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# "THE ECONOMIC REVIEW" IN THE SERVICE OF PROMOTING SUBJECTS RELATING TO ECONOMICS AMONG THE ROMANIAN PUBLIC

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***Abstract:*** *Throughout its early years, „Revista Economică" (the "Economic Review") served as an acknowledged advisor to Romanian business and financial circles, disseminating the expertise and experiences of individuals who focused solely on economic research. Initially, without omitting the problems of agriculture, the program for spreading economic knowledge was primarily focused on financial and accounting issues. Since „Revista Economică" (the "Economic Review") was solely funded by the Romanian banks in Transylvania, its original goal was to serve their interests. This aspect was highlighted by the development of the themes it addressed and the implementation of its original program. Nevertheless, it recognized the interdependencies between financial institutions and was not restricted to handling banking matters in the traditional sense of the word. In time, "The Economic Review" broadened both its field of activity and the thematic approached, dealing with topics related to all branches of Romanian life and activity.*

***Keywords:*** *banking system, banking policy, bank reform, life insurance, insurance premiums and reserves, promissory notes, land deeds, effects score, public effects, accounting*

## 1.Introduction

By publishing educational materials in the areas of accounting, insurance, finance, banking organization, etc., the editorial staff of „Revista Economică" (the "Economic Review") provided strong support for the leaders of Transylvania in their increased efforts to disseminate and systematize economic knowledge among the Romanian population at the end of the 19th and the beginning of the 20th centuries. Having developed into a legitimate economic school with the most well-known economists of the day among its members (Cornel Diaconovici, Ioan I. Lapedatu, Partenie Cosma, Popp Constantin, Vasile C. Osvadă, Romul Simu, Ioan Vecerdea, etc.), the "Economic Review" essentially attempted to fill the gap in the demands of the Romanian public and experts for economic literature.

Prior to the publication of „Revista Economică" (the "Economic Review") in 1899, the only Romanian organization in Transylvania that focused on the advancement of economics didactic literature was the small group of economic science professors at the Commercial School in Braşov. During the aforementioned period, the teaching staff of that educational establishment stepped up their efforts to create textbooks and treatises on theoretical political economy and concrete economics for use in high schools, seminaries, pedagogical schools, and specialized schools with an economic profile.

The textbooks and treatises on political economy, accounting, trade, commodity science and others could not satisfy the needs of Transylvanian Romanians for such specialised literature. Works with a practical and educational nature that could serve as a guide for economic activities, particularly those involving finance and banking, were still in short supply. The officials of Romanian banks, who lacked education and training in specialized schools in the banking and financial industry, essentially needed specialized books.

The series of contributions to the development of economic disciplines, published in "Revista Economică" (the "Economic Review"), began, perhaps predictably, with two publications on improving banking administration, procedures, and policies and life insurance, two fields of literature that were not widely available to the Romanian public.

In the early 1900s, the Transylvanian Romanians had already established a fairly developed banking system. They did not, however, have insurance banks. Actually, the general public did not even know much about the field. It had to be made known and practiced precisely for the advantages it created for all economic agents. Although they had a fairly large number of banks, the Romanians still administered them empirically. This was one of the factors that hindered the progress of Romanian banks in Transylvania.

Through its most valuable collaborators, "Revista Economică" (the "Economic Review"), which was established to mediate financial and banking advancement, produced specialized works in economic disciplines that were lacking among those working in the banking and financial systems. These disciplines included public effects, accounting, insurance theory, banking technique and administration, the role of the National Bank of Austria-Hungary as the Central Bank, and more.

## 2. The issue of insurance

**The Theory of Life Insurance**, by Ioan I. Lapedatu, is the first major work published in „Revista Economică" (the "Economic Review"), in 1900.

In the last years of the nineteenth century, the author noted, Romanians were starting to learn more about life insurance, which had long been common in economically developed countries. However, many people were still wary of and even afraid of that type of insurance, especially because even the intelligentsia were unaware of the structure of insurance companies or the methods used to calculate and operate such insurance. In the author's opinion, the insurance companies were also partially to blame for the lack of explicit and thorough advertising of life insurance.

The author felt it was indeed appropriate to present the calculations that applied to life insurance in multiple chapters because Romanians were generally unaware of the way insurance was indeed calculated.

According to the author, one must be persuaded that knowing the life expectancy of the individuals who come to insure themselves was vital to satisfying both contractual parties in any life insurance case. Even though that depended on the capriciousness of Providence, it appeared to be an insurmountable barrier to determining life insurance. Nevertheless, an effort was made to identify a way to get around that barrier and make the insurance calculations in such a way as, even if they did not exactly match mathematically, they would at least be close to reality.

Ioan I. Lapedatu - after having outlined in general terms the method of calculating premiums and reserves for life insurance - included tables with premiums, calculated for different cases and different ages, which could be easily understood by insurers.

"It should be noted, however, that the premiums in these tables, which are used in practice, will not correspond to the mathematical premiums, but the former will always be somewhat higher, because the institute adds 2-3 percent as administration expenses, etc. The Institute is justified in this addition, since it serves as an insurer, and even as an insurer worthy of great trust, constitutes a great benefit for people who choose insurances." (Lapedatu, 1900:47)

Because it served as the foundation for banking operations, the author argued that employees had to be knowledgeable about the mathematical theory of insurance. Not just that, though. Understanding insurance laws was also essential because different statutes and regulations could only be created within their bounds.

The author concluded his work by writing that, despite their long history, life insurance institutions could still be considered modern institutions because only recently had their importance and enormous benefits come to light. Their importance was increasingly recognized, particularly in that period of time, when industrial occupations were growing in number. Every day, the number of insurance institutes rose in all prosperous nations. The author pointed out that, even though they were civil servants with pension rights, Englishmen, Germans, Danes, Belgians, and Dutchmen wanted to protect their future and their families' futures. Furthermore, as it happened in the case of Germany, thoughtful lawmakers were considering making insurance mandatory in certain situations. As a result, life insurance companies were expected to play a significant role in the near future.

Lapedatu also suggested that, in his homeland, insurance institutes had found quite fertile ground. Although there were many well-established, long-standing institutions that provided adequate guarantees, the majority of them were foreign, particularly American or English institutions. However, at that moment, there was still a shortage of such institutions in Romania." (Lapedatu, 1900:48)

Ioan L. Lapedatu spearheaded a genuine effort to persuade the Romanians to set up their own insurance companies as soon as possible. Because of their desire to work in Romanian banks and other newly emerging Romanian institutions, as well as their growing interest in industrial and commercial jobs, Romanians needed to insure themselves against illnesses, accidents, and death. Ioan I. Lapedatu foresaw that the start would be challenging. Only after twelve years, and at the author's insistence, did the Romanians manage to develop an interest in an insurance company: the "**General Insurance Bank**."

As a student in Budapest, I.I. Lapedatu specifically attended the Insurance Mathematics classes taught by the renowned math professor Gustav Schöltz, as shown in his work "**Theory of Insurance on Life**."

"I attended one of his most focused seminars. My diligence was appreciated by G. Schöltz, an actuary at a major insurance company. He was a huge help to me. That year, I also wrote a study on the mathematics of life insurance, which I sent to Sibiu's „Revista Economică" (the "Economic Review"), an organ of Romanian banks that was issued under Diaconovici's direction. I believe the study was well received [...] as it was published in several consecutive issues. Diaconovici, who on his way to Budapest tried to get to know me, confirmed this and urged me to continue the collaboration. That study, in an extended form, appeared under the title "Theory of Life", as the first textbook of its kind in our country, that of the Romanians in Transylvania, in 1902, in the Ciurcu et. Co. Publishing House." (Lapedatu, 1898: 94-95). The issue of insurance and the organization of institutions in the field remained a constant concern for Romanian economists.

### 3. **Issues relating to the reform of banks**

It had been nearly 30 years since the first Romanian bank, "Albina," was founded in Sibiu, in 1872. In 1900, the Transylvanian Romanians owned more than 80 financial institutions, managed roughly 50 million crowns of foreign funds, and had their own wealth of nearly 15 million crowns. It became apparent to the Romanian bank leaders that their institutions were growing haphazardly, anarchically, without a plan, and without any scientific support. They realized that the growth in the number of Romanian banks no longer signified advancement for the future of their financial organization. After a while, the foundations current had to give way to a consolidation current.

The discussions regarding the imminence of the reform and the clarification of its issues lasted for approximately 3 years. Romanians had no economic schools, no financial teaching institutes, no professors in the field. It wasn't until after 1900 that bank officials, with more advanced degrees in economics, began make their presence felt, though still sporadically.

Cornel Diaconovici, who started the banking reform in Romania, wrote a book entitled "Problems of Bank Reform" to compensate for the lack of government-issued manuals, schools, and instructions. It can be thought of as a sort of manual, guide, or brief treatise that synthesized methods and means so that the greatest possible results could be obtained with the least amount of sacrifice. The work "Problems of Bank Reform" synthesized issues related to banking technique, management, and policy. It was a synthetic work, issued in 1901 by the Publishing House of the Delegation of Romanian Banks in a separate volume. Despite having only 102 pages, it was remarkably consistent.

Cornel Diaconovici did not offer a comprehensive analysis of the issues surrounding bank reform or development of comprehensive plans to improve a complex and sizable organization that would include the Romanian banks. He limited his investigation to identifying, based on credible studies and research, the flaws in the Romanian Transylvanian financial system that, at the time, might have endangered the continued existence or the sound growth of banks, as well as the interests of the Romanian people as a whole, while looking for suitable methods and tools to eliminate and correct problems.

"The primary flaws in the current structure of financial institutions, including the Romanian ones, have been grouped into two administrative and control categories in the course of the discussions that have been taking place on that topic for approximately two years, both in general financial circles overseas and particularly in Romania's leading circles. The former encompasses the absence of mobile capital, while the latter focuses on the shortage of technical and control apparatus." (Diaconovici, 1901: 102)

Given their position within the Austro-Hungarian Empire, the author of "Problems of bank reform" suggested that the Transylvanian Romanians were called to action and had to address the shortcomings in the banking system using their own authority. The implementation of reforms was expected to be straightforward. One was not supposed to expect the regulation of the bank reform through the provisions of the legislature or those of large financial institutions; instead, the appeal was to inaugurate a social-autonomous action through which banks were to provide their own guarantees of existence and development. According to rational economy, which required that the greatest results had to be achieved with the fewest sacrifices, the guiding principle was that of safeguarding the future rather than short-term interests.

The main problem of bank administration - said Cornel Diaconovici -„was that of solvency, meaning that banks had to avoid being, even temporarily, in a situation of ceasing their payments. In their administration, banks had to take care that active businesses were always sized according to passive businesses. The bank run the risk of appearing to be insolvent if the natural relationship between assets and liabilities was ignored, as evidenced by the imbalances occurring between them. During that period, Romanian banks faced significant challenges, one of which was the mobilization of managed capital. Their liabilities were primarily mobile, but their assets or receivables were immobile, which generated significant issues.

Since Romanian banks were deposit banks, the public's confidence in their solvency had to be unwavering and total because "only complete confidence that the depositor will receive his savings unconditionally as soon as he needs them will be able to persuade him not to keep them unproductive for a single moment, but to deposit them where he knows they are completely safe and productively placed." (Diaconovici ,1901: 125-126)

Therefore, banks had to set up their operations to provide all the assurances depositors needed in relation to the security and freedom of their money. Therefore, they had to conduct mobile business, which could be instantly turned into cash when needed.

These companies were mostly pawnshops and discount stores. For the bank to remain solvent, however, the investment of deposits in short-term ventures needs to be complemented by other assets, such as rediscount enterprises, cash on hand, and adequate reserves of public effects. A good idea was considered that of having longer payment terms.

Banks managed and used **foreign capital**, but their businesses - explained Cornel Diaconovici – had to be based primarily on their own capital and reserves, and the size had to be proportionate to the risks.

Romanian banks, Cornel Diaconovici stated, were discount banks, but despite that, discount could not be the most appropriate form for satisfying the credit needs of the Romanian population, since Romania was predominantly an agrarian country.

„In addition to being too inexperienced in the economic and financial sphere to be able to use this type of credit with enough expertise and regularity, Romania was seen primarily as an agricultural component, lacking trade and industry, which was able to use productive credit, typically only for agricultural investments that had long-term amortization and did not pay off right away. " (Diaconovici ,1901: 149)

Cornel Diaconovici believed it would have been more suitable for Romanian banks to offer mortgage loans backed by financial documents because Romanians were still an agricultural people. But in that case, a contradiction arose because bank deposits were mobile. However, by giving the big organizations that handled land deed issuance on their mortgage claims, the small banks could reconcile the contradiction. As a result, by assigning mortgage loans, small banks, such as the Romanian ones, could have mobilized a significant portion of the foreign capital placed in long-term loans and converted that significant share into loans for promissory notes, which, by their very nature, complied with the requirements of the promissory note law and the promissory note's nature. That would have allowed the Romanian banks to maintain a substantial reserve of bills of exchange and would have also significantly reduced the rediscount, which had become risky for them.

Cornel Diaconovici asserted that the reserves of bills of exchange constituted a completely secure resource that could be utilized during emergencies. Nonetheless, it was important to remember that Romanian banks were not speculative, so their reserve of bills of exchange could only be as much as the national average. The establishment of the bill stock was seen as a sign of the bank's stability and as an easily realizable mobile reserve.

Real estate was considered the most immovable capital investment. It was not recommended to purchase real estate for speculative purposes. Only those that secured endangered claims could be purchased and only if an absolute necessity arose.

According to C. Diaconovici, advertising was a tool used by both the public and the shareholders in order to exert control. In the materials he published, the author brought attention to the need to avoid portraying the situation of a bank only in a positive light because the truth would still be revealed, permanently damaging the bank management's reputation with depositors, shareholders, and the general public.

With reference to the control exerted by expert auditors, C. Diaconovici believed that it should not be considered as an imposition of external control, since it did not violate the autonomy of banks, and its results were discreet and communicated only to the management of the bank being audited.

Regarding personnel policy, the author of "Problems of Bank Reform" suggested, in a special chapter entitled "Civil Servants", some ways to improve living, intellectual, and professional standards, so as the general standards at the time would be met. He demonstrated how teachers and priests served as the first civil servants in Romanian banks, while lawyers and those without advanced degrees served as managers. There was still a shortage of qualified personnel at the turn of the century. C. Diaconovici suggested the idea of offering practical qualification courses to current employees and gradually replacing the unqualified civil servants with qualified employees. The author also argued that it was not advisable to hire new civil servants unless they possessed the required qualifications and the economic training for managerial roles. Raising salaries would improve the standard of living. It was considered advisable that bank civil servants should be well paid and also benefit from insurance from insurance companies, to cover accidents and other benefits, such as old age pensions.

"In order to raise the intellectual level of bank officials and to create a well-qualified staff for the administration and management of banks in the future, they will insist on the establishment of a practical course, through which technical personnel will prepare themselves specifically for banking business and, as far as the available means are concerned, they will prefer candidates with academic qualifications for the management positions." ( Diaconovici, 1901:210)

The reform put forth by Cornel Diaconovici needed the free acceptance of individual banks in order to succeed. However, the banks could only support the reform if they banded together to secure their future in accordance with the solidarity principle, which gave each bank rights and responsibilities by establishing mutual guarantees that they would support the consolidation of the organization. Using the following formula, Cornel Diaconovici suggested that the reform be approved at the Conference of Romanian Banks, which was scheduled to take place soon after the "Problems of Bank Reform" emerged:

"The Romanian banks should associate for the consolidation of their organization, which will carry out the reforms established, through the Conference of Bank Directors; they should declare solidarity and in case of need, will give each other all possible assistance to ensure their existence and future. At the same time, they will prefer each other in their business relations and will reserve the available means primarily for their own needs." (Diaconovici, 1901:218)

Cornel Diaconovici, the director and editor of the "Economic Magazine," was primarily responsible for formulating the principles and strategy for the reform of Romanian banks, according to Ioan I. Lapedatu. Primarily motivated by his awareness of the needs financial organizations had, he was among the first to propose the slogan of consolidation. Every positive, contemporary idea that was energizing the world was seized at the perfect time and skilfully and delicately tailored to the particular needs of Romanian banks.

The lengthy collection of articles on the issues surrounding bank reform is arguably one of the best pieces of banking literature ever produced by Romanians worldwide. The principles outlined in those articles served as the foundation for previous Romanian bank conferences and works, and continued to be the most crucial tenets that guaranteed the survival of Romanian financial institutions. And, regarding the merit of the "Economic Review", the same Ioan I. Lapedatu said that even if it had limited itself only to publishing issues related to the reforms of Romanian banks, it would still have fully deserved its existence.

**4. Accounting**

Issues relating to bank accounting accuracy and accounting discipline were permanently reflected in the pages of „Revista Economică" (the "Economic Review"). The editorial staff published numerous articles on the need to introduce a single accounting system in Romanian banks. This requirement was recorded as one of the tasks included in the agendas of expert auditors in the case of conducting bank audits. The accuracy and consistency of accounting balance sheets, their representation of reality, and the "Profit and Loss" account were the subject of numerous articles.

The work entitled "*The fundamental principles of double-entry accounting*" can be considered one of the most illustrative contributions in the field of accounting science that was published in Romania up at that time. Originally issued in "Revista Economică" (the "Economic Review"), no. 45-49, the study was published by Ioan I. Lapedatu under the title "Studii de contabilitate" (Studies in accounting) in Sibiu, at Tiparul Tipografiei Archidiecesane, 1904. In the introduction, the author aimed to clarify, to the best of his ability, a much-discussed and controversial issue in foreign specialized literature, namely: the fundamental principles of double-entry accounting.

The author warned that "Although accounting literature has a history of hundreds of years, specialists began to deal more seriously with the issue of its fundamental principles only in the second half of the last century. This time coincides with the era when commercial education began to be given more importance by educators, when teachers were required not only to have knowledge of accounting, but also methodology and pedagogy." (Lapedatu,1904: 234)

Lapedatu argued that There had been many discussions among theorists regarding double-entry accounting because every position (amount, commercial item) was recorded and entered twice in the ledger or master's registers: once in the debit of one account and again in the credit of another account. That meant that whenever there was a debtor, there was also a creditor, and vice versa. Attempts were made to demonstrate the reasoning behind that type of entry in the registers.

"Some have seen in this circumstance a legal affair; others - also starting from here - reduced the entire double-entry accounting system to a perfect mathematical equation. And measured by these divergent opinions, two theories were established, essentially different from each other. The former grouped themselves around the so-called personalist theory, the latter founded the materialist or mathematical theory." (Lapedatu,1904: 378-379)

The personalist theory, whose supporters were mainly the Italians and the French, had long prevailed in double-entry accounting.

That theory, the author maintained, reduced every change in wealth for which double-entry accounting is applied to a legal transaction involving two or more people, necessitating the personification of each account. Therefore, the cash account was considered simply the warehouseman's merchandise account, or the cashier's account. A general rule was developed because every time wealth changed, one person gave and another received, and the value of the exchanged wealth, expressed in the respective currency was recorded (registered) twice: once in the credit of one account and once in the debit of another: "**the one who receives is the debtor, so his account must be debited, and the one who gives is the creditor and his account will be credited.**"

**Mathematical theory**.

Mathematical theory was presented by the author as a more recent theory, which was introduced in schools only towards the end of the 19th century.

"This theory only records the increases, decreases, or diminutions of a fortune brought about by these changes; it does not reduce to legal transactions the changes that take place or are obtained in a fortune, about which double-entry accounting is kept. He will discover, by monitoring these changes, that they follow the laws of mathematical equations and that the double-entry accounting system as a whole is based on such equations."(Lapedatu , 1904: 8)

Mathematical theory, said Ioan I. Lapedatu, could only be applied to double-entry accounting, not to simple accounting. In the simple-entry accounting registers, records were kept of all parts of a person's active and passive assets; however, no records were kept of the difference between these assets and liabilities, that is, of net assets or capital. The result, in that case, was obtained only from the difference between assets and liabilities.

In "The Fundamental Principles of Double-Entry Accounting", the author brought to the attention of those interested in the discipline of accounting the theories of two main representatives of the mathematical method: F. Hügli and G.D. Augsburg, whose opinions largely corresponded, but between which there were also differences in the way they explained the nature of the group of accounts and current assets.

Although Ioan I. Lapedatu believed that the fundamental principles of double-entry accounting could be fully understood and explained only with the help of mathematical theory, he nevertheless admitted that it could be used in school only after the students had mastered the accounting technique. Therefore, for the introduction to accounting it was good to use the personalist theory and only in those cases when that theory could not be proven, the explanations of the mathematical theory had to be applied. However, as pointed out by Lapedatu, after the students had learnt the principles of accounting, they had to be informed on the defects of the personalist theory and carefully introduced to the only way that could clarify the fundamental principles of accounting: the **mathematical theory**.

**5. Works from the specialized literature in the banking field published in the "Economic Review"**

Upon his return to his native country, Ioan I. Lapedatu, a recent University of Budapest graduate, immediately became involved with the banking system and those who made efforts to bring Romanian banks up to European standards through significant reform. He came to understand, though, that working in the banking industry was not enough; he also needed to help spread economic knowledge and create specialized works that were in line with the level of expertise of the bank officials in the Romanian financial system. Along with disseminating knowledge about accounting and insurance, he also developed several works on banking and finance, which he initially published in the "Economic Review" and then printed in separate volumes, in order to allow for a wider distribution among the readers of such literature. One of the books with the help of which the editorial staff brought important clarifications for those who dealt with banking was entitled: "Public Effects". It was published in "Revista Economică" (The Economic Magazine), no. 15-19, from 1905, then printed, the same year in Sibiu, at the Tiparul Tipografiei Archidiecesane.

Ioan I. Lapedatu pointed out that the introduction of money into peoples' economic lives and the circulation of goods evolved in a surprisingly long way. The concurrent growth of the money and goods circulation, however, created a situation where money was no longer enough to meet the enormous demands of circulation, necessitating the search for alternative means and expedients. Credit allowed bills of exchange, paper money, banknotes, and checks to successfully replace money. They could be used as payment methods because bills of exchange, paper money, banknotes, checks, etc., represented specific economic values. They were referred to as ideal values, or simply securities, in contrast to real values, or values that had intrinsic value.

However, as Ioan I. Lapedatu explained, at a certain point, neither credit nor the securities of the aforementioned type were adequate. Instead, there were other securities based on credit that represented economic values. However, those were not used as direct means of payment. On the other hand, those securities were more in line with real values, being objects of purchase and sale with prices that fluctuated and changed like the prices of other exchange values. According to the author, securities had unique characteristics, which made them a distinct group of the utmost importance in financial and economic life worldwide. According to the author, it was challenging to provide a definition of securities at that time.

"In the commercial world, however, securities are understood only as those that arise from the financial needs of circulation. In this sense, securities are also called public effects. " (Lapedatu, 1905: 4) From the perspective of origin and provenance, they fell into two major categories, fundamentally distinct from one another: bonds and shares. The bond was defined as the legal relationship between a creditor and a debtor. The creditor provided the funds and obtained the bond, while the debtor issued the bond and got the loan amounts. Therefore, the sums that creditors landed to debtors, or bond issuers, were the source of the economic values that the bond represented.

On the other hand, shares were defined as a portion the assets belonging to an economic enterprise rather than sums of money that have been loaned to either public or private institutions or to businesses. Therefore, the owner of a share was not the creditor of an enterprise, but rather, he a co-owner who was legally entitled to certain rights regarding the management and control of the business, as well as a dividend, which is a portion of the income.

Explaining the concept of share in banking terms, the author wrote: "A share in the proper sense is nothing more than a part of the corporate capital of an enterprise established as a joint-stock company. However, this capital [...] is not a loan granted to the company and the shareholders are not its creditors, they, we could say, are owners, but owners only in idea, because in fact, in the sense of the law, the company is independent. The capital belongs to the company and it is obligated to a third party, not the shareholders. The liability of the shareholders is limited. They guarantee only up to the value of their share. But although the company is independent, the law also reserves certain rights to the shareholders, especially with regard to the management and control of the company. Of course, the most important favour granted to them by law is that they can dispose of the company's profit, as long as there is a profit, and they can distribute it among themselves in parts proportional to the value of their shares, parts that are called dividends." (Lapedatu , 1905:117)

Following an explanation of the economic evolution from the earliest days of money circulation to the emergence of credit and securities known as public effects, the author proceeded to the discussion of state loans and the factors that made them necessary. According to the author, the budget preliminaries under the expense heading could not coincide with reality, therefore the State might demand ever greater expenses. Thus, very expensive headings for budgets appeared: railways, navigation channels, warehouses, instalments to be paid on previous loans, etc. The increase in spending forced the state to resort to loans. State loans, in the author's opinion, could take different forms. The state could issue bonds, which, in turn, were nominal or bearer. The issues could be direct or indirect. The indirect ones could be made through bankers and large banks that formed a consortium or syndicate. Not only merchants and bankers, but also small businessmen were presented as being interested in state loans.

An important form of loans were the non-amortizing ones. Those were „ described as loans, to which the state committed itself to its creditors only with certain annual interests. Since the creditors received those interests from the state permanently, just like an annuity, loans of that nature were known in practical life simply as an annuity. Lapedatu pointed out that annuities formed the permanent or perpetual debt of the state." (Lapedatu, 1905:16-17). Annuity securities were described as being either nominal or bearer. The author also discussed a second main group of consolidated state debts, i.e. the amortizable loans. For those loans, bonds were usually issued, which the state undertook to amortize, to pay over a period of time, more or less distant. Not all bonds, said the author, brought fixed interest. Thus, bonds were of two types: interest-bearing and interest-free. Those were redeemed by the state at a higher price and were called premium bonds. In addition to public effects, other effects had been introduced into commercial circulation, originating from the issues of various public and private institutions. From that category, the author discussed, in the material published in the "Economic Review", land deeds, communal obligations, shares, lottery tickets, etc.

**Land deeds.** The author of the work entitled "Public Effects" paid significant attention to land deeds, considering them of great importance in Transylvania, a region in a predominantly agrarian country, where the circulation of bills of exchange was restricted, but where mortgage loans had a relatively large share compared to industrial areas. "The big banks", wrote the Transylvanian economist, "but in the first place the land credit institutes, based on the loans they grant to the owners of land and real estate, and also based on the rights they gain by tabulating, first of all, the lands and real estate that serve as collateral for these loans, issue amortizable bonds with fixed annual interest, bonds that are called, unlike others, land deeds. The question arises why are they issued and what is the meaning of land deeds? Banks and land credit institutes, as a rule, do not have as much equity capital as it is necessary for loans. However, if they need such capital and since the loans granted are of long duration, the money placed in them would remain, for a long time, fixed capital, withdrawn from circulation. These two considerations determine the banks and land credit institutes, for the money they lack for the loans that are required, to address the general public, to take from this loan capital, which they then give to those who need it. It is quite clear, however, that banks and land credit institutions only have an intermediary role between the general public and those in need of loans, and the land deeds themselves are a means for capital to pass from capitalists to land and property owners.

A work that the economist Ioan I. Lapedatu dedicated to explaining in detail the mechanisms of bank operation and banking techniques was entitled: "**Practical Studies of Banking.**" (Lapedatu, 1905:18). To better understand the aforementioned mechanisms and techniques, the author took part, in the winter and spring of 1906, to a documentation and training internship in several large banks in Cluj and Budapest. The results were published under the title "**Practical Banking Studies**" in "Revista Economică" (The Economic Review), no. 12-22 of 1906, and then in a separate volume, in Sibiu, at Tiparul Tipografiei Archidiecesane, also in 1906.

Ioan I. Lapedatu aimed to provide a comprehensive and cohesive explanation of the operations of banks, which was expected to make it easier for readers to grasp the various approaches to bank management. At the same time, the author gave readers useful information about banking matters, information that other writers could use to create systematic works, from a theoretical perspective. During his time at each of the banks he visited, Ioan I. Lapedatu studied every aspect of banking, including deposits, pawnbroker loans, mortgage loans, discounting bills of exchange, and pawnshop currency. He then went on to study house administration, accounting, and finally vocational chancellery. Readers are given a chronological account of everything the author witnessed and experienced. Ioan I. Lapedatu completed his internship in Budapest at the Central Financial Institute, Hozai Bank, Discount Bank, Commercial Bank, and Pesti Hozai. During his three weeks at the Central Mortgage Bank of Credit Institutes in Hungary, he also had the chance to learn more about the workings of a unique mortgage credit institute. Ioan I. Lapedatu, however, had to cancel his study trip because of strikes that crippled Austria-Hungary's economy. Nevertheless, he had enough material to create a work that would be helpful for the practice in the banking and financial industry.

## 6. Conclusions

The merit of the "Economic Review" lies in the fact that it contributed both to the education of the Romanian people by publishing scientific knowledge in various fields, and to the highlighting of the activities and the growth of the role of economic institutions in the life of the Romanian people. The "Economic Review" from Sibiu can be considered a cultural institution, with multiple functions in the economic, cultural, historical and social fields, being an organizational institution put at the service of the institutional development of the Romanian people.

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