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THE HISTORICAL CONDITIONS OF DEVELOPMENT OF SMALL INDUSTRY IN ROMANIA UNTIL THE BEGINNING OF THE 20TH CENTURY

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Abstract

The small industry in Romania developed under specific conditions determined by the geographical region and the influence of the neighboring empires: the Ottoman Empire, the Russian Empire and the Austrian Empire. Although at the beginning of the sixteenth century Hungary had been transformed into a Turkish Pashalic, Transylvania retained its autonomy, thus creating favorable conditions for the development of small industries which were organized in guilds. Neither in Moldova nor in Romania did the trade restrictions and dependence on the Ottoman monopoly not lead to the disappearance of the small industries. These experienced a new development under Austrian domination in the eighteenth century in Transylvania and, a century later, Moldavia and Wallachia emerged from the Ottoman domination. This process experienced three stages: dissolution of the Ottoman trade monopoly (1829), the Union between Wallachia and Moldavia in 1859 and the independence of the country achieved in 1877. After the guilds were abolished (1873), the small industry and the big industry, though hit by the Commercial Convention between Romania and Austria-Hungary in 1876, succeed to develop in the last decades of the nineteenth century.

Keywords: Guild, Convention, Craftsman, Merchant.

1. INTRODUCTION

Centuries ago, the Romanian provinces experienced periods of economic prosperity, but also of regress, taking into account the external political factors, most often occurring unfavorable.

For Moldavia and Wallachia the phenomenon of economic stagnation started in the late 15th century, commercial major centers of the Black Sea ports, Chilia and Cetatea Albă were conquered by the Ottomans in 1484 depriving the two countries of important money revenues (Brătianu, 1988: 293).

The frequent Ottoman wars and raids, the economic conditions imposed to the Romanian Countries by the Great Porte and the too big obligations of the peasantry led to their impoverishment. Under these conditions, the evolution of the Romanian Countries economy was slowing down and almost completely isolated from the rest of Europe.

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In Transylvania, this process of arrearage, regarding the development of crafts and industry, started in the second half of the 16th century, due to the presence of the Ottoman Empire in Central Europe, the obligations to which it is subjected and the interruption of the old commercial links.

Until the 16th century we note, at least in Transylvania, that specific workshops, small-scale industries were not less organized than in Western Europe. Transylvanian Craftsmen were particularly skilled in iron and wood processing, as well as in food and clothing industries.

In the fifteenth century, in four cities in Transylvania, Sibiu, Sebes, Sighişoara and Orăstie, there were 25 craft industry branches, organized in 19 guilds (fraternities) (Pascu, 1954: 87).

Some of the most developed cities of Germany, during that period, did not have a better situation. In Augsburg there were 16 guilds with 20 branch crafts, at Ulm17 guilds, at Cologne 22 guilds and at Strasbourg 28 guilds (Pascu, 1954: 87).

In terms of country household industry, it almost exclusively responded to the needs of household or small communities of people, it accompanied most often the farming activities.

Essential changes in the rural world had not been observed in Europe in the centuries that marked the transition from the specific feudal world to capitalism. This makes Werner Sombart to support the idea that from Charlemagne to Napoleon agriculture remained nearly unchanged (Braudel, 1983: 08).

In the simple production of goods (crafts), for a long time, essential transformations did not occur; trades remained in some form almost unchanged from father to son, for several generations.

The industrial revolution brought major changes in the form of organization of the industry, leading to the demise of the guilds and the advent of the great industries in the factory. However, not all over the place, these changes similarly occurred. There were conditions specific to each geographical area and the factors that gave rise to them were multiples: political and economic.

Even though in the Romanian Countries, since the 18th century, guilds and the household industry, characteristic features of the medieval economy, as princely initiative, some industrial establishments appeared, they had a short existence, unable to survive the competition from similar foreign goods and the lack of a developed internal market based on Monetary Economics (lorganda, 1929).

2. WESTERN INFLUENCES ON SMALL INDUSTRY IN ROMANIA

The increasingly common Contacts with the West in the early 19th century, created a favorable current to the industrial development among some representatives of the Boyar class. Knowledge of the

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Western realities of economic situation, the principalities cause them to make some critical statements to the Romanian backward population.

D. Fotino, in 1818, believed that the Romanians, although having natural spirit and prowess to mimic, they have to deal with things that require work, care, and thought (loanitescu, 1931: 5).

N. Suţu, in his *Notices statistique sur la Moldavie* (1850), wrote: "The Moldavian is not really industrious and Government should do something more towards awakening in him striving to make industrial enterprises of which the country is utterly lacking. Arts and crafts are performed only by foreigners."

These realities are also found by some outstanding representatives of the 1848 generation (George Baritiu, Andrei Mureşan etc.). They understood the spirit of capitalism and expressed concern over the lack of initiative and cluelessness of the greater part of the Romanians in the economic activities. It should be noted that the Romanian Provinces were not free, most often being occupied by foreign armies that had imposed particularly burdensome tasks to the population. The accumulation of capital so much needed to the industry development under these conditions was impossible to achieve.

Foreign travelers who roamed Moldavia and Walachia at the beginning of the 19th century also found out their poor state of the industry. Although some noble Austrians and Hungarians made a series of acknowledgments to the Romanians in Transylvania, the discrimination to which they were subjected had become more and more obvious.

Joseph Benigni noted that "The Romanian is not too industrious, his needs are not too high and most of what they need make themselves. Hence to this people, industry is still in its infancy" (Benigni, 1997: 93) and Count Báthyani wrote, consequently: "the most important classes of the locals are Greek and Turkish merchants, German craftsmen and a lot of landowners who are never on their estates for fear of residents that, due to foreign oppression, and extreme poverty, were very easy to be pushed to murder" (Potra, 1992: 100).

The 19th-century clears the conditions that the serfdom be abolished. The State of affairs at the beginning of the 19th century is the upshot of a road full of constraints of an impoverished population, disinherited, and kept in a State of poverty rarely seen in other European Nations. The contrast with the Western world becomes obvious for those who managed to know the developed States of Europe.

With the advent of the young generation of boyars, who had studied in France, interest in the development of industry started to grow. Young progressive bourgeoisie was recruited mostly from the ranks of that category, and will seek to transform the economy of the Principalities adopting Western-inspired reforms.

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Continuing the Royal initiatives of the late 18th century, in 1802, Scarlat Manu established on his estate of Dolheşti (Suceava) a glass factory. Shortly afterwards Gheralza Săndulache founded a manufacture of broadcloth in 1806 in Ruginoasa, with craftsmen from Silesia and Prussia (Platon, 1997: 284).

During this period, the guilds were still present. Undermining these forms of organisation was gradually made by the big industry. Everywhere where the factory entered, free work force was needed. The measures taken by the ruler Al. Şuţu and the Organic Regulation will hasten the demise of the organizational forms of the medieval type of small-scale industries organized in guilds.

The law of 1873 abolished the guilds. After a short time, in 1887, a new law came to support the industry. Small producers will continue almost for half-century to upraise and to fight to find a solution in order to support them (loaniţescu, 1931: 128).

External political factor cannot be missing from the analysis of the evolution of the Romanian economy in any historical period, much less in the 19th century, under the unprecedented development of European industry.

Small industry, meanwhile, experienced a period of decline, but it adapted to the new conditions, survived and continued to have an important weight in the economy, by side of the great industry. The process of modernization of the economy has proved to be a particularly long and difficult one. Trade was at all times the most important mode of accumulation of capital.

The merchants were those who pursued a particularly extensive activity, involving the exchange of goods of Romanian or foreign origin; among them especially Romanians Macedonians, who had come from the South of the Danube. A relevant example is Mikhail Ion Ţumburu, who settled in Brasov (in 1782) where he conducted commercial activity over a large geographical area. Buying and selling goods in Timisoara, Lugoj, Sânmiclăuş, Ciacova, Beograd, Vârşet, Bela Crkva, Pančevo, Jlancea, Zemlin, Mitrovica, Varadin, Osec, Slivno, Târnova, Sereş, Gyangyös, Lipsca, Sibiu, Braşov, Făgăraş, Gherla, Iasi, Galati and Bucharest (Zeletin, 1997: 97). His collaborators were Romanians Macedonians, refugees to the North of the Danube after the attacks of Ali-Pasha in 1769 and 1788.

Austria, in the late 18th century, experienced a significant economic upswing, being concerned with the development of trade and industry. Taking into account the fact that Austria was lacking, at the time, a blanket of local merchants, an important role in the development of trade had been played by the merchants of Aromanian origin. Many of them had bought real estates, managing to enter the ranks of the *bürger*, along with the Saxons (catalogul documentelor greceşti, 1958). Such a merchant is M. I. Tumburu, who was trained in Vienna and possessed very good accounting skills. It had an area of

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commercial activity including Venice, Triest, Vienna, Bucharest, Iasi, Constantinople, Thessaloniki, Larisa and Tricala. He also had a lot of correspondents and intermediaries who visited and studied the markets of Austrian, Hungarian, Transylvanian, Banat, Danubian and South-Walachia fairs. Goods coming from these areas were cotton, wool, wax, hides and skins, but also silk, cloth, wine, fish, oil, grease, sugar, coffee, rice, scythes, tin etc. For these goods, there were warehouses and permanent deposits in Sibiu, Timisoara, Budapest and Vienna. In Brasov, the same merchant had a warehouse of wines (catalogul documentelor greceşti, 1958).

They bought besides, raw materials, certain products manufactured by small-scale producers, these merchants being intermediaries between the peasant household and the vast international market, stimulating the small peasant producers to produce for the market.

The economy of the Principalities was all the time in a close relationship of interdependence, the economy of the three Romanian provinces performing under specified conditions towards the single market and considered Brasov their commercial hub.

Agricultural products in Wallachia and Moldova went to Braşov and Sibiu (different sourcing skins, honey, butter, flax seed, wax, sturgeon, catfish, caviar, wine, brandy, vinegar, fine wool of Wallachia) and then in the Habsburg empire.

From Transylvania to Moldavia and Walachia as well as to Turkey commodities are treated as crates, chairs, tables, footwear, tanned skins, bed heads, leather harness, hemp, thick ropes for ships, tar, fabrics, singlets, cloth, cotton yarns, spun yarn of canafas, shirts, wooden boxes, Gypsy horseshoe nails, padlocks, curry combs, masons brushes etc. (catalogul documentelor greceşti, 1958).

The superiority of industrial development of Transylvania from Moldavia and Walachia is undeniable. Of the products that merchants traded, we stress mostly those of small-scale industries, iron products, wool and timber.

At the beginning of the 19th century (1807), the merchant of Brasov, Sterie Trandafir had warehouses in Galaţi and Tecuci where goods preserved, starting with the famous "Braşov" boxes which were also manufactured on this side of the Carpathians, in the mountain villages. Iron objects for different utilities were also processed the wool and cotton to make clothing.

Economic activity in the Principalities was hindered by the dominance of the three great Empires: Russian, Ottoman, and Habsburg. They have always sought to achieve high profits in the trade with the Romanian Countries.

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In the 19th century, the world had changed; the model of the economy imposed by the industrial revolution generated a new dynamic of exchanges. Under the terms of these principalities dependence to these Empires, a blanket of privileged foreigners emerged, named "sudits" (foreign subjects), which eluded the payment of taxes and whose activity was carried out mainly in industry and commerce (Stoide and Carposu, 1992: 139). Among them there were some Romanians.

Organic Regulations (1831), through their provisions, strengthened the position of foreigners who came to these provinces, giving them a series of facilities if industrial establishments were settled (Stan, 1998: 13). Through these measures the economic development was in view, with the ability to harness all economic resources.

Aware of the precarious state of the Romanian industry, Al. I. Cuza performed first the land reform, then coming to the support of industrial activities (The Organic Regulation, 1847). In this regard it is known his opposition to Prime Minister Barbu Catargiu's ideas, which, in 1862, was assassinated. In Catargiu's vision, great property needed to be maintained and the industry should be developing by using a part of the peasants.

About this time, the Economist's ideas of Ion Strat are known for encouraging and protecting the domestic products by adopting a protectionist customs tariff (peasant household had to be protected by developing small agricultural industries). The dependence to the Ottoman Empire made it impossible to carry out this policy. The industry terminology encompassed a wider sphere, including some agricultural activities.

In the early part of the reign of Carol I, the conclusion of the commercial Convention with Austro-Hungary (1875), which was based on the principles of free trade, not only delayed the development of industry in Romania, but also upheld a series of bankruptcy of the barely set up factories.

Romanian industry at that time (1875) was still rudimentary and backward. In the short term, goods from the neighboring countries competed mainly with small industries, because the big industry was only at the beginning of its development. Romania, by the conclusion of this commercial convention had in view to obtain independence through diplomatic channels, which proved impossible to achieve. Politicians of the time knew the drawbacks of this trade agreement, but they were forced to display an optimistic position.

P. P. Carp, the future leader of the Conservative Party, one of the initiators of the Convention with Austro-Hungary, claimed the idea, incidentally quite realistic, that a State cannot produce "all things".

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Another Conservative Party member, G. Gherman, presupposed that following this Convention the Country would get just what it couldn't be produced inside (Low of 27/8 sept 1864).

The debates on the subject are numerous, and the pros and cons of the Convention are manifested by a number of politicians, who were also interested in finding solutions for the realization of political and economic independence of Romania.

- P. P. Carp also argued, among other things, the pretty realistic idea by expressing regret that our industry produces expensively compared to other industries, while the rural population was not prepared for the great industry, and towns were populated mostly by foreigners. Austro-Hungary had only in Romania 400,000 "subjects", failing to take into account the large Jewish population.
- I. C. Bratianu, at the time of the conclusion of the trade Convention showed that this neighbor state could put at risk our industry and trade and control them, the Romanians remained with "the tilled land" and just having the mission of supplying with food the industry and foreign trade (Official Journal, 1875: 4022).

Commercial Convention with Austro-Hungary followed after the European economic policy. Romania had still not achieved independence, but had sacrificed its industry, even though this industry was in the beginning stage, seeking a way to truly return to Europe. "From 1876 onwards most of our nascent industry, even the household, were destroyed by the disastrous effects of the Convention", Mihail Kogalniceanu argued in his speech delivered in the Chamber of Deputies on 5 March 1885 (Kogălniceanu, 1967:351). Under these circumstances, most of the craftsmen lost their means of life, and peasants, in winter, were forced, by circumstances, to inactivity.

Mihai Eminescu also observed the effects of this Convention. The Great Poet, analyzing the ways of industrialization of the developed States of Europe, is committed to protectionism. "Production can't even be maintained nor even brought forth, without protectionist measures. A proof of this has been given by every State: England and America, France and Germany, Russia, Austria; they protected their industry in order to have it as raising, a child, and after becoming a man, gave him permission to get to grips with everyone. And the child grew up to be the first national industry, protected by the barbarous foreign industry and only when it will empower and will get equal in strength, we can let the freedom of Commerce work under" (Eminescu, n.d.: 321).

The Convention with Austro-Hungary hastened the end of the traditional world. The struggle between the great capitalist industries products and small farm industry turns out to be unequal and disproportionate, bringing to the fore the economic realities of a least developed country. Small household industry resists only in a weak market developments and the lack of financial means. The

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market was not sufficiently developed, and their money was pretty scarce even among the urban population.

In that time they spoke even about the bankruptcy of small industries, which is not true, because skilled craftsmen continued to exist and had adapted to the new conditions imposed by the competition of the great industries of the factory.

Development of industry in the 19th century in the Romanian Countries was influenced by a number of internal and external factors. First, the economy was mainly agrarian, and the industry was made in the first half of the century, particularly in the household of the country, covering most of the needs of the rural population, the towns were in the early phase, had a low population and were more like market fairs, where, more often than not, peasants and skilled craftsmen came to sell products.

Under the terms of the trade dependency of the Romanian Principalities to the Ottoman monopoly, some trades were known with their Turkish names. It cannot be said that they were only Turkish origins, but petty technicians had to work for the Ottoman Empire market, these products being intended for Turkish consumers or merchants, as well as for the domestic market influenced by the fashion of the Orient (Buşe, 1976: 28).

With all the changes that had occurred in the Romanian economy, skilled craftsmen still played an important role. Only in the manufacturing industry of lasi in the 1860s, there were 24 corporations (Bogdan, 1914: 344) and in Bucharest, in 1867, the newspaper "Romanul" recalls the existence of 23 corporations (The Romanian XI, 1867: 663). At the end of the century in the country there were recorded 134 crafts, within small industry (The Romanian XI, 1867: 663). Development of trades in the last three decades of the 19th century was made into a new legal framework, which proclaimed their pursuit in total freedom. The craft could be exercised by anyone, qualified or unqualified, master, apprentice, native or foreign. It was a radical shift from the rigorous regime guilds and creates greater mobility of the workforce, a thing unknown until then.

Gh. Zane shows that, through the abolition of guilds, "the new regime, as it opened the free labor market, so it opened the small producer and the commodity market" (The Romanian XI, 1867: 663). Small industry had known until then a slow development, considering that the competition was weak, and the market needs were quite low.

V. A. Ureche, in its presentation entitled "Statistics of Walachia, since 1820" and defended in 1887, in the framework of the Romanian Academy, drawing inspiration from the Statistics submitted by the Treasury of Walachia in that year, rendered for the first time the exact figure of Romanian and foreign

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guild members of Muntenia and Oltenia* (Ioaniţescu, 1931: 122). However, of all cities, Bucharest had most of the guilds. This "statistic", presented by V. A. Ureche, came to support the small-scale industries, but had some limitations, though, it gave exact figures, is incomplete because it does not make any reference to industrial activities in the villages of Muntenia and Oltenia, where, at the end of the century, "we came across a" burgeoning industry.

After the Paris Convention, in 1856, there were 28 guilds in Bucharest, while following the law of 1902 there were 114 corporations, preserving nothing of their stiffness, which represented a breakthrough on diversity in the development of big trades industries.

The decline of the guilds started in 1820, with the conclusion of an agreement with Austria, by which the Prince Şuţu admitted that "sudits" be received in guilds (Ioaniţescu, 1931: 122), but the most powerful blow to guilds was given by adopting the Organic Regulation (1831), which legislate banning of their monopoly and abolishment of all privileges.

Two other highlights followed: Paris Convention of 1856, which prohibited the creation of any monopoly, and the next step, was made by the Patent Act 1863, which was taxing on every individual, craftsman the artisan guilds losing their tax role. The governments no longer need them, left them in the care of mayoralties. A year later (1864), through the establishment of the Chambers of Commerce and industry, who had the role to supervise and coordinate the work of trade and industry, we passed to the modern Organization of industrial activity. A last attempt for survival of guilds is rejected early in 1868 by the Ministry of Agriculture, on which their work depended.

The draft regulation that had been submitted to the Ministry of Agriculture by the guilds no longer corresponded to the laws in force. Another memo, drafted by leaders of the 34 guilds, which demanded the Ministry to support the elaboration of a law to support the craftsman, had not had any result, though the Government asked the Chamber of Commerce to draw a bill on the trades.

Through the journal of Council of Ministers of 22 July 1873, guilds were dismantled. Thus officially disappeared the medieval way of organizing the trades, and their place left empty was to be taken by the great factory industry.

^{*}Râmnicul Sărat- 7 guild-members, Saac - 24 guild-members, Prahova- 28 guild-members, Ialomiţa- 8 guild-members, Ilfov- 23 guild-members, Dâmboviţa- 9 guild-members, Vlaşca- 3 guild-members , Teleorman- 112 guild-members, Muscel- 39 guild-members, Argeş- 21 guild-members, Olt- 37 guild-members, Romanaţi- 34 guild-members, Vâlcea- 26 guild-members, Dolj- 46 guild-members, Gorj- 22 guild-members, Mehedinţi- 27 guild-members.

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Across Europe, the abolition of guilds produced a series of protests from the craftsman. Some leaders of the disbanded guilds regarded that "the old Corporation had been normally desired by craftsmen, not imposed by the State, jealous of their privileges and their monopoly that they defended even against the State" (loaniţescu, 1931: 122). Yesteryear, the Guild was a mistress of a town and the chief had the right to condemn and prohibit competition. It was obvious that in the new social, political and economic conditions, the role of guilds in management of the cities would no longer be able to maintain. It is no less true that it was a period in which political parties and professional organizations, from countries where great industry had won more and more prevalence, felt, without foundation, that poverty reigning among the craftsman was the cause of the abolition of corporations. It was what we call today a situation created by the transition from the small production of goods to big production, namely the transition from small industry to big industry. Therefore, the process of transition to a new form of organization of trades was particularly complex.

In France, it is known that the French Revolution resulted in the destruction of the old feudal organization, displeasing the artisans, who, many years afterwards, asked to return to the old regime.

In other States a new organization of trades had been attempted, mimicking in one way or another old medieval corporations. We can mention here the 1883 law that represented an attempt of the Conservative Party of Austro-Hungary to "revive old corporations, but in a form compatible with the spirit and requirements of the industrial freedom" (Ioaniţescu, 1931: 122). Changing the law on trades set off, in all States, the complexity of the process of industrialization. Examples in this regard are numerous – Germany, 1869 trades law is amended 21 times until 1900;

Austro-Hungary the same law has been changed three times, and in Romania more laws have been drafted and only two have entered into force trades laws in 1902 (Missir) and 1912 (Neniţescu).

Progress in the economic field and, in particular, that of the industry had the effect, in the nineteenth century, the abolition of the monopoly of the old guilds all over the world, as the old privileges no longer corresponded to the new stage of economic development. They were abandoned, making the place of freedom and capitalist competition.

The transition had not been easy, and the disappearance of guilds, after many centuries, was achieved in a differentiated way depending on the development of the industries. In order to defend the interests of big industrialists, in 1903, the Industrialists Union was formed in Romania, which was legalized a decade later. In the economy of developed countries, in one form or another, the industrialization, the share of small-scale industries declined, but it had managed to survive and even grow alongside with the great industry.

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3. CONCLUSIONS

The difference in the development between the Western and South-Eastern Europe has a historical character. It's increasingly evident the historical heritage which differentiate the EU States, and the prospect of an economic leveling remains a target difficult to achieve, at least under present conditions.

With regard to the situation in Romania, historical analysis becomes all the more timely as the need to identify the causes of the remaining behind in economic terms is evident, and the solutions to be taken not to be disregarded. Romania is a young State, formed by the Union of the Romanian provinces into two stages: 1859, through the Union of Moldavia with Walachia and 1918 by the Union of Bessarabia, Bukovina, Transylvania and Banat with the old Kingdom and the achievement of Greater Romania.

Until the 19th century, in all Romanian provinces, small industry developed depending on where they were held: the guilds of the urban centers or as household craft in rural areas. In Transylvania, the guilds were particularly strong, and had many restrictive provisions which got a political character, craft villagers having restrictions in marketing their products in the cities (especially Romanians). This prohibition had maintained until the late 19th century, when, with the demise of the guilds, the possibilities of development of industry in the Romanian population would increase.

We would be tempted to believe that until the 19th century the Principalities had witnessed an absolute economic isolation. There are sufficient proofs, for the 18th-century, attesting that the Ottoman's monopoly was often violated and that the exchange of goods, especially with the countries of Central Europe, was thriving. Alongside with this trade also grew the small industry.

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