

Moral and fiscal advantages. The licence for alcoholic beverages (1873)¹

Alexandru Ionicescu, Ph.D.c.

Faculty of Social Sciences, University of Craiova &
“Alexandru și Aristia Aman” County Library
Romania
alexandru.ionicescu@gmail.com

Abstract

The introduction of taxes for the production and the merchandising of alcoholic beverages in 1867 represented an unpopular measure, lacking in efficiency. The alcohol trade, a profitable and widespread activity, needed new measures in order to become more effective, a goal pursued by the taxation system of the state. By invoking the moral and fiscal advantages that issued from the enactment of the new license necessary for every merchandiser of alcohol, the conservative government of Lascar Catargiu would also add another fiscal law to the 33.038 owners of liquor stores (1872). Unpopular and bad for business, the new measure that imposed the need to own a licence for alcoholic beverages contributed both to the increase of the taxes owned to the state and to the significant reduction of liquor stores.

Keywords: alcohol, tax, license, conservatives.

Adopted for the first time in 1867, the law on the taxation of spirits did not produce, more than 5 years after its adoption, the results expected by the legislator. Taxable product by definition, alcohol of all types required new forms of excise to ultimately contribute to a significant income to the general government budget. The solution identified by Petre Mavrogheni in 1872 consisted in "*imposing the trade in spirits with a special tax corresponding to the license, which we find in*

¹ The present study is part of the doctor degree research project: *The Conservative Government (1871-1876)*, carried out between 2015 and 2018, within the Doctoral School of Social and Human Sciences of the University of Craiova.

other states" (A.N.R., d. 515: 329). The introduction of the license aimed, along with the objective of halting fraud, for two concrete advantages: the first, obviously fiscal, and the second, moral by trying to reduce the number of establishments engaged in the trade of alcohol (A.N.R., d. 515: 329).

The calculation on which the Minister of Finance was basing upon was an elementary one. In Romania in 1873 there were no less than 33,078 establishments selling alcoholic beverages. If in 8255 of these, the sale of alcohol was made in addition to the trade in other articles, 29,823 served exclusively on the sale of spirits². Conscious that the new tax could not affect the reduction in alcohol consumption, Petre Mavrogheni expected a considerable decrease in the number of establishments (A.N.R., d. 565: 5v). By establishing the license, the Minister of Finance estimated an annual income of at least 6 million and a half lei (A.N.R., d. 515: 329v).

Far from appealing to everyone, the draft of the license has sparked many animosities in the epoch. The protest signed by 506 producers, factory owners and consumers of alcoholic beverages in Ploiești and Prahova County was joined by the opposition press that spoke about the decrease, the degeneration and the killing of the Romanian peasants, who viewed the measure of imposing the license as an abuse to the freedom of trade and solicited the immediate abandonment of the initiative (A.N.R., d. 515: 392-394).

Exposed to the Assembly of Deputies on February 6, 1873 (Official Monitor of Romania, 1873: 191-192), the draft law on the licensing of beverage traders contained information on the conditions of obtaining it and the annual price of the license. In the 24 component articles of the draft law, the fines regime and the collecting of the money were also specified (Official Monitor of Romania, 1873: 192). Subjected to the vote, the draft law won 64 votes in favor and 26 against (Official Monitor of Romania, 1873: 200). The suspense would be extended until February 7, when individual articles were debated and, ultimately, the large majority gave its approval for the law to pass. Although several amendments were being discussed, in the end they were rejected because the project promoters were gravitating around the opportunity and effectiveness of the form presented. At times the debate had demagogic accents. For the various malicious allegations about the lack of mandate of the Deputies' Assembly on morality (Official Monitor of Romania, 1873: 202) responded Mihail Kogalniceanu who, beyond the unconditional support

² 9709 were in towns, 16709 in villages, and 3202 inns and pubs were situated near the roads.

of the bill, underlined the moral dimension of the law which, in the opinion of the future Foreign Minister was, "*the establishment of the necessary means to escape a large part of the rural population from a plague that eats away the village people*" (Official Monitor of Romania, 1873: 208).

Necessary in the perspective of budget collections, the bill contained a controversial article that would exclude those who could not prove that they were communal voters in one of Romania's parishes from acquiring the license³. The rationality of the article was no less than the removal of Jews from the alcohol trade. Although vehemently challenged by the fact that it "*offends the most sacred rights, the right of trade freedom*" and because "*it is a barbarous law [...] and would embarrass us before the whole of Europe*" (Official Monitor of Romania, 1873: 208), the article was voted in the proposed form by the Committee of Delegates. In addition to the situation created, all those who did not fulfill one or more of the conditions of the cited article were invited to regulate their position until 23 April 1874 (Article 24). By voting, the law was adopted by a majority of 60 votes out of 72 votes.

Convinced that the law will produce the expected financial effects and that the unaltered preservation of the form advanced by the Assembly of Deputies will, in time, "*bring salutary effects to the morals of the agricultural population*" (A.N.R., f. 565: 51v), the senators voted the law without any changes at the meeting from 19 February 1873, with a majority of 31 votes against seven and with 4 representatives of the Senate abstaining from voting (A.N.R., f. 565: 55).

In regards to the application of the law, it must be said that this issue has led to the arising of certain situations, though easily anticipated. Both traders and authorities have encountered difficulties but, in varying degrees and sometimes beyond the law, they have managed to overcome them. The activity of charging the license required an additional effort from the governmental agents in the territory, which is why, without being an isolated case, the Municipal Councils often demanded 2% of the amount of fees charged in the commune's interest (A.N.R., f. 72/1875: 6, 8, 150). Invariably, the government rejected such requests as the income of the licenses was allocated to cover the required interest and budgetary charges, the tax being unable to compensate the perceptors or communes (A.N.R., f. 72/1875: 18, 27).

³ Article 8 "[...] *In rural villages, hamlets, isolated taverns or on the roads, alcohol debtors must be enrolled as communal voters in one of the parishes of Romania*".

Although the legal dispositions did not leave room for interpretation, the government agents in the territory applied selectively and, often, they abused the authority they had in most of the counties of the country. Thus, the Romanian debtors, licensed for a certain level of tax, were overtaxed (A.N.R., f. 72/1875: 33; f. 49/1876: 69), arrested or rejected in what appeared to be suspicious circumstances, while others had their taverns closed, "sealed" (A.N.R., f. 72/1875: 54, 75, 79, 99; f. 49/1876: 4) or suffered abuses. The zeal of some of the mayors and sub-prefects went even further. Without relying on the dispositions of the law, they prevented authorized innkeepers to trade, choosing to "open the pubs for the profit of the commune" (A.N.R., f. 72/1875: 135).

Not only the Romanian traders were abused. Foreign subjects, especially Jews and Greeks, also endured the whims of the authorities, this time legalized and reinforced by the laws in force. Articles 8 of the Licensing Law and 108 of the Law of Rural Police (C. Hamangiu, 1903: 1516) provided the authorities with the necessary tools to banish, blackmail, and extirpate all non-Romanians in rural areas. Excluded from right to possess this license in the villages of Romania, the Jews and Greeks were paradoxically tolerated in many rural communes, and the government often sparked confusion and perplexity among mayors and prefects willing to apply the law in its spirit and letter (A.N.R., f. 72/1875: 37-39, 61, 72, 83-84, 98, 133; f. 49/1876: 59, 65). The situation can be explained by the pressures exerted by the Austro-Hungarian and Greek consuls accredited in Romania (A.N.R., f. 72/1875: 101, 130). Exposed to the prejudices of the population (A.N.R., f. 72/1875: 10), to the local authorities and some of the Romanian newspapers, the Jews in particular stirred animosities in the rural area, which can be explained but without excusing, the constraints exercised in order to make them change their domicile even if they weren't involved in the alcohol trade (A.N.R., f. 72/1875: 101, 121, 128).

Through a capable and predictable bureaucracy, state officials were discharging themselves, withdrew their issued orders, discredited the litigants, or in many cases refused any direct involvement (A.N.R., f. 72/1875: 32, 52, 71, 96, 97, 134). Paradoxically, the officers' complicity was not universal. With honesty or following an immediate interest, numerous denunciations were made that were forwarded to the Ministry of Interior. The denunciations were diverse. Among these, the negligence in service and the overcoming of legal powers (A.N.R., f. 72/1875: 35, 108, 144-145, 29) were the most common. By delays and delays, the officials who exceeded their mandate were eventually exonerated from their sanctions.

The license law survived the government that implemented it. Modified in 1876 (A.N.R., f. 593: 315), during the I.C. Brătianu cabinet, in order to reduce the amount of fees and some of the sanctions applicable to the offenders (A.N.R., f. 593: 317v), the license was maintained as the income that it secured for the public treasury could not be neglected. The experience of the years 1874, 1875 and 1876 confirmed Petre Mavrogheni's forecasts. The forecasts were right and income received was even higher than expected (A.N.R., f. 614: 456v). The number of establishments also declined considerably, and even if general alcohol consumption in the country did not make a noticeable decrease, in the three years of maintaining an average of over 90 million liters of alcohol consumed (A.N.R., f. 614: 456v), the law, although unpopular and regularly contested, has proved its usefulness and financial efficiency, and has been preserved by all the governments that succeeded the conservative cabinet led by Lascăr Catargiu (1871-1876).

References

New Sources:

1. A.N.R. [National Archives of Romania]. Fund: Ministry of Interior, the Administrative Division. (1876-1876).
2. A.N.R. Fund: the Parliament. (1872-1876).
3. A.N.R. Fund: the Senate. (1873-1876).

Edit Sources:

4. *Monitorul Oficial al României* [Official Monitor of Romania]. (1873-1874).
5. *Ghimpele* (1873).
6. *Pressa*. (1872-1873).
7. *Românul*. (1872-1873).

General Works:

8. Bacalbaşa, C. (2014). *Bucureştii de altă dată, 1871-1877*, vol. I, ediția II [The Bucharests from other times, 1871-1871]. Bucureşti: Humanitas Publishing House.
9. Damean, S.L. (2016). *Carol I al României un monarh devotat* [Carol I of Romania a devoted monarch]. Târgoviște: Cetatea de Scaun Publishing House.
10. Damean, S.L. (2000). *Carol I al României 1866-1881* [Carol I of Romania 1866-1881]. Bucharest: Paideia Publishing House.
11. Hitchins, K. (2003). *România 1866-1947* [Romania 1866-1947]. Bucharest: Humanitas Publishing House.

12. Nicolescu, G.D. (1903). *Parlamentul Român, 1866-1901* [*The Romanian Parliament, 1866-1901*]. Bucharest: I.V. Socecu Publishing House.
13. Rosetti, R. (2013). *Amintiri – Ce am auzit de la alții, din copilărie, din prima tinerețe* [*Memories – what I have heard from others during my childhood, during my youth*]. Bucharest: Humanitas Publishing House.
14. ***. (2003). *Istoria Românilor*, vol. VII, tom I, *Constituirea României Moderne (1821-1878)* [*The history of Romanians, vol. VII. Tom I, The constitution of Modern Romania*]. Bucharest: Encyclopedic Publishing House.

Special Works:

1. Iordache, A. (1999). *Originile și constituirea Partidului Conservator din România* [*The origins and the constitution of the Conservative Party of Romania*]. Bucharest: Paideia Publishing House.
2. Iordache, A. (1991). *Sub zodia Strousberg* [*Under Strousberg zodiac*]. Bucharest: Globus Publishing House.
3. Stan, A. (1979). *Grupări și curente politice în România între Unire și Independentă* [*Groups and political streams in Romania between the Union and the Independency*]. Bucharest: Științifică și Enciclopedică Publishing House.

Encyclopedias, Dictionaries, Correspondence, Memoirs and Working Instruments:

4. Alexandrescu, I., Mamina, I., Bulei, I. & Scurtu, I. (2010). *Partidele politice din România 1862-1994. Enciclopedie* [*Political parties from Romania 1862- 1994. Encyclopedia*]. Iași: Tipo Moldova Publishing House.
5. Mamina, I. & Bulei, I. (1994). *Guverne și guvernanți 1866-1916* [*Governs and Governors 1866-1916*]. Bucharest: Silex Publishing House.
6. (1993). *Memoriile Regelui Carol I al României de un martor ocular*, vol. II, 1869-1875, Stelian Neagoe edition [*The memories of King Carol I of Romania by an eye witness*]. Bucharest: Scripta Publishing House.
7. (1909). *Regele Carol I al României Cuvântări și Scrisori*, tomul I (1866-1877) [*King Carol I of Romania. Speeches and letters*]. Bucharest, The Institute of Graphic Arts „Carol Gobl“.
8. (1897). *1866-1896. Trei-deci de ani din domnia Regelui Carol I. Cuvântări și acte* [1866-1896. *Thirty years of king Carol I's reign. Speeches and documents*]. The Romanian Academy Edition. Bucharest: The Institute of Graphic Arts „Carol Gobl“.
9. ***. (1986). *Din tezaurul arhivistic craiovean. Prefectura Județului Dolj 1865-1878*, vol. II. *Inventar arhivistic* [*From Craiova's treasure archive. The Prefecture of Dolj County 1865 – 1878, vol. II. Archive inventory*]. Bucharest: I.P. „13 Decembrie 1918”.

10. ***. (1983). *Istoria Parlamentului și a vieții parlamentare din România până la 1918* [*The History of Parliament and the Parliamentary life in Romania until 1918*]. Bucharest: The Academy of the Socialist Republic of Romania Publishing House.