. lei)	%	(+)	(-)
1862-1866	611,6	100	355,1	100	265,5	-
1872-1876	838,9	137	596,7	168	242,2	-
1892-1896	1.539,2	251	1.875,5	528	-	336,4
1897-1901	1.290,3	218	1.588,5	447	-	298
1902-1906	1.940,3	317	1.624,3	471	326,4	-
1907-1911	2.706,7	442	2.192,4	620	514,4	-

Accepting the idea according to which only a „correlation with the payment balance of the country, by knowing all the debits and credit accounts – which, under the conditions when the values were passed over the border without any obligation of declaring them is quite impossible – could reconstitute and revalue in real terms Romanian commercial balance,² we could however observe that the increase of the foreign trade volume, the transformations occurred in the structure of the imported-exported goods, within the group of commercial partners components suggests sufficient dates for proving the dynamic and underlying the dimension of the Romanian economy evolution during this period.

As far as the structure of the export is concerned, it is observed within the period – pronounced in the last part – an increase of the oil industry preponderance; of the forest industry as reported with the agrarian one (the percentage decreases from 84% to 77%). The petroleum quantity exported shall continuously increase until the banging of the World War First: 77.756 tonnes in 1900; 214.345 tonnes in 1905;

¹ Platon Gh., Russu V., Iacob Gh., Cristian V., Agrigoroaiei I., *Cum s-a înfăptuit România modernă. O perspectivă asupra dezvoltării*, Ed. Universității “Al. I. Cuza”, Iași, 1993, pag. 142

² Axenciuc V., Tiberian I., *Premisele economice ale făuririi statului național unitar român*, Ed. Academiei, București, 1979, pag. 257

586.151 in 1910; 1.036.446 tonnes in 1913.¹

As referred to import, the share is allotted to equipments (the percentage is doubled from the end of the XIX century up to the World War First). The development of certain branches of the national industry – textile, leather, glass, paper, etc. – leads to the reduction of the percentage – not of the absolute quantity – imports of large consumption goods from 82, 4% to 57 % within the period.²

The partner countries within the import– export relations as well as their share in the Romanian foreign trade are reflected in the table below:³

Table no 5

Country	Import (in thousand tonnes)	Export (in thousand tonnes)
England	50.837	31.488
Austro-Hungarian	96.098	41.055
Belgium	7.498	146.864
Switzerland	6.236	35
France	16.748	18.551
Germany	91.473	34.675
Greece	1.654	2.411
Italy	14.524	47.193
Russia	8.937	3.867
Lower countries	5.121	83.400
Other countries	22.113	26.839
TOTAL	337.558	457.101

Up to World War First, the biggest export share continues to develop with Germany and Austro-Hungary. As far as the export is concerned the structure over the years is the following: Austro-Hungary 30 %, Germany 11 %, Belgium 14 %, France and Italy 17 %. The share of the Austro-Hungarians in the Romanian foreign trade is based on traditional relations between Romanian Principalities Moldavia, Muntenia

¹ Axenciuc V., *Evoluția economică a României, Cercetări statistico-istorice 1859-1947*, vol. III, Monedă-Credit-Comerț, Finanțe Publice, Ed. Academiei Române, București, 2000, pag. 608-609.

² Axenciuc V., Tiberian I., *Premisele economice ale făuririi statului național unitar român*, Ed. Academiei, București, 1979, pag. 257

³ Arhivele Statului București, *Fond Președinția Consiliului de Miniștri*, dosar nr. 42/1908, f.30 și *Fond Casa Regală*, dosar 6/1893, f.1 și 2

and Transilvania - which was ruled by the Austro Hungarian Empire; is confirmed by the fact that the limitation of those economical relations during „the customs war” determined an economical crisis both in the Kingdom as well as in the Romanian Principality, Transilvania.

Under a last evaluation, suggesting extremely well the dynamic and the dimensions of the foreign trade, in 1912, the value of the Romanian foreign trade was higher than the sum of the registered values of the Bulgarian, Greek and Serbian foreign trade.

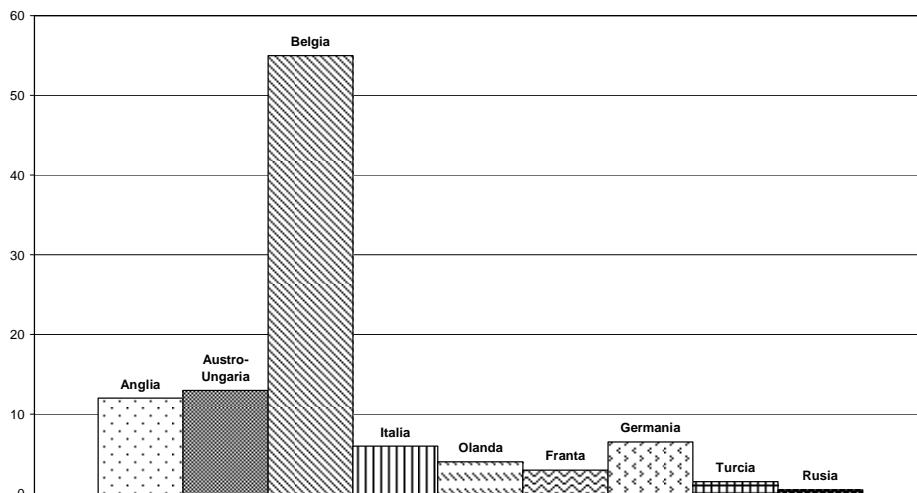
Over this geographic orientation of the foreign trade, there have been registered modifications of the place occupied by the capitalist countries in Romanian import and export. During 1900-1914, as reported to the last quarter of the XIX century, it is underlined the fact that the number of the countries with which Romania had commercial exchanges have not increased very much. These exchanges reflect also the struggle of the main European capitalist countries so as to monopole the Romanian market, both for placing their domestic industrial products as well as for industrial and agrarian raw mater supply which they needed. Both for export, as well as import, the biggest part of these exchanges has been concentrated under the hands of an extremely reduced number of countries. The Romanian export and import structure (in % from the total), is detailed in graphics 1, 2, 3, 4 and 5.

The capitalization of the petroleum had rebalanced the Romanian export potential, maintaining the positive trends and masking the negative features.

Around the First World War, Romania represented one of the most important components of the international market, being one of the main grain exporters (place 4), being also a massive importer (especially of industrial products with a high degree of processing). Judged over the foreign commerce volume over one inhabitant, Romania occupies place 8 in the world (after Argentina, Holland, Belgium, England, France, Germany and USA. For certain products (grain) Romanian prices orient the international prices.

Graphic 1 Geographic orientation of the Romanian export in 1902

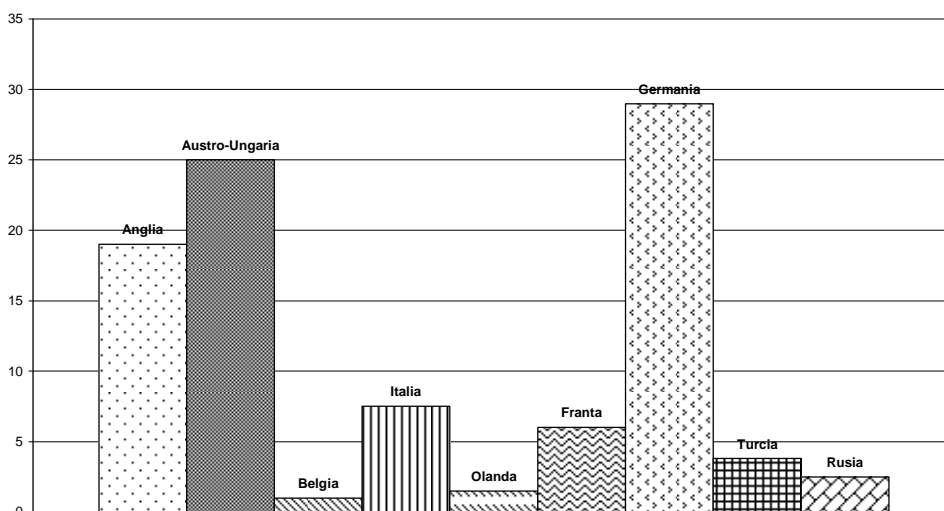
Orientarea geografica a exportului Romaniei in 1902



Source: *Sută Nicolae, Dragan Gabriela, Mureșan Maria, Sută Sultana, Istoria comerțului exterior românesc, Editura Eficient, București, 1996, pag. 142*

Graphic 2 Geographic orientation of the Romanian import in 1902

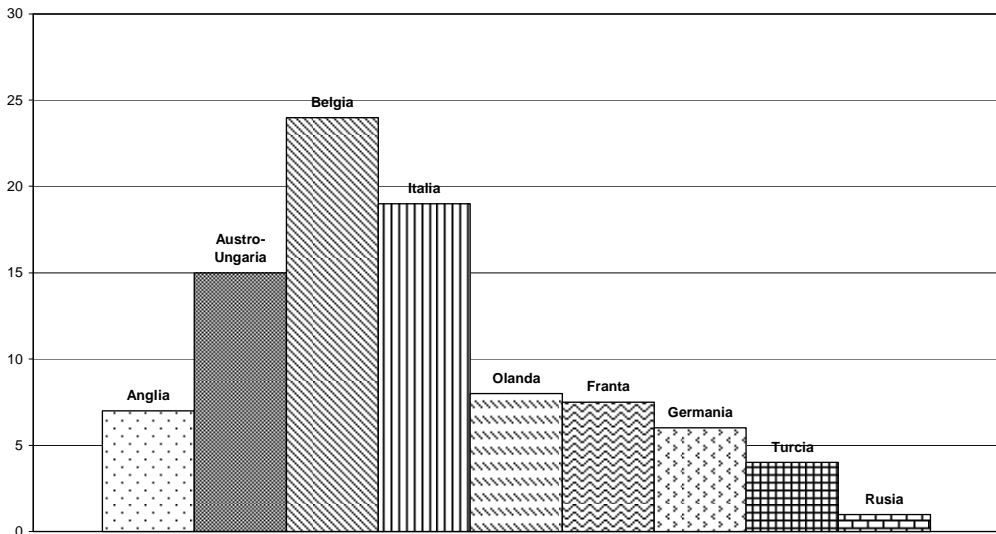
Orientarea geografica a importului Romaniei in 1902



Source: *Sută Nicolae, Dragan Gabriela, Mureșan Maria, Sută Sultana, Istoria comerțului exterior românesc, Editura Eficient, București, 1996, pag. 142*

Graphic 3 Geographic orientation of the Romanian export in 1912

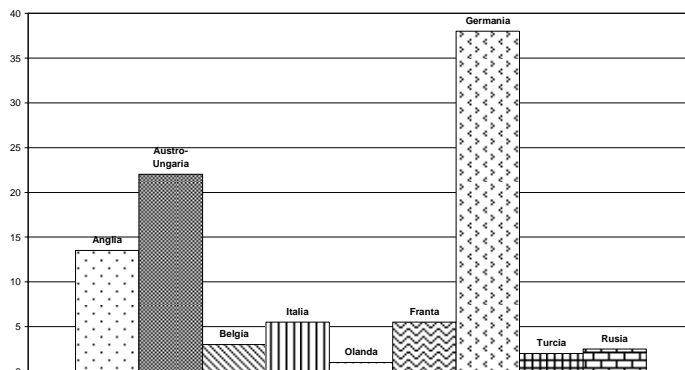
Orientarea geografica a exportului Romaniei in 1912



Source: Cazan Gheorghe Nicolae, Rădulescu-Zoner Serban, *România și Tripla Alianță/ "Romania and the Triple Alliance"*, Editura științifică și Enciclopedică/ Scientific and Encyclopaedic Publishing House, București, 1979, page 306

Graphic 4 Geographic orientation of the Romanian import in 1912

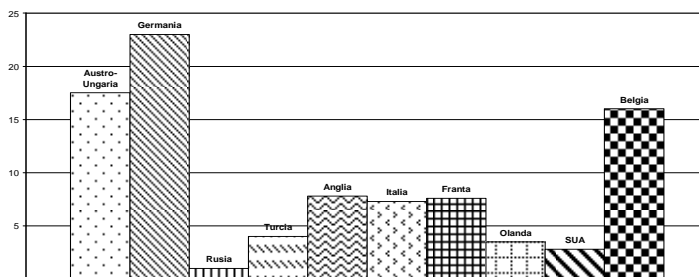
Orientarea geografica a importului Romaniei in 1912



Source: Cazan Gheorghe Nicolae, Rădulescu-Zoner șerban, *România și Tripla Alianță/ Romania and the Triple Alliance*; Editura științifică și Enciclopedică/ Scientific and Encyclopaedic Publishing House; București, 1979, page 30

Graphic 5 Geographic orientation of the Romanian foreign trade during 1913-1915

Orientarea geografică a comerțului exterior al României în anii 1913 - 1915



Source: *Sută Nicolae, Dragan Gabriela, Mureșan Maria, Sută Sultana, Istoria comerțului exterior românesc, Editura Eficient, București, 1996, page 145*

References

- Cojocaru, I., *Documente privitoare la economia Țării Românești/ Documents referring to the economy of Tara Romaneasca* (1958). vol. I, București.
- Fotino, G., *Discursurile lui I. I. C. Brătianu/ Discourses of I. I. C. Brătianu*, Vol. I (1933) (2 noiembrie/November 1895 – 9 decembrie/December 1903), București.
- Gheorghe Nicolae, Rădulescu-Zoner Serban, România și Tripla Alianță/ Romania and the Triple Alliance*, (1979). București: Științifică și Enciclopedică.
- Gorincu, Ghe, Gorincu, F., *Brăila 625, în date cronologice (1368-1993)/ Braila 625 in chronologic data*, (1993). Brăila: Danubius.
- Guboglu, M., *Catalogul documentelor turcești / The catalogue of the Turkish documents*. (1960).
- Hamangiu, C., *Codul General al României/ Romanian general code* vol. II, (1900). București.
- Sută Nicolae, Dragan Gabriela, Mureșan Maria, Sută Sultana, Istoria comerțului exterior românesc/ The history of the Romanian foreign trade*, (1996). București: Efficient Publishing House.
- Theodorescu Angelo, *Cod Comercial Maritim și Navigațiune/ Commercial, Maritime and Navigation Code, Brăila, Intâia tipo-lithografie/ the first typo-lithography* P.M. Pestemalgioglu.
- ****Analele Brăilei/ Braila Annals - Brăila*, an/year IV, 1932, an/ year X, no 1 din/ from 1939, an/year IV, nr.2-3, 1932, an/year XI, Nr. 1, Ianuarie/January – Aprilie/ April 1939, year X, Nr. 1, Ianurie/January – Martie/ March 1938, an/year XII, Nr. 1-2, Ianuarie/ January – Iunie/June 1940, an XI, nr. 1. Ianuarie/ January – Aprilie/ April, 1939, an I, nr. 1, 1993, an/year III, nr. 3, 1999
- ****Arhivele Statului/ State Archives*, București.
- ****Economical annals*, 1, Trim./quarter III-IV Brăila, 1860
- ****Enciclopedia României, Legislația comercială/ Trade legislation*, Vol 4, București, 1943
- ****Relațiile internaționale ale României în documente (1368-1900. Culegere selectivă de tratate, acorduri, convenții și alte acte cu caracter internațional)/ Romanian international relations*.
- ****Selective booklet of treaties agreements, conventions and other papers with international character*, (1971). București: Editura Politică.