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REFLECTIONS ON THE HISTORY OF ROMANIAN FINANCIAL LAW

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Abstract

From the very outset of the present scientific undertaking, it must be emphasized that, given the wealth of information and the inherent complexity of the financial field, concerns related to the development of financial science were — and continue to be — fully justified. A study on the history of the broad domain of financial law allows for a deeper understanding and interpretation of its evolution, the topic being both current and relevant, as the history of financial law is closely connected to the evolution of the State and of the economic system.

Key words: *the history of law, the historical foundations and sources of financial law, periods of transition.*

INTRODUCTION

The dynamism inherent in the field of financial law compels both theorists and practitioners to identify principles and constants capable of mitigating the negative effects that may arise from changes in the relevant legislation. However, we take the view that no viable and objective solutions can be formulated without also considering a historical approach to financial law. For a better understanding of the issues examined herein, it is necessary to define the notion of financial law. Thus, financial law—recognized as a distinct branch of public law—comprises the body of legal norms governing the formation, administration, allocation, use, and supervision of the State’s monetary funds (Costaş, Tofan, 2023, p. 25).

Given the substantive content of the concept of financial law, it becomes evident that its historical examination constitutes a fundamental prerequisite for understanding and deepening the institutional and legal mechanisms of public finance (including those applicable today).

I. HISTORICAL SOURCES SPECIFIC TO FINANCIAL LAW

Among the historical sources of financial law, one must mention the customary rules through which, at an early stage of fiscal development, the contributions owed to the ruler were established (such as *văcăritul* or *cunița*—a levy collected in kind, instituted around the year 1580; *albinăritul*, *vinericiul domnesc*, the “hay bucket,” the “wheat bucket,” etc.) (Cîrmaciu, 2010, p. 103), the customs duties imposed on merchants, as well as various other contributions intended to meet defence-related needs.

In addition to customary law, the *hrisoave*, *urice*, and other normative acts issued by the ruler must also be mentioned, through which exemptions, fiscal relief measures, monopolies, taxes, and other such instruments were established. Gradually, the discipline of financial matters came to bear the imprint of Byzantine influence (in the Romanian principalities, for instance), through the emergence of *pravile* inspired by Byzantine law. These regulated matters pertaining to taxes, various “customs dues,” established the liability of financial officials (*dregători*), and instituted rudimentary fiscal procedural elements, more precisely regarding the collection of domain revenues.

This category of historical sources also includes several codifications from the pre-1848 period, such as: The Legislation of Alexandru Ipsilanti (containing provisions on taxes owed to the nobility as well as to the Church), The Caragea Code (with provisions on domain revenues, sanctions for failure to fulfil payment obligations, and introducing a certain framework for the organisation of public finances), among others.

Not least, one must also recall the Law on the Court of Accounts¹, which provided that this authority exercised control functions and established measures concerning public revenues (conducting audits of ministry registers, preparing reports on budget execution, sanctioning inefficient or defective management of public resources, etc.).

A defining characteristic of this period (up to approximately 1831, when the Organic Regulations of Wallachia and Moldavia came into force) is that, within the legal organisation of medieval finances, payment obligations were not differentiated between public revenues (treasury revenues) and duties representing personal obligations owed to the ruler. All such obligations were subject to the same legal regime².

¹ The Law on the Court of Accounts of 24 January 1864

² Fiscal obligations in their modern sense define a modern fiscal system, in which public revenues are separated from private or feudal duties. This transformation emerged in the nineteenth century,

II. CONSIDERATIONS ON THE EVOLUTION OF ROMANIAN FINANCIAL LAW

The process of consolidating financial law within the modern Romanian State is likewise reflected in the activity of the Council of State, a consultative body of Prince Alexandru Ioan Cuza (albeit one with a relatively short existence, as it ceased its activity in 1866—two years after its establishment—its powers being thereafter transferred, as appropriate, to judicial authorities and certain administrative bodies)³ (*Morozan, 2014, p. 30*). Through the reforms enacted during his reign, the transition was made toward a system of legal taxation, whereby arbitrary contributions were replaced by modern taxes and levies (direct and indirect taxes, stamp duties, and others).

During the constitutional monarchy of King Carol I, the extensive process of modernising Romania’s fiscal and budgetary system continued. Under the provisions of the fundamental law⁴, any tax could be instituted solely to cover the general needs of the State and of administrative-territorial units⁵. The principle of *legality of taxation*⁶ was thereby consecrated, meaning that taxes could be established and collected only pursuant to statute. This principle constitutes the keystone and foundational element of modern financial law.

A visible consequence of the adoption of the 1866 Constitution was the establishment of a parliamentary “monopoly” in the field of tax approval and a corresponding limitation of executive intervention in this domain. Thus, local taxes approved by local and/or county councils were subject to “confirmation” by the legislative authority⁷. Likewise, tax benefits⁸ (exemptions or reductions) could be granted exclusively by law. The fundamental law also contained provisions concerning the budget. The budget had the legal nature of a statute: it was voted by Parliament, published, and binding upon all⁹. Moreover, essential principles of

following the adoption of the Organic Regulations and the implementation of the reforms introduced by Alexandru Ioan Cuza.

³ <https://arhivelenationale.ro/site/download/inventare/Consiliul-de-Stat.-1864-1866.-Inv.-871.pdf>, website accessed on 1 October 2025, at 13:00.

Among the draft bills submitted for debate before the Council of State, we may list the following: the draft law on judicial organisation (11 July 1865); the draft law for the introduction of a tax on exported products (31 July – 11 September 1865); the draft law on the payment of levies to communal treasuries (5 August – 11 September 1865); the draft law on the tax on spirituous beverages (8 August – 11 October 1865); the draft law concerning the organisation of the service of agents responsible for assessing direct contributions and the regulations for the service of assessment agents (20 September – 3 December 1865); the draft law establishing import duties on foreign goods (1867).

⁴ The Constitution of the United Romanian Principalities of 30 June 1866, published in *Monitorul Oficial* No. 142 of 13 July 1866.

⁵ Article 108 of the 1866 Constitution

⁶ Article 109 of the 1866 Constitution

⁷ Article 110 of the 1866 Constitution

⁸ Article 111 of the 1866 Constitution

⁹ Articles 113 et seq. of the 1866 Constitution

the budgetary process were introduced—namely, the principles of budgetary unity, universality, specificity, budgetary equilibrium, and budget publicity (principles which continue to govern the modern budgetary procedure) (*Cîrmaciu, 2024, pp. 148–149*).

The influence of Western European models, particularly the French model, was also felt in the Romanian fiscal system of that period. It must be noted that in 1866 the country was facing, in addition to a political crisis, a severe financial crisis—characterised by outstanding and unpaid debts and by difficulties in obtaining public loans, as potential creditors expressed doubt regarding the State’s capacity for fiscal and administrative “rectification.” Gradually, measures were adopted to reduce public expenditure, customs duties were increased (for imports, the rate rose from 5% to 7.5%), and salary reductions of 20% were imposed on civil servants. Consequently, the financial situation began to show signs of slight improvement at the beginning of 1868 (*Aslan, 1905, pp. 121–122*).

In a public message, King Carol I welcomed these positive developments, emphasising that the results were due to “the courage of the people,” to a significantly more active and efficient collection of budgetary revenues, and to a judicious allocation of public funds (*Aslan, op. cit., p. 126*).

The components of the financial administration of the period included: the relevant ministry, the Deposits and Consignments House (*Casa de Depuneri și Consemnațiuni*), the National Bank of Romania, and the county-level fiscal directorates—whose establishment ensured the professionalisation of the fiscal administration.

The First World War likewise left its mark on financial law through the introduction of new taxes—specifically, incidental or extraordinary wartime levies. At the same time, the State resorted to public borrowing on the domestic capital market, and the supervisory activity over resources intended to cover wartime expenditures was intensified.

Analysing this entire period, it can be stated with certainty that the nineteenth century constituted the formative stage of Romanian financial law, especially if we reiterate the measures that shaped this development: the construction of the budgetary framework, the principle of legality of taxation, the establishment of modern financial authorities, the strengthening of financial oversight, and perhaps most importantly, the transition from the ruler’s finances to the concept of public finance.

The major challenge of the subsequent stage in the evolution of financial law was the need to unify the fiscal and budgetary systems of the various provinces following the creation of the unified national state. The measures adopted in this regard aimed at transitioning towards modern, centralised financial

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institutions, shifting from an agrarian state to an industrialised one, and adapting the economy to wartime necessities.

Among the legislative novelties of the interwar period, particular emphasis must be placed on Law No. 661/1923¹⁰ on the Unification of Direct Contributions and on the Establishment of the Global Income Tax, a normative act that brought significant changes to the fiscal system by introducing the global income tax and regulating the methods of determining taxable income, assessing tax liabilities, and collecting taxes.

The years 1929–1934 marked Romania's passage through the global economic crisis. Drastic measures were imposed by the exceptional circumstances faced by the country—such measures included, for instance: the introduction of an economic crisis tax, the collection of a luxury tax, increases in customs duties, reductions in the remuneration of publicly funded personnel, expenditure caps, and the suspension of certain fiscal facilities.

With the adoption of the 1938 Constitution, a trend toward centralisation of public finances can be observed. At the same time, a degree of flexibility—or a derogation—from the principle of annuality of the budget was introduced: should the budget fail to be adopted on time, the executive was authorised to perform its tasks by applying the provisions of the previous year's budget, a solution that could not, however, exceed one fiscal year¹¹.

The interwar era may thus be regarded as a stage of consolidation or maturation of financial law, characterised by the adoption of modern fiscal legislation, the strengthening of financial control, legislative and administrative unification, and the State's efforts to counteract the negative effects of the economic crisis through active intervention.

In light of the above, it may be affirmed that the study of financial law gradually emerged as an indispensable component in the training of legal professionals. During the interwar period, university curricula in the field centred on examining the rational foundations of financial phenomena. For example, at the Faculty of Law of the University of Bucharest¹², during the 1939–1940 academic year, the *Financial Science* course taught by Professor Gheorghe N. Leon (*Cîrmaciu, 2015, p. 16*) was structured as follows: 1.Introduction. Object and nature of financial science. Relationship between financial science and other social disciplines. Research methodology. 2.Public expenditures. 3.Public revenues (Introductory notions; Revenues arising from the State's property and productive activities; Fees; Taxes). 4.Public credit. 5.The budget. 6. A brief overview of the history of public finances.

¹⁰ Published in *Monitorul Oficial* No. 253/23 February 1923. See Articles 75–104.

¹¹ Article 83 of the 1938 Constitution.

¹² National Archives, University of Bucharest Collection, Rectorate, file 73 (1939), folio 200

CONCLUSION

Viewed also from a historical perspective, Romanian financial law has undergone numerous transformations over time: beginning with feudal obligations and elements of arbitrary taxation, and eventually evolving into modern, European-integrated fiscal systems grounded in clear legal principles, robust institutions, and independent supervisory mechanisms.

The development of financial law as a discipline reflects the very evolution of the Romanian State—a process marked by periods of progress and modernisation, moments of regression and centralisation, as well as successive phases of recovery built upon principles of legality and financial responsibility.

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