

PETRE S. AURELIAN'S VISION ON CUSTOMS PROTECTIONISM

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Abstract:

Petre S. Aurelian was the time leading spokesman of the industrial bourgeoisie, bringing its contribution to the creation of that stream in favor of protectionist policies that would eventually inaugurate a policy of protecting domestic industry. The idea that dominates all thinking of Aurelian and around which revolve all his work, the supreme criterion in assessing any concept and any ideas, is the interest of the Romanian nation. From this perspective, the development of productive forces and the strengthening the economy represented fundamental goals of the struggle for existence and future of his country.

Key words: *protectionism, economic liberalism, free trade, customs policy, industrial development.*

JEL Classification: B31

Across the Europe, in the first half of the nineteenth century, the emphasis on freedom and private property, on the benefits of savings and benefits of free trade, supported by the classical school of economics, have created a belief that this new order can provide unlimited social progress.

Otherwise, the economic depression suffered by England after the Napoleonic wars, the crises occurring in France and America, the plight of workers in industrialized countries, the efforts for economic assertion in states that the industrial revolution occurred later and the struggle for national identity of peoples still under foreign domination were the major problems that economics, limited to classical liberalism, could not provide satisfactory answers.

Politically, there has been a resurgence of nationalism in the less industrialized countries and a raising of protectionist policies against the free trade supported by England and France. It was also requested state intervention as a means of balancing and orientation of production, for the protection of incomes of the poor and the promotion of national interest.

The national action has advanced in Europe especially after the publication of the work of Friedrich List "The National System of Political Economy.

The economic liberalism appreciate that everything which is advantageous for individuals and countries that practiced it, was also in the benefit of all countries of the world. List has proven, fully consistent with direct practice, that liberal policy advantage the developed countries and disadvantage those left behind, that there are contradictions between individual interests and the national interest, that between these two is more important and must prevail the last .

List argued that free trade and limiting state intervention in economic activity is an unworkable policy, utopian and dangerous. The core of his theory is the nation. It is interposed between the individual and the human species and this is the real object of study of the science of political economy. In a world formed of competing nations, the main purpose of trade and production is to maximize the strength and prosperity of every nation in part, argued List.

The means by which the prosperity of a nation and its competitiveness on international markets can be assured was to develop its industry, as the main way to develop their productive forces, and industrialization meant stronger protection against foreign competitors.

The contact between Romanians and Western European civilization has generated a stream of ideas according to which Romania could reach similar performance to European countries, if recognized that traditional socio-economic forms have become outdated should be removed.

The measures to protect and encourage economic activities that the Romanian bourgeoisie was interested in particular (industry, banking and credit), measures supported decidedly by The National Liberal Party, have imparted the party's theses a highly protectionist nature, sending him away from the classical liberal doctrine. Theories regarding the protection of the Romanian economy to develop a complex economy in which industry should play a primary role has been influenced by emerging protectionist ideas in Germany and the United States, countries, like Romania, faced with problems of insufficient recovery of available resources, low labor productivity and its dependence on foreign industrial products.

The Romanian Protectionism gave expression to reactions of industrial bourgeoisie against the classical liberal doctrine, criticized especially in terms of external economic policy. Advocates of protectionism in Romania have demonstrated that in a regime of absolute freedom of international economic relations, industrial products from abroad, from countries with technical equipment and labor productivity far beyond that of our country as a result of experience gained through the centuries, could be an overwhelming competitive to the national industry, significantly limiting the opportunities of economic development of this branch. Moreover, major European powers began to promote free trade policy only when they reached, with the help of protectionist tariffs, high levels of industrial development, and have become able to cope with foreign competition.

Unlike Friedrich List, one of the initiators of European protective current, Romanian economists did not adhere to the principle of relativism in customs protectionism practices. Thus, if the German author argued that protectionist economic policy measures should not be promoted by the agrarian countries, where only free trade can ensure the transition to industrialization and even in countries with low population and territory because the risk of monopolies would unbalance the economic situation, advocates of protectionism Romanian stated that, especially countries with low economic performance needed a customs policy to ensure economic and political independence by protecting national industrial activities.

Noting that the economic policy of free trade promoted by major European powers was invalidated by the economic practices of these countries, the Romanian protectionists have not absolutized the lines of European economic development and managed to adapt their theoretical approaches to the requirements that modernization and economic and social progress of the country have demanded. The National Liberal Party tried to maintain political balance of the country internally and externally, making compromises, rarely unjustified, to the opposition of the great European powers. As the political line of the radical liberals coincided largely with the national interest, economic protectionism stated that one of the main schools of thought and economic policy in Romania before World War I and the interwar period. Economists and politicians which formed this trend has campaigned to achieve large changes in economic and social life: peasant land reform, institutional modernization on the model of Western Europe, involvement in the development of domestic industry of the state, laws to encourage and protect it by a rational customs policy.

As regards foreign trade, the previous authors started from the observation that the needs of industrial products, it meets almost exclusively by imports and as objects of exchange in international trade, Romania could offer only agro-livestock products. For Romanian goods so imported shall be received too small a quantity of products manufactured with an lower amount than the net work needed to produce exported goods. Thus, the international division of labor reserved Romania a place at all advantageous of the world economic map, even close to that of colonies of European powers. The only way to rectify this situation was in their view, the protection of foreign domestic industry and its encouragement by the state until she can cope with foreign competition.

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In order to debate the country's economic situation and its prospects, Aurelian founded, since 1873, the magazine „The National Economy” which supports the idea of industrialization. He will develop a true theory of industrialization of the country, as well as development and modernization of agriculture in works such as "How to found the industry in Romania" - 1881, „Our customs policy towards the trade agreements " - 1885. In his view, the Romanian industrial development was a vital and national matter and therefore he proposed the "spreading a general program and the measures put in application gradually. Similarly to German protectionism promoter, Friedrich List, Aurelian believe that the future of the Romanian state depended on economic development and the foundation of our economic system must be the industry, especially the one "derived from the mineral kingdom" (steel, metallurgy, manufacturing).

The idea that dominates all thinking of Aurelian and around which revolve all his work, the supreme criterion in assessing any concept and any ideas, is the interest of the Romanian nation. From this perspective, the development of productive forces and the strengthening the economy represented fundamental goals of the struggle for existence and future of his country. Aurelian considered the country's economic development, the worth of its natural resources and work is an integral component of the effort for Romania's assertion showing that "the era in which we live can not separate the national from economic interests. National interests should draw any work that will do about the economy, a country that the property can not be sustainable than being placed on nationality".(1)

National idea which pervades the work of Aurelian not follow an ideological import but, like D.P. Martian and A.D.Xenopol, is required by the very realities of Romanian life, the conditions of his people and the historical evolution of this feature is common to all cultures Romanian progressive nineteenth century.

The starting point of Aurelian's work are realities of his country and its militant goal- the progress of his people. Only according to this constant the Aurelian's thought can define its stand on various schools of Western theory. At the beginning of its activity, which coincides with the Principalities Union era, the issue of building up the internal market and anti-feudal struggle interwoven with the requirement of national independence, he supports the tenets of the liberal school. Later, when he realised that, integrated into the international capitalist market, Romania can not rely on free trade to catch up and to develop industry, he adopted the protectionist ideas. Protectionism is not a dogma for Aurelian but only an expression of objective necessity for a certain historical period of economic development so the economic doctrines of his time are only instruments in the fight that leads to ensure progress of national economy.

Main works of German protectionism father Friedrich List, "National System of Political Economy" it becomes known only after three decades of activity. Since then

List is for him an additional argument, which he used to oppose those proponents of free trade policy which classical liberal arguments invoked to justify their own economic interests.(2) P.S. Aurelian does not hesitate to separate from List when this one's findings not consistent with experience and interests of Romania. So for example, between List and Aurelian stand notable differences on trade agreements: while List support the need to their, Aurelian campaigning for the adoption of an autonomous customs tariff.

After the study of the commercial relationships in the world market, Aurelian refers that the disadvantages that lower labor productivity creates to the less developed countries compared with those on an industrial step higher. He identifies a "modern conquest" and a tendency to seize the agrarian countries by industrial ones, of the smallest by the strongest through capital migration and free trade.

Starting from this observation Aurelian concluded that without economic independence, political independence of Romania becomes illusory. "The inability to employ this means, large countries have resorted to other weapons just as powerful as the sword and this weapon is economic subjugation. In appearance it would seem that the latter can not have effective means of the first, the reality is the contrary. When a country is invaded economically, comes to be subjugated without feeling and subjugation is so ingrained that economic empowerment is impossible ...The economic conquest prepare infallible the political one, in a peacefully, without bloodshed."(3)

Revealing the dangers of unilateral development of the national economy as the way of agricultural growth, Aurelian declared in 1881 that "the absence of a domestic industry is in this time a cause of weakness for the country and in the future a threat to its most vital interests. (4)

Very critical, P.S.Aurelian says that „until now, we Romanians have shown a great economic incapacity, since we voluntarily gave up the only policy that can save us, the policy of protecting national labor. How long, - he added -, for our economic organization will be placed in an inability to develop our industries work... while our country, in addition to farming, will not possess a domestic industry, we will not be able to protect us from one of the most dangerous invasions: economic invasion". "Our concerns therefore requires not only development of agriculture,this is and will remain the foundation that supports our economic establishments, but all branches of production which can be found gradually so that Romania should not remains an essentially agricultural country."(5)

Industrial development can not be the fruit of improvisation, the state being awarded to a leading role in modernizing. The representative of the general interests of the nation is the state that sees its emanation. For Aurelian, it is primarily designed to create institutional and legal framework for the development of economic relations. Advocating the interests of the bourgeoisie in its struggle to conquer the national market, Aurelian not assigned the state the role of a direct investor in the economy but on that of protector both externally, through customs tariffs and domestic, by adopting legislation to encourage . Moreover, the state has an obligation to take on expenses related to the development of education, for modernization of communications and to create a national system of credit.

Aurelian was argued that the state to create an overall economic program that would coordinate efforts of all factors of production in the long term to avoid waste of them. Thus, he stressed: "We must confess that until today we worked by guessing to develop our national economy. The lack of a prepared plan drawn with maturity and adopted by the entire Romanian intelligence, we walked from the unsafe to attempt to another. Systems admitted that good in a year have been removed to another ... In fact, if the organization of a domain, setting up a factory requires a system with a plan conceived and executed strictly maturity, the more the economic organization of a State.

The lack of plan, the lack of economic laws, each served as his mind, his opinion, convinced that it will get better as its predecessors. The result of so many tests I went through could only be confusion and loss of precious productive forces of the country."(6)

P.S. Aurelian opt for a gradual development of the industry, from building and development industry as a system of small and medium-sized following that, as creating conditions for the market, capital and skilled labor necessary to move into the industrial system of large factory. (7)

Industrial profile expected of him primarily include food and light industry, industrial processing of agricultural products accounting for the availability of a means for putting the existing workforce in the countryside. However, Aurelian recommended that the timber industry, to the mining and even the machine-building, particularly to ensure the needs of modern agriculture equipment.

In his theory, a modern economy can not be one-sided economy, agriculture and industry are equally important. Arguments that rely are: exploitation of agricultural products in the farming industry and supply the necessary tools produced by industry. In addition to these two arguments frequently encountered in the economic literature of his time he added the observation that, by harmonizing the interests of the two sectors, it will weakens either dependence from the global market and also the dependence of whole economy.

Achieving a high level of industrial development was not possible towards a free trade customs policy. Conversely, the adoption of free trade as the core of our economic policy would be an "economic suicide, a fading political and social failure. What to watch, is an" economic strategy, which consists, inter alia, to know to serve you of customs duties, as time and circumstances, in order to support national work in all its branches."

Aurelian opposed the free trade policy adopted by Romanian authorities by signing the Trading Convention with Austria-Hungary and campaigned for the adoption of protectionist measures in the development of Romanian industry. He claimed that the adoption of free trade by a backward country economically equivalent to annul any attempt to create their own industry. Opinion of those who conceived Romania as a "warehouse international, with an open market with no barriers to foreign goods, Romania becoming" the mediator of exchange between West and East "seems wrong. According to his belief, trade convention that concluded with Austria-Hungary (1875-1886) had more sense to show our right to conclude commercial convention on their own, without the consent of the Ottoman Empire, but in economic terms is proved to be actually "a mistake that cost us dearly" For behind our "crafts and local industry have decayed, so that" only after the proclamation of laws to encourage industry, Romanian industrial start to catch the actual beings."(8)

But the protectionist measures did not mean commercial isolation: "I never asked only one economic policy able to protect our industry and lead to the establishment of those industries that can flourish in our country ... I asked and asked, with a persistence that gives a serious conviction, protective system for our industry, a system ensuring the balance of forces fighting between Romanian and foreign producers".

To argue Aurelian customs policy option relies experience of other countries that have led such a policy to protect industry , with remarkable results - France, Germany, Russia, Italy etc. - which he has pursued for over 30 years, studying the ground situation in agriculture and industry or by visiting international exhibitions in those countries.

Aurelian advocates a „Romanian thinking on trade policy” and says that „free trade and protectionism that are not principles, but only means to do, good or bad,

helpful or harmful, according to time, circumstances and economic status world. The principle is to defend national work."(9)

He considered the customs policy should be the subject of political, social, economic and cultural circumstances and argued that to draw conclusions on the orientation of the economy and foreign trade should be carefully studied all available data. Unlike the other thinkers of his time, Aurelian is remarkable for the systematically way of working, through the foundation of economic policy measures on data obtained from statistical comparisons, surveys, censuses and monographs, through the use of modern indicators for determining the actual level of Romania's economic development, reveal oneself as a modern economist.

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