

Austrian and German Capital in Transylvania in the First Half of the 20th Century*

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Introduction

THIS PAPER aims to examine the contribution of Transylvania to the development and modernisation of Romania after 1918 and the shaping of economic strategies relying on the effective use of resources, most important the ones pertaining to the energy sector. Within this analysis, we intend to emphasise the contribution of Austrian and German investments. The literature doesn't provide intensive works on the Austrian and German capital in Transylvania in the interwar period but there are some studies that focus on foreign investments in Romania and Transylvania. Among these studies we can find books by Nicolae Paun,¹ Ioan Lumperdean,² Rudolf Graf,³ Bogdan Constanta and Platon Adrian,⁴ Gherghe Calcan,⁵ Andrei Josan,⁶ Vasile Puscas and Vasile Vesa⁷, Costin Murgescu and N.N. Constantinescu⁸. Foreign investments in sectors of the Romanian or Transylvanian economy are subject to articles published more recently by Robert Nagy⁹, Iosif Adam¹⁰ and Laura Stanciu¹¹. All of these contributions focus on the foreign investments as a source of financing and do not present in detail the involvement of specific countris. The current article focuses on the microeconomic issues that arise after investments from companies with foreign capital but also presents some examples of successful investments in Transylvanian companies.

Methodology

THE METHODOLOGY used in our research is qualitative, relying on primary sources, many of which stem from archived materials, with comparative case studies at the level of Central Europe. We have not excluded the appropriate quantitative instruments, which have enabled us to perform measurements and analyses based on various series of statistical data.

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The limits of our research remain visible due to the relative difficulty in pinpointing real financial flows—Austro-German or belonging to the Entente—available in the economy of the area. Many such capitals were expressed as shares to bearer and not nominative ones, with the repositioning of prominent companies as a consequence of sales and changes in the structure of shareholders, depending on the new geopolitical format.

1. Austro-Hungarian Empire

GERMAN CAPITAL played an important role in the Transylvanian economy during the Austro-Hungarian Dual Monarchy, being particularly attracted by the significant resources that rendered possible the development of industry. Hungarian and Austrian Capital represented, of course, the most important sources of funding, but no less important was the presence of other forms of capital, among which we can mention French, English and German.

During this period, the German capital was particularly attracted by the investments in the metallurgical and coal industries. “The resources of ferrous and nonferrous materials, but also those of coal, drew investors from the Austrian Monarchy, but also the French, British, Belgian and German ones” and “if the mountain area of Banat, rich in coal, iron ore and non-ferrous metals was almost monopolized by the Franco-Austrian StEG, Jiu Valley County and Hunedoara remained free land for the competition between companies.”¹² Therefore, German capital investments appeared in that area, contributing to the formation of a Transylvanian industry, but as part of the Austro-Hungarian Empire.

With the outbreak of World War I, Transylvania was in a delicate situation. Economic efforts were concentrated in the area of the war, and investments in developing new businesses or existing ones decreased considerably. Also, the desire of union with Romania was clearly expressed in Transylvania, and by Romanians in general.

In 1916, Romania left its neutrality position and entered World War I, declaring war on Austria-Hungary. The stated purpose of this action was to recover the Transylvanian territories and to achieve the union with them. Throughout the war, foreign investment and, thus, German ones were either significantly reduced or completely stopped. At the end of the First World War, in 1918, Romania achieved the purpose for which it had entered the war: the Great Unification. With this, the entire economic system of Transylvania became part of Romania’s economic system and Transylvanian companies, regardless of the origin of their capital, were nationalized. A picture of the Transylvanian economy in 1918 will reveal the degree of its development.

2. Transylvanian economy after the unification

THE NATURAL resources of Transylvania methane gas, mining products, energy, water and, above all, wood,¹³ were complementary to the economy of the former Romania, which was relying mostly on agrarian resources and only in some areas on other resources. For these reasons, the Romanian economy at that time followed a new route, that of industrialization. Transylvania had at the time of unification a better-developed industry

than that of the other regions, thereby having significant contributions in particular to the coal industry, the steel industry, metallurgy, wood processing etc. Thus, after the union, the economic potential increased “not by the similarity of economic structure [...] but by the compensation of the predominant character of each united province.”¹⁴ Transylvania’s contribution to the Romanian economy was important. We can speak in this case about the energy resources that Transylvania had, which were composed especially of fuel reserves. In the pre-war period, the Romania had only oil and wood, thus being forced to import large quantities of coal. After the union, the reserves of methane and coal from Transylvania led to the enrichment and diversification of Romania’s energy potential, but also to the development of a genuine industry in this area. Thus, “from the Romanian total reserves of approx. 2.792 billion tons, Transylvania and Banat’s subsoil contained 1.748 billion, i.e. 62.60%, which included all deposits of coal and the overwhelming part of brown coal,” albeit “the share of Transylvania and Banat in Romania’s coal production exceeded their participation in the territorial distribution of coal deposits, ensuring 80-85% of the total extraction.”¹⁵ Also, Transylvania “possesses the largest known deposits of natural gas in Europe known to date. The purity of the gas (over 99% CH₄, i.e. methane) makes them the cleanest deposits of this kind in the world.”¹⁶ The most important exploitation sites of methane gas are found in the Transylvanian Plain at Sărmașel (Cluj), Copșa Mică (Târnava Mare County), Șaroș, Bazna and Nadeș (Târnava Mică County).

Consequently, the existence of these resources led not only to the development of a strong industry in the field, but also to a balance of the energy situation of the country, with a major important centre: the coal mines of the Jiu Valley. In addition to significant energy resources, Transylvania also had raw materials, which led to a decline in imports in this segment. Among the most important raw materials in Transylvania were included iron ore and manganese, which led to a fall in imports in metallurgy from 85% in 1902 to 38.1% by 1929. Iron was easily exploited, being contained in surface mines in Transylvania and Banat, and “this explains why the iron industry was founded exclusively in these regions, and not in Valahia or Moldova, where iron ore did not exist.”¹⁷ In the rest of Romania, iron ore was not easily exploitable or was found at greater depths. Industry did not play a crucial role in its economy, given that “until the First World War, metallurgy in the Romanian state was represented only by sub-branches of metalwork, lacking the steel industry and mechanical engineering, which were however significantly developed in Banat and Transylvania.”¹⁸ Therefore, the contribution of Transylvania and Banat was distinguished in particular by the steel companies in Reșița, Anina, Hunedoara, Ferdinand, Călan, Nădrag and several others.

Other resources of major importance were gold and silver. In Transylvania, these deposits were found and exploited in the gold region from the north, which comprises the following main operating areas: Ilba, Nistru, Băița, Borcut Valley, Baia Mare, Chiuzbaia, Baia Sprie, Cavnic, Băiuș, Vâratic and Rodna Veche. Precious metals can also be found in the Golden Quadrilateral of the Apuseni Mountains, considered to be the largest gold field in Europe. In terms of boundaries, “the golden quadrilateral was bounded to the north by Baia de Arieș, to the east by Zlatna, to the south by Săcărâmb and to the west by Baia de Cris, precious metal deposits being located in the Gilău Mountains at Băișoara - Baia de Arieș, and in the central part of the Metaliferi Mountains, at Roșia Montană, Zlatna, Brad, Săcărâmb.”¹⁹

Transylvania also held an important forest heritage, having, after Bucovina, proportionally, the largest forest surface, with a percentage of 35.47% of the country’s total forests.²⁰ As species, beech is predominant, which combines with resinous trees near the mountains.

These resources encouraged the development of forest industries, and several paper mills. Other fields in which Transylvania had resources or developing businesses were: the salt industry, construction materials (stone, marble), chemical and leather, as well as textiles.

Therefore, it can be noted that the Transylvanian economy was oriented more towards industry development, and not agriculture. This was due especially to the rich resources of which it disposed, enabling strong businesses to develop in the area. As we have already mentioned, among the best-developed industries we can mention metallurgy and mining. For example, in 1919, 31% of metallurgical enterprises of the country, which possessed 51% of the capital, 83% of the driving force and 72% of the staff of this industry were concentrated in Transylvania, and similar situations were encountered in the other industries. A snap-shot of the industry at that time gives us the following data: in Transylvania there were 42% of industrial enterprises, which amounted to 37% of invested capital, 55% of the driving force, 52% of employed staff and the output value was 38% of the country's industrial production.²¹ What is interesting to note is that more than half of the driving force and the staff working in industry were in Transylvania.

The industrial potential of Romania after World War I increased by about 135%, largely due to the Transylvanian industry. However, it is necessary to emphasize that although Transylvania had a better developed industry than that of the other regions, its economy was in fact, much like that of the entire country, predominantly agrarian and continued to remain so even after the First World War, with a relatively poor level of development of productive forces, in comparison with other European countries, more developed from the industrial point of view.

As regards to agriculture, it was the main occupation of the majority of the population in Transylvania, both before and after the union. According to statistics at the time, in 1910, 75.5% of the population of Crișana and 72.8% of the population of Maramureș was employed in agriculture, while only 10.8% in Transylvania, 11.9% in Banat, 11.3% in Crișana and 10.3% in Maramureș was employed in industry.²²

To all this we may add the fact that Transylvanian industry was unevenly distributed, being concentrated in a few regions, as it can be seen from the occupation of the population in the field. Thus, Transylvania and Banat had a much better developed industry than Crișana, Maramureș and even parts of Ardeal, which were marked by a weak industrial development. However, Transylvanian agriculture relied more on livestock than on crop growth.

The First World War had negative consequences on the economy of Transylvania, although in Transylvania, Banat, Crișana and Maramureș, the destruction caused by the war was much lower than that in Old Romania. Thus, industrial production dropped considerably compared to the pre-war period. A good example in this respect can be iron production in Banat, which fell from 143,000 tons in 1914 to 32,144 tons in 1919.²³ Thus, it can be seen that the war affected even the strongest metallurgical enterprises in Transylvania. Feedstock and fuel use fell, which resulted in a significant decrease in production. During this period, agricultural output also fell far below the pre-war level, both in Romania and in Transylvania. Hence, it can be seen that Transylvania was represented, in addition to agriculture, by industrialization, with strong businesses in this sector. Transylvanian industry began to grow more and more, due to the lack of strong competition from the Austro-Hungarian industry, the widening of the retail market throughout the Romanian territory and the protection provided by a customs tariff advantage.

In regards to international investments, there was a restructuring of the situation of foreign capital, after the war, to the extent that "some of the capital from former enemy coun-

tries - Germany and Austro-Hungary-was taken over by monopolies from France, England, Belgium, Italy, and another part was taken over by the Romanian bourgeoisie.”²⁴ In the view of the British, Romania was seen as a French Satellite state.²⁵ During the interwar period, German investments in the economy of Transylvania were reduced, given the previously mentioned restructuring and the lack of capital. Germany was faced with the situation of having to pay reparations and huge war compensations, which led to a shortage of capital and a devaluation of the existing one owing to galloping inflation.

3. Restart of economic relations between Romania and Germany

THE DEVELOPMENT of Romanian-German economic exchanges began with the signing of the Protocol on the liquidation of German financial debt to Romania, on 10 November 1928. By sealing this agreement, Romania waived all rights deriving from Article 297, section IV, part X of the Treaty of Versailles, relating to goods and German interests in Romania. The protocol of 10 November 1928 was followed by a final Protocol signed at the same time, which ended the financial dispute between Romania and Germany. Another important agreement for the development of economic exchange with Germany was the Protocol signed on 18 June 1930, through which were distinguished categories of subjects that could benefit from the most favoured nation. The Treaty on Establishment, Commerce and Navigation, which set the legal framework for future economic exchange between the two countries and regulated the navigation problem was concluded on the 23rd of March 1935. Following this Treaty, government commissions of the two countries were established and operated through regular meetings, annual or biannual, which had to agree on the development of economic exchange in the Kingdom of Romania and the German Reich. The conventional view is that biased bargaining power enabled Germany to use bilateral agreements as a device for the economic exploitation of its small trading partners in the East, Central and South East of Europe.²⁶

3.1. The Chemical Industry

THE FIRST major area in Transylvanian economy where German investments could be found was the chemical industry. The first enterprise in which the German capital was interested was *Colorom Chemical Plant* in Brașov. This factory was producing aniline colours. The German company IG Farbenindustrie from Ludwigshafen invested in the Romanian one and increased its equity from 6 million lei to 14 million lei. The Romanian Factory of printing inks *Milori SAR* was established by the German ink company *Gebrüder Schmidt* on July 26, 1937, with a capital of 1 million lei.²⁷ The Graphics House firm also participated in the establishment of this factory. *Chlorodont S.A.R.* Brașov, an enterprise producing cosmetics and chemicals, was founded in 1930 with a capital of 5 million lei. The G. mb H. Leowerke Company in Dresden also contributed with 800,000 lei, “representing the contribution of patent and trademark of the Chlorodont factory.”²⁸

3.2 Metallurgy

THE GERMAN capital was also directed towards the metallurgical industry, by investing mainly in manufacturing various metal products, installations, parts, engines and even cars. Investments were made in three major companies: Reșița Plants and Domains, Grundmann forge factory S.A.R. and Astra - the first Romanian factory of wagons and motors S.A.

German investment was also present in *Reșița Plants and Domains*, after the occupation of Czechoslovakia by Germany in 1939. The takeover of RPD by the Germans started through the company “Ceskoslovenska Zbrojowka,” controlled by the German conglomerate Herman Goering Werke (HGW). Then, the first Germans were imposed on the Board. The last step was taken in 1940, when, following a dispute between the RPD and Max Auschnitt, HGW managed to get hold of the 200,000 shares of the Romanian industrialist.²⁹ The Austrian capital was invested in Reșița Plants and Domains before they were taken over by Czechoslovaks. Thus, the great Austrian bank Allgemeine Österreichische Bodencreditanstalt had held a significant share in the Plants until 1929, when it crashed. But its shares was taken over by another Austrian bank - Österreichische Creditanstalt für Handel und Gewerbe.³⁰ The Austrian capital also participated in the company *Grundmann* factory for forge S.A.R. Oradea. It was established in 1924 with a capital of 10 million, of which the Rohrbacher Schlasserwarenfabrik Wilhelm Grundmann company from Rohrbach a. d. Gölsen—Austria—subscribed 5 million lei, in 1930.

Austrian capital can equally be found at *Astra* - first Romanian factory of wagons and motors S.A. The Austrian side contributed, in fact, to the establishment of the wagons factory in 1891 through the company Grazer Waggon und Maschinen-Fabriks A.G., founded by Johann Weitzer. In 1920, the company STEG represented the Austrian investments with a capital of 1 million lei. Later, in 1927, the Austrian capital had “a number of 34,000 shares worth 17,000,000 lei, at a total capital of 300 million lei.”³¹ The Astra company resulted from the merger of three companies involved in building wagons and engines: Astra Arad, Unio Satu-Mare and Romlac Brașov. The production was composed of: cars, weapons, metal construction and complete plants for rail, water tanks and oil products.³²

3.3 Textile, manufacturing and forestry

GERMAN CAPITAL also focused on the textile industry. German capitalists invested large sums in this sector, especially in small companies with objectives pertaining to the production of articles of basic necessities, such as thread, knitting etc. In this case we can mention companies such as Union, hat factory S.A. Jimbolia, W. Scherg and Comp., and Coroana S.A. Gimnav. *Union*, hat factory S.A. Jimbolia was in close relationships with Emerich Fischer’s hats factory from Vienna and A. Peschel from Shönau bei Neutitschen. Also, in close links with German capitalists was the company *W. Scherg and Comp.* Brașov, with a capital of 192 million lei. This company was a result of the old individual firm of the same name, established in Brașov in 1823. *Coroana* S.A. Gimnav Brașov, founded in 1938 with an initial capital of 48 million, was a creation of the company Scherg, with the support of industrialists from Leipzig.

Exploitation of wood from the *Jiu Valley* benefited from German capital when there was a transaction between Casa de păstrare and Credit Bank from Cluj, owner of the company,

and the German company Ofa forestry, “by which the German company took over half of the Romanian shares, the rest remaining in the possession of the institution from Cluj.”³³ The Austrian capital was interested in the wood industry, continuing to hold important capital in the field, despite the fact that it had ceded some rights either to Romanian industrialists, or to other foreign capitalists. Austrian capital proved to be interested in the forestry sector and paper manufacturing, continuing to hold capital in the field, despite ceding its rights again. In this area, the Austrians invested in the company Petrești S.A.R. Paper mill. *Petrești S.A.R.* Paper mill from Alba County was founded in 1921 with a capital of 100 million, aiming to make writing vellum paper, printing paper, packing and cardboard, cellulose and Filigree paper. Part of the capital was subscribed by the Austrian company Neusiedler Papierfabrik.

Investments were oriented towards companies of ceramics, porcelain and glass. We therefore find investments in companies such as Ceramics Factory from Cristian, Vitrometan Glassware Factory S.A., and Glass Factory from the Black Forest S.A. The *Ceramics Factory* from Cristian, Brașov was bought by a Viennese industrialist from Romanian banks. It produced basalt tubes and refractory bricks. *Vitrometan S.A.* Factory glassware, Mediaș was a company founded in 1922 with a capital of 20 million lei. It worked in collaboration with A. G. für Glasindustrie - Germany (formerly Friedr. Siemen from Dresden). It also participated in the Vitrokeram society. *Glass Factory* from the Black Forest S.A., Black Forest was a company belonging to the sphere of interests of Casa de păstrare of Bihor County. It was taken in 1927 from its former Hungarian owners and nationalized. Its capital in 1938 was 6 million lei.

3.4. Investments in the energy industry

ANOTHER GERMAN creation was *Elgiba* company S.A.R. Timișoara. Its aim was to distribute electricity in Banat. It was established in 1930 with an initial capital of 100 million lei. This capital was ensured mostly by Allgemeine Elektrizitäts-Gesellschaft from Berlin.

German capital also entered the coal industry. The German companies were bringing in Romania know-how developed over the years. The German coal industry developed in time German which led to industrial and mining employee being as efficient as his British counterpart in 1907, both adding a net value of 2,000 Mark annually.³⁴ In 1927, the company *Romanian Mining Industry* was founded by Julius Berger Tiefbau A.G. Berlin. The company was the result of a reorganization of the coal company from Cozla, Caraș-Severin County. The capital of the company was 25 million lei, and alongside German capital, the French one was also present. The same company, Julius Berger Tiefbau Aktiengesellschaft (IBTAG), ended in September 25, 1920 a technical cooperation agreement with the company Creditul Carbonifer. Through this contract, the entire operation of the company was entrusted to German specialists, and the amount of money required for starting work (about 1 million lei) was provided by the Romanian Credit Bank.³⁵ The German society took over the technical and administrative management of the company Creditul Carbonifer, so that between 1921-1922, the company mines would be *de facto* operated by the German society, which reorganized them, bringing in its German workers and technical staff. Direct contributions of Austrian capital were represented by Österreichische Creditanstalt für Handel und Gewerbe who was directly involved in the society Uricani-Jiu Valley. The company was thus controlled

by the Austrian and Hungarian-French finances, “but with the indirect influence of German and Swiss capital.”³⁶

German investments would increase exponentially in the Romanian economy as of February 1938, when, amid the increasing influence of reactionary circles in political life, the royal dictatorship was set up, virtually paving the way for fascism. Starting with the years 1938-1939, we witnessed an intensification of economic and political influences of Nazi Germany into Romania. German capital inflows in the Transylvanian economy would be intensified and focus on areas such as the chemical industry, metallurgy and textiles. Starting with 1938 Nazi Germany promoted expansionist policies specifically targeting Eastern Europe. Thus, Austria was annexed in March 13, 1938, and Czechoslovakia was occupied in 1939. This expansion, having a particularly strong economic component, also concerned other countries from Central and South-eastern Europe. Germany was preparing for war, and this led to a high demand for resources to support the future conflagration. Romania became “one of the keys to German rearmament,”³⁷ being constantly exposed to economic pressures.

Therefore, since 1938, the German capital increased in the Transylvanian economy, occupying again an important position, in terms of amounts invested. Also, foreign capital, with origins in countries occupied by Nazi Germany, was taken over by German capitalists. So, the Germans were willing to invest so as to help the economy exploit existing natural resources. Transylvania had important mineral resources, ferrous and non-ferrous, which triggered high interest on the part of German investors.

At the beginning of 1939 there were repeated contacts between Romanian politicians and representatives of Nazi Germany, both in Bucharest and in Germany. Following these meetings, the Romanian side was willing to sign a new economic agreement, calling in exchange for the country’s western border guarantee and the cease of German support to Hungary and its revisionist claims. Therefore, in February, Germany sent an economic delegation to Bucharest, led by Wohlthat, to start negotiations.

On 23 March 1939, after numerous complicated difficulties, Romania signed the Treaty on the promotion of economic relations between Romania and Germany. This Treaty, also known as “the Wohlthat Plan,” was to be in force until March 31, 1944 and included plans that aimed, in addition to the development of agriculture and the oil industry (fields pertaining to the old territories of Romania), to achieve “forest industry development and wood industry collaboration, the creation of free zones that were to be active in commercial and industrial enterprises, the development of communication routes and means of transport, the construction of public utilities, as well as work with German banks in order to finance different businesses.”³⁸ This support also targeted the Transylvanian industry, either through direct investments in companies and enterprises, or through borrowing money from the major German banks.

4. Second World War

AFTER THE outbreak of World War II, Germany did everything it could to change the pro-Western orientation of Romania and to stop its economic ties with Western states. Thus, “even before the negotiations ended on the establishment of British companies to export timber, Germany forced Romania to sign a protocol which secured the

export quantities of wood to the Reich to such great quantities that it would be impossible to export to other countries,” and similarly, “when England created, in 1940, a special company for the purchase of food, Germany imposed Romania a contract for the purchase of such large quantities of meat, that it did not leave room for the activity of British companies.”³⁹ Moreover, while negotiating trade actions, the authorities in Berlin continued to carry out an offensive for the German capital to penetrate into the Romanian economy and, implicitly, into the Transylvanian one, offering instead aid representing weapons.

On August 30, 1940, northern and south-western Transylvania passed again under Hungarian domination, after the Vienna arbitration. The Germans, unlike the Soviets, who chose the path of the ultimatum for the return of Bessarabia and Northern Bukovina, opted for a more honourable way - the arbitration imposed in favour of Hungary, their minor ally. In this way, “about 43.492 km are lost, including all or part of the territory of 14 counties (Bihor, Ciuc, Cluj, Maramureș, Someș, Mureș, Năsăud, Odorhei, Sălaj, Satu Mare, Trei Scaune, Târnava Mare, Târnava Mică and Câmpulung Moldovenesc), with a population of over 2,600,000 inhabitants.”⁴⁰ The year 1940 brought about change in the international legal status of Romania - a neutral country - and its entry into the war alongside the Axis powers.

Thus, there were three ways through which the German capital increased its holdings in the Transylvanian and Romanian economy: first, by acquiring shares in various companies belonging to the Allies; secondly, by taking shares, industrial heritage and trademarks from Jews, who were dispossessed; last but not least, through capital investments in a number of mixed companies with Romanian-German or German capital. The general framework of the Romanian-German economic relations was traced by the signing of the Agreement of 4 December 1940, entitled *Protocol on the Romanian-German cooperation and the achievement of a 10-year plan to restore the Romanian economy*, which extended far beyond a usual economic agreement.⁴¹ An important element of this agreement was that for contracted credits, with an interest rate of only 3.5%, a percentage Germany had not given to any other country before. However, the Agreement of 4 December represented only a new German offensive, becoming “one of the main tools for an offensive of the German capital into the Romanian economy.”⁴²

The German interest in the Transylvanian economy primarily targeted the metallurgical industry. In this case, the Germans bought a number of shares in the companies “Reșița S.A.,” “Astra Wagons S.A.,” “Cugir” and “Metrom Hunedoara,” enjoying the direct approval of the Government, but without the knowledge of the Undersecretariat of State for Romanization. This led to the outbreak of a continuous struggle between the interests of the ruling forces of Romania and those of the representatives of the Third Reich. Afterwards, following the Legionary Rebellion of January 1941, an unfavourable position for the Romanian government at the table of economic negotiations was created. As a result, there were two agreements signed on 13 February: a general one, between the Romanian state and the joint stock company Hermann Göring Werke (HGW), regarding the General Terms and Conditions of collaboration, and another, on renting Malaxa S.A., with options for Reșița S.A. and Astra S.A. These agreements stipulated “that a German-Romanian company for the iron industry and trade was to be created, with a capital of 100 million lei, half subscribed by HGW and the other half by the Romanian state or a group of Romanian investors.”⁴³

Furthermore, in 1942, Romania continued to have a benevolent attitude towards the investments of German capital into its economy. In 1944, King Michael deposed and arrested Marshal Ion Antonescu, announcing Romania’s withdrawal from the alliance with Germany

and its shift to the Allied Nations coalition. As a result, all German holdings or mixed ones—i.e. with Romanian-German capital, under various proportions, with “at least one mark” of German capital were confiscated and considered to be enemy capital, later to be established as the Soviet-part of Sovroms. The Romanian economy was entering a new era.

Conclusions

THROUGH THE early years of the 20th century the Romanian economy was developing at a very fast pace using its natural resources and highly skilled labour force. As all of the fast growing economies in need of financing it attracted the attention of foreign investments. Even though French and English investors were among the top in Romania, in Transylvania (then part of the Austrian-Hungarian Empire) we saw that German and Austrian capital also played a big part. There was also a big difference—Capital from German and Austrian companies was invested in business with a high impact on the society—industry, metallurgy, energy sector and manufacturing. The development of business in these areas has generated added value and led to the modernisation of the country. Romania was among the first countries to have railways, tram and even fully electrified cities. For German companies it was very difficult to invest overseas after the First World War but following the expansion of the fascist regime these started to play a major role. During the Second World War the German state used most of its companies to finance the war, these remained functional after the end and were nationalised and transformed to Sovroms. As a comparison to the Russian influences we can conclude that the goal of German strategy was to develop core industry sectors that could benefit the German state but also the country where these investments were made.



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Abstract

Austrian and German capital in Transylvania in the first half of the 20th century

The article focuses on the nature of the Transylvanian economy prior to and chiefly in the aftermath of the First World War, with the integration of the region into Greater Romania. Hence, in the context of an agricultural economy, the industrial input of Transylvania was consistent, chiefly in terms of the energy sector, to the extent that it contributed greatly to the shift to an agro-industrial economy, at the time of the outbreak of the Second World War. In the interwar period, the German and Austrian capital was largely present in the Transylvanian economy, as we have clearly outlined with numerous concrete examples. Nevertheless, the new context fostered by the war altered this configuration, in keeping with Romania's stance in the conflict, only to lead to the onset of Soviet dominance over the country's economy at the end.

Keywords

Transylvania, interwar period, Austrian capital, German capital, energy sector