

Gábor Egry, Institute of Political History, Budapest

The Moral Economy of High Imperial Capital? The (Non-)Nationalization of Foreign Companies in Post-WWI Romania and the Idea of a Romanian National Economy

This article discusses how Hungarian capitalists preserved their property and sometimes gained key positions on the market in post-WWI Romania with the help of obligations established with Romanian businessmen, despite the state's efforts to Romanianize these companies. I am going to argue that these obligations were complemented with a strategy of embedding industrial works in local society by co-opting local political elites. However, the discrepancy between the normative, nationalist discourse of statehood and the ambiguous practice of Romanianization generated a backlash at this local level which resulted in a discourse of morality-based claim-making that connected the failure to Romanianize the industrial sector with the general corruption of the country and its elites, and the persistence of ethnic others within society.

An inspection – with unexpected consequences?

As part of a Europe-wide trend, companies in the hands of non-Romanian owners in Romania in the mid-1920s were accustomed to the process called "Romanianization", which was supposed to ensure that majority ownership of businesses would be held by ethnic Romanians. Like many others, the Lugoj Textile S.A. had devised means to deal with the pressure – rather successfully. Therefore, when industrial inspector Livius Faur and his companions, Nicolae Popovici from the commercial inspectorate and N. Zsivkovits, the auditor, entered the office of the managing vice-director of the Lugoj Textile Stock Company's Lugoj factory at 5 p.m. on a July day in 1926, the distinguished manager, Alexander Wagner, could not know that the gentlemen

arriving would cause him serious headache. Faur spent the subsequent hours with documents insistently requesting information on ownership and shareholders, registers, deposits and issuance certificates, correspondence with banks and shareholders, transfer mandates, and account numbers to verify where the dividends from the company's profit were sent. As the manager's long letter written after the events testifies, Faur was well prepared for the investigation and easily overcame Wagner's objections and counterarguments. He finally proved that the company's real shareholders were a handful of businessmen living in Hungary and not the distinguished Romanian Banks Marmorosch and Blank and the Banca Chrissoveloni as stated in the public official accounts. Therefore, the ownership structure did not correspond with the legal norms prescribing a minimum two-third majority Romanian ownership of shares and membership of the board of directors and the supervisory board.¹

After Faur completed the investigation – despite the managing director's weak objections, he concluded that the company did not defer to nationalization rules and threatened administrative intervention – he asked the manager, whom he had known since childhood, to show him around in the factory. While pacing around and admiring the workshops and machinery, he remarked that nationalization had been done in an extremely sloppy way – it could have been arranged much more cleverly – and he disclosed that the investigation had been prompted by an article in a business bulletin from Hungary which reported on what the Pesti Hungarian Commercial Bank (PMKB) and the Kammer brothers, who owned important textile factories in Hungary, intended to do with the Lugoj factory and its shares, of which they were majority owners, although they only figured in the register of shareholders as minority ones. While the long report did not provide details, Faur seemed to have advised the manager too on how best to remedy the situation.²

Certainly, Faur was one of the numerous Romanian officials – ranging from officers of the state security police (Siguranța) to government representatives (prefects)

1 Hungarian National Archives (henceforth MNL OL) Z41 Pesti Magyar Kereskedelmi Bank (henceforth PMKB) 841. cs. 4918/III-7.

2 MNL OL Z41 PMKB 841. cs. 4918/III-7.

and administrative leaders (subprefects, mayors) in Cara-Severin county – who had been diplomatically bribed by the textile company.³ They received what the company accounts called small loans, sums ranging from a few hundred to about ten thousand lei, accorded to private individuals but even to institutions, which were rarely, if ever, repaid. Thus, one aspect of the incident was ordinary corruption, something external observers and internal critics took almost for granted for interwar Romania, a state which also struggled with challenges of wartime depredations, exhaustion, and the unification of disparate provinces.⁴ Still, the encounter reveals something more important for Romanian economy and the afterlife of Austria-Hungary structurally. Faur was actually right when looking for the manipulation of securities' accounts. The real owners of the textile company were the same Hungarian capitalists who had acquired the factory in 1911 and kept it running after the city was annexed to Romania in 1919, despite the Romanian state insisting on sidelining "foreign" capitalists and replacing them with Romanian capital. Moreover, Lugoj was not an exception, but the rule to what happened to the grandiose immediate post-war plans of Romanianizing the economy, and the failure was an open secret – which is why Hungarian and occasionally Romanian economic newspapers spoke of it openly, too. It is true that Faur, as one of the state officials bestowed with the responsibility of supervising the execution of this policy, was part of the scheme, and corruption was one of its effective tools, but it was hardly the most significant. What underpinned the efforts of Hungarian – and for that matter Viennese and German – capitalists after 1918 to salvage their business "empires" was rather the legacy of their pre-WWI expansion in Southeastern Europe and the strength and durability of their business networks fostered with local businessmen: in terms of the trust involved and the mutual benefits they provided.

3 MNL OL Z41 PMKB 842. cs. 4918a/XXIX Nyersmérlegék [Raw Balances]. Faur's debt listed at the end of 1925 amounted to 850 lei. He was not among the debtors in January 1926, but appeared again in October with 1,575 lei. The accounts for February–September are missing from the file.

4 Irina Livezeanu: 1995. *Cultural Politics in Greater Romania. Regionalism, Nation-Building and Ethnic Struggle 1918–1930*. Ithaca–London 1995; Florian-Kührer Wielach: *Siebenbürgen ohne Siebenbürger? Zentralstaatliche Integration und politischer Regionalismus nach dem Ersten Weltkrieg*. Munich 2014; Bogdan Murgescu: *The Economic Performance of Interwar Romania. Golden Age Myth and Statistical Evidence*. In: *Jahrbücher für Geschichte und Kultur Südosteuropas* 6, 2004, pp. 43–64; Francesco Magno: *Law between Nationalism and Regionalism. The Integration of the Transylvanian Juridical Field in Greater Romania (1918–1927)*. In: *East European Politics and Societies*, 36 (2022) 3, pp. 828–849, <<https://doi.org/10.1177/08883254211021135>>, 12.12.2022.

Based on a rather nominalist understanding of moral economy, understanding it as mutually accepted rules and norms of economic behaviour that are different from rational profit maximizing, even this context would be enough to analyze the broader effort of salvaging ownership and management rights in the successor states – of which Faur’s visit was a paradoxical, but visible moment – through the lens of moral economy.⁵ In this article, I want to test the applicability of the concept for a sphere of economy, which is usually neglected in literature, that of the high capitalists, mostly by pointing out that the business contacts and partnerships built before 1914 were indispensable, as they created cooperation beyond rational calculation, and this aspect survived crises during and after WWI because of the trust developed earlier. The result was economic behaviour that was embedded into a set of moral assumptions regarding the appropriate behavior of business actors. However, and this is the second argument I make, morality-based claim-making did not remain restricted to the circle of capitalists. Precisely because Romania fashioned itself as a nation state of Romanians and tried to render this claim more concrete with rules intended to facilitate the transfer of assets of foreigners to Romanians, claim-making became inherent outside the field of economics in a strict sense. As a reaction to the visible failure to nationalize industrial capital, a discourse emerged which decried this failure, used it for the critique of the Romanian state, and demanded effective action – making the material and moral claim that Romania’s industry should not be in foreign hands for various reasons, mostly because it was to serve the nation and in the hands of foreigners it would only serve the profit-seeking of aliens. While the transition from Austria-Hungary ended with the victory of the “foreigners” (although they had to pay a price in the form of a changed balance within business relations) and with the tacit consent of the political elite, the broader political claim never lost its salience within politics, and, mostly due to the economic crisis after 1929, it was gradually appropriated by the political mainstream, moving increasingly to the centre of policymaking from the mid-1930s on.⁶

5 James G. Carrier: Moral economy. What’s in a name. In: *Anthropological Theory* 2018, 18 (2018) 1, pp. 18–35, here: pp. 18–25.

6 Philippe Henri Blasen: La “primauté de la nation roumaine” et les “étrangers.” Les minorités et leur liberté du travail sous le cabinet Goga et la dictature royale [The “supremacy of the Romanian Nation” and the “foreigners.” Minorities and Their Freedom of Work under the Goga Cabinet and the Royal Dictatorship]. Cluj-Napoca 2022, pp. 22–35.

Post-WW1 transition and moral economy

The story I want to tell is clearly at odds with the classic account of the economic consequences of WW1 in general and for Hungary in particular. It is not about loss, depredation, poverty, and Hungary's impoverishment due to the loss of its industrial and raw material basis that led to the Great Depression and that hit the region disproportionately. Quite the contrary, I mostly tell how those who were at the core of the Hungarian economy and owned its most valuable assets retained most of what was threatened and continued to reap the profits.

While the argument about the devastation of the economies of the Central Powers due to peace was once the almost unchallenged assumption of historiography, recent economic histories of the post-WWI era have challenged the classical views regarding Central Europe and have pointed to the relatively smooth transition and smaller than expected losses in trade and GDP throughout the interwar period.⁷ Recent literature on Hungary has also confirmed this view, showing that the country's losses were offset by retaining its industrialized core in Budapest and successful structural transformation thereafter.⁸ Moreover, recent literature on the fate specifically of Hungarian capitalists in post-WWI Romania has painted a picture of opportunity and success, not least because of the converging interests of Hungarian asset owners and Romanian capital in creating lucrative market monopolies.⁹

-
- 7 Matthias Morys: Economic Change and Structural Growth in Central, East and South-East Europe, 1918–1939. In: Matthias Morys (ed.): *Economic History of Central, East and South-East Europe. From 1800 to the Present*. London, New York 2021, pp. 161–187; Jari Eloranta, Stefan Nikolić and Flóra Macher: Between Disintegration and Convergence, 1918–1939. Flows of Capital, Goods, and Labor. In: Morys (ed.) *Economic History*, pp. 216–242.
 - 8 Béla Tomka: Az első világháború és a trianoni béke gazdasági hatásai Magyarországon [The Economic Impact of World War I and the Treaty of Trianon in Hungary]. In: Zsombor Bódy (ed.): *Háborúból békébe. A magyar társadalom 1918 után. Konfliktusok, kihívások, változások a háború és az összeomlás nyomán* [From War to Peace. The Hungarian Society after 1918. Conflicts, Challenges, Changes in the aftermath of War and Collapse.] Budapest 2018, pp. 47–81.
 - 9 Máté Rigó: The Long First World War and the Survival of Business Elites in East-Central Europe: Transylvania's Industrial Boom and the Enrichment of Economic Elites. In: *European Review of History* 24 (2017), 2, pp. 250–272; Máté Rigó: *Capitalism in Chaos. How Business Elites of Europe Prospered in the Era of the Great War*. Ithaca, London 2022, pp. 137–151; pp. 163–170; pp. 220–256.

What I hope to add to these works is first a perspective on the former imperial high capital instead of the local business elites, and an interpretation of the workings of these transactions that goes beyond profit and integrates into the interpretation pre-existing contacts and customs of management.

Key to this attempt is the concept of moral capital.¹⁰ Originally developed by E. P. Thomson to analyze the traditional economies of pre-industrial England, I am going to use the term as James G. Carrier used it.¹¹ According to this conceptualization, the moral in the term 'moral economy' is not external, is not a set of values invoked for explaining economic activity (such as stealing a loaf of bread) or values that are supposedly furthered by one type of economy (for example freedom of choice by the free markets), but is rather inherent to and emerges from economic activity as a relationship between actors. Carrier argues that repeated interactions between actors create obligations that are more personal than formalized contracts and that generate expectations of behaviour, and the longer these interactions last the stronger the moral aspects are. "That is the stability of the transactors, for the more stable they are the more they are likely to develop the history of transaction that leads to mutual obligation."¹²

Certainly, the story is not only about this kind of morality, but about claim-making regarding economic strategies of survival, expansion, and redistribution. The more public this claim-making is, the more external it is to the economy. It is based – as we will see – on references to values and alleged norms that are supposed to govern the life of the state or nation, and as such subordinates the economy to this moral-based perception of the larger community's existence too.

A lesser imperialism?

The notion that Austria-Hungary, and especially the business elites of the Hungarian part of the Empire, had economic imperialist aspirations in the Balkans and the

10 Jeremy Adelman: Introduction: The Moral Economy, The Careers of a Concept. In: *Humanities* 11 (2020) 2, pp. 187–192.

11 Carrier: *Moral Economy*.

12 *Ibid.*, p. 31.

Ottoman Empire – beyond Bosnia-Herzegovina, which was administered by the Habsburgs from 1878 on and annexed to it in 1908 – may be surprising, but it is not novel. Contemporaries had already debated the issue publicly,¹³ and – more importantly for this article – they exercised it too. From the late 19th century on, Budapest-, Prague- and Vienna-based banks and industrial companies actively – often frantically – established subsidiaries, transformed existing business into joint stock companies, and gained influence over ever larger sectors of the economy in these regions. While it was not necessarily as successful as German liberal imperialism,¹⁴ it was certainly a form of imperialism – and one of the owners of the Lugo Textile Company, the Hungarian Commercial Bank in Pest (Pesti Magyar Kereskedelmi Bank, PMKB), was a flag bearer of this movement.¹⁵

This development was often inextricably linked with politics; PMKB, for example, bought the Andrejević Bank in the Serbian city of Niš at the request of the Austro-Hungarian Foreign Ministry and kept it running mostly for the latter's use and aims despite the meagre economic return. The PMKB had been active in Romania too since the late 19th century, and its major prize was the transformation of a traditional family bank, the Marmorosch et Blanc into a joint stock company in 1904, together with the German Bank für Handel und Industrie. Marmorosch et Blanc and PMKB were long-time partners well before the transformation, but in the form of a legal partnership (Kommanditgesellschaft), which however, limited the influence of the external partners over the management.¹⁶

13 Csaplár-Degovics Krisztián: "Nekünk nincsenek gyarmataink és hódítási szándékaink": Magyar részvétel a Monarchia gyarmatosítási törekvéseiben a Balkánon (1867–1914) ["We have no colonies and no intentions of conquest": Hungarian Participation in the Monarchy's Colonization Efforts in the Balkans (1867–1914)]. Budapest 2022; Demeter Gábor: A modernizációtól az expanziós törekvésekig, a liberalizmustól a turanizmusig. A balkáni behatolás gazdasági és ideológiai alapjai [From Modernization to Expansionist Aspirations, from Liberalism to Turanism. The economic and Ideological Foundations of the Balkan Invasion]. Sofia, Budapest 2018.

14 Stephen Gross: *Export Empire. German Soft Power in Southeastern Europe, 1890–1945*. Cambridge 2015, pp. 1–48.

15 György Kövér: Bécsi és pesti bankok a Balkánon a századfordulón [Banks from Vienna and Pest in the Balkans at the Turn of the Century]. In György Kövér: *A Pesti City öröksége. Banktörténeti tanulmányok* [The Heritage of Pest City. Studies to Banking History]. Budapest 2012, pp. 359–364; Tomka Béla: *Érdek és érdektelenség. A bank-ipar viszony a századforduló Magyarországon 1892–1913* [Interest and Disinterest. The Bank – Industry Relationship at the Turn-of-the-century Hungary 1892–1913]. Debrecen 1999, pp. 167–168.

16 *Ibid.*, 167, MNL OL Z41 34. cs. 421. t. 1164e/Vi, VII.

The new form of operation changed the institute significantly. Under the direction of the new majority owners (who syndicated their shares) but with the leadership of the head of the family, Maurice, and his son, Aristide Blank, as managing directors, the bank became one of the five largest and most significant banks in Romania.¹⁷ Control over the management was mostly exerted by the delegate of PMKB on the board, Fülöp Weiss, who was vice-chair of PMKB. It was relatively strict – at least until the Romanian partners failed to recognize their room for manoeuvre. When the Blanks did not heed the “advice” of the majority owners as to which business to focus on (investment in port facilities, acquisition of industrial shares, entering into new industries such as oil, etc.) and which to drop (grain trade as commissioners, and mortgage loans), Weiss travelled to Bucharest in 1908 to instruct Blank.¹⁸ It seems that in the years that followed, the owners sanctioned the Blanks’ significantly altered plans, allowed them to acquire or affiliate a series of regional banks in the country and to invest in industrial railways in forestry areas and in textile companies (most importantly in Iași). Trust was also strengthened through the appointment of a delegate of PMKB, Richárd Söpkéz, as one of the managing directors of Marmorosch et Blank too.¹⁹

Telling sign of the significance of the relationship and trust built between Blankbanca (as it was customarily called in Romanian parlance) and Pesti (the colloquial name for PMKB) was the moments of crises in 1912 and 1913, during the Balkan Wars. With mobilization, the public started a run on Romanian banks and the decrease in deposits threatened the liquidity of Blankbanca. What they did was to turn directly to Pesti with a request for increased refinancing from its foreign owners, using its partners in Budapest as interlocutors with the other foreign owners. While the plans were never realized (as soon as the war was over, liquidity returned), the episode suggests that PMKB was prioritized among the foreign owners, whose ranks had included the French Paribas with a ten-year special agreement since 1905.²⁰

17 Alfred Bonafous: Les grandes banques d'affaires de Roumanie [The Big Investment Banks of Romania]. In: *Revue d'économie politique* [Magazine of Political Economy] 1922, 36 (1922) 3, pp. 323–340.

18 MNL OL Z41 34. cs. 421. t. 1164e/XIV, f. 52., 1164e/XXVII, XXX, XXXX, XXXXV; pp. 16–57.

19 MNL OL Z41 34. cs. 421. t. 422 t. Aktennotiz über die Besprechung mit Herrn Direktor Richard von Söpkéz in Budapest 16. April 1918.

20 MNL OL Z41 36. cs. 446. t. f. 1.

But trust was also necessary when the Blanks involved PMKB in a politicized venture, similar to the one the Pesti had had in Serbia with the Bank Andreievits. During tensions in Greek–Romanian relations, in 1905 the Romanian Tobacco Monopoly turned to Blankbanca with an offer to help establish a bank in Thessaloniki together with one in Monastir (Bitola), Macedonia. The Monopoly promised to pay a 5% commission up to 65,000 French francs for tobacco acquired in the Ottoman lands for ten years. When it came to the realization of the plans, Blankbanca invited PMKB to participate, also disclosing the political motives of the enterprise. Thus, the Banque de Dépôt et Credit du Salonique was a proper common enterprise under joint management, with Fülöp Weiss and Maurice Blank on its board of directors.²¹

The events during WWI again demonstrated the importance of this bond for the Blanks too. After the German-Austro-Hungarian occupation of Bucharest in 1916, they fled to neutral Copenhagen. Even though they did not follow the Romanian government and the court to Iași, they refused open collaboration and Marmorosch and Blank was suspended, its assets in danger of being sold under their real value. It seems that among all its owners, PMKB led the charge to reinstate the bank, which finally happened in early 1918. As a first step, Richárd Söpkéz, the PMKB delegate among the managing directors, could return, after intense lobbying of the Foreign Ministry and the German occupation authorities by senior figures at PMKB.²²

Söpkéz as the sole director of the bank planned new ventures, such as buying a marmalade factory, a lignite mine together with Deutsche Bank, a chocolate factory, a warehouse at the Obor market in Bucharest, and a mill in Ploiești. None of these, however, were imagined as standalone operations of PMKB or Blankbanca. The 50% share of the lignite mine falling to the group led by PMKB was supposed to be bought jointly by several banks and PMKB tried to take care of the so-called Romanian interests by securing 12,5% for Banque de Crédit Roumaine. (It is unclear how Blankbanca was categorized as Romanian partners.) Thus, while it was a typ-

21 MNL OL Z41 34. cs. 426. t. f. 5. 1164i/II, f. 24.; 1164i/XXVIII/1; Ságvári Ágnes: Források Budapest múltjából [Sources from Budapest' Past] II. 1873–1919. Budapest Főváros Levéltára, 1971. document 85, pp. 185–186.

22 MNL OL Z41 34. cs. 421. t. 1164e/XXV, 1164ee/II/2.

ical endeavour of the Central Powers' military administration to exploit Romania's resources for the war as much as possible,²³ PMKB still tried to get local partners on board. The marmalade factory was another example of the "occupation" business, as in this case a German officer approached the bank with his plan to buy and operate the factory, which was owned by the German military command. In this case, 55% of shares were supposed to be distributed among the foreign owners from the Central Powers, Darmstaedter Bank and the Berliner Handelsgesellschaft, both partners of PMKB and Blankbanca and even more important for PMKB because they had operated in the country for decades. But again, Söpkéz took care of representing Romanian interests within the new company too, inviting Banque de Crédit Roumaine and Banca Agricolă to join the venture.²⁴

In the summer of 1918, after the Treaty of Bucharest was signed, the Blanks also gained permission to return home and the intervention of PMKB with imperial organs (the Ministry of Foreign Affairs, the military command, the occupation authorities) was again instrumental in letting them enter the country. Moreover, PMKB cautiously followed the process of their return and used its influence over the Hungarian and Austrian authorities to remove all administrative obstacles. For example, they even asked one of their relations in the Budapest police to instruct Maurice Blank on how to obtain all the permissions necessary for travelling through Hungary.²⁵

Still, WWI also brought a crisis in the relationship. Although its details are unclear from the remaining sources, in 1918 Pesti was considering how to continue its operations in Romania – now thought to be firmly attached to a German-Austro-Hungarian *Mittelteleuropa*. During the process they had to choose between a new offer from other Hungarian, German, and Austrian banks to cooperate – implicitly abandoning Blankbanca – and building on the existing partnership with Austrian and Romanian institutions. The leaders of Pesti clearly favoured the latter, but they felt that the conduct of the Blanks during WWI was an affront to the managers of PMKB. As it was stated in an

23 David Hamlin: *Germany's Empire in the East. Germans and Romania in an Era of Globalization and Total War*. Cambridge 2019, pp. 172–250; MNL OL Z41 36. cs. 443. t. f., pp. 1–7.

24 Kövér: *A Pesti City öröksége*, p. 362.; MNL OL Z41 36. cs. 443. t. f., pp. 1–7.

25 MNL OL Z41 34. cs. 422. t. 1164ee/I-2, 1164e/XXV.

internal memorandum concerning a discussion of the plans to raise capital proposed by the Blanks, without giving further concrete examples:

I told Söpkéz how me and the PMKB were treated by Blank Sr. and Jr. Even glossing over the discomfort their behaviour caused to us in our relationship with the government, I expected them – especially as they ought to have known even in Copenhagen how I attempted to help Blankbanca in Vienna, Bucharest, and Berlin – to answer my letters. Therefore, I will decide on the matter [whether or not to participate in the emission of new shares – GE] after having spoken to Blank in person with satisfactory results. In this case we must request a role in the bank that reflects our position and it should be supported by an appropriate share too. I reminded Söpkéz that [...] he has a moral obligation vis-à-vis us and the Handelsgesellschaft to represent our opinion. [...] As Söpkéz is a PMKB employee paid by PMKB [!], I will have to ask him in this case whether he wants to march with us?²⁶

New winds, old partnerships?

The relationship was maintained and soon it was PMKB that needed assistance from Blankbanca. Austria-Hungary was defeated and not only PMKB assets in the Romanian Kingdom were threatened as enemy property. With the annexation of Transylvania, hundreds of millions of crowns' worth PMKB assets and property came under Romanian jurisdiction.²⁷ It was a stated political goal of Romania to push out non-Romanian owners and create a national economy with a national capitalist class, and the first, logical step was to reduce the share of non-Romanians in these companies, wherever necessary, by creating new legal obligations.

This was, as Faur checked with the Lugoj Textile company, one of PMKB's important assets in the newly annexed territories. But the bank had to think of salvaging more than one factory: there were its own branches in Oradea/Nagyvárad or Arad, affiliated financial institutions in Cluj/Kolozsvár and Târgu Mureş/Marosvásárhely, an ironworks in Călan/Kalán, a car factory in Arad, a cement factory in Turda/Torda, and many other

²⁶ MNL OL Z41 PMKB34. cs. 422. t.

²⁷ Tomka: Érdék és érdektelenség, pp. 87–130.

assets.²⁸ As the Lugoj case shows, the situation was not hopeless, since PMKB successfully managed the transition and remained an important player in the Romanian economy – although often disguised and certainly in a weaker position than it had been in in the summer of 1918.

The relative success was mainly the result of the weakness of the Romanian business elites and their reluctance to submit themselves to Western partners in order to mobilize the capital necessary for the takeover of former Austro-Hungarian businesses. It was not primarily the price of buying out owners that mattered, although it was sometimes a significant obstacle; it was rather financing the operational costs and the existing debt of the facilities the Romanians bought into.²⁹ Thus, after considering the benefits and costs from both sides, there was the possibility of agreement between the current owners and potential Romanian partners to establish joint business, especially if they could make politics accept the persisting presence of the non-Romanian owners.³⁰ But the means to achieve this goal were variegated: the influence and networks of manager technocrats, the influence of Romanian business elites on politics, the cooptation of local elites, and foremost the readiness of the Romanian partners to assist the Hungarians.

The latter happened generally via fronting for the foreign owners. In Lugoj, Blankbanca and Banca Chrissoveloni were nominally shareholders with large packets of shares, but they obliged themselves not to act alone, rather heeding PMKB's instructions.³¹ It often meant that they did not even have to pay for the shares; the PMKB provided the necessary capital. For example, Erdélyi Bank/Banca Ardeleană (co-owned by PMKB and Banca Chrissolveloni) was an important shareholder of Lugoj Textile, but the price of the shares came from deposits of PMKB, and interest rates on these deposits were

28 PMKB érdekkörébe tartozó cégek [Companies of interest to PMKB] MNL OL Z41 653. cs. 4142 items.

29 In several agreements concerning the non-Romanian companies (Titan, Jiu Valley, etc.), the provision of contracts obliged the new, Romanian owners to pay off the existing debts of the companies in annual instalments. The takeover of all shares was conditional upon the elimination of this debt, and mostly it was that part of the contracts they could not fulfil, largely because the debt was denominated in foreign currency.

30 Rigó: Capitalism in Chaos.

31 MNL OL Z 41 841 cs. 4918/XXVIII., 2573g/I-3., 4918/V dossier, 842. cs. 4918a/II-18., 4918b/XI-19-8, 843. cs. 4918c/II, Letter from Balogh December 7, 1925.

paid from the dividends of the shares. Fronting became such a significant business that Banca Chrissoveloni (which grew rapidly after 1918, being transformed from a traditional family bank into a joint stock company) became one of the five largest banks and its owners gained entry to the upper echelons of French society, although French diplomats at least were convinced that their real business profile was simply fronting for foreign companies.³²

There were cases, however, when the Romanian partners wanted more influence, even though they often overestimated their own capacity for raising capital. An example is the reconfiguration of the metallurgical and mining industries with the creation of the Titan Ironworks from the ironworks in Galați (owned by industrialist Max Ausnit), the Reșița ironworks (Erste Österreichische Staatseisenbahngesellschaft – STEG, originally a French–Austrian company), and the Călan Ironworks (bought by PMKB from Rimamurányi Salgótarjáni Köszénbánya Rt. in 1918), which also included the Nădrag/Ferdinandsberg ironworks. Originally, the Romanians wanted to buy out the Austrian and Hungarian owners, but when the price became clear, they rather settled for a partnership that provided the majority of shares for a Romanian group while the majority of the profits flowed to the minority owners. They had two means to achieve this goal: loans taken by the companies and de facto provided by the original owners, and creating a syndicate of the shareholders within which parity was established and making every decision dependent on consensus. This way, the new company (which bought the physical assets of the original ones for shares of the new one) satisfied the nationalization requirements, while the original owners retained influence and a stable source of revenue.³³

In the practical operation of these schemes, Chrissoveloni, Blankbanca or Banque de Credit Roumaine/Banca Românească de Credit were crucial. These are the financial institutions that appear in most of the new companies as shareholders and fiduciary for the syndicated shares. But as these schemes depended on informal and personal connections, a series of managers were important too. They became members of

32 I am grateful to Máté Rigó, who shared with me this information he had from French diplomatic documents.

33 MNL OL Z 41 189. cs. 2085. t. 2085oo/XXVIII-4, 2085r/XXVIII; 190 cs. 1814. t. 2085ó/V-7.

boards of directors, Romanians and non-Romanians alike.³⁴ Söpkéz – probably still an employee of PMKB after 1918 – was one of them, alongside Béla Veith from the Reșița ironworks, who was the mastermind behind Titan's establishment. It is important to note that both of them were active in a series of companies that were nationalized after 1918, often sitting on their boards together with the same Romanian actors, effectively creating a managerial group who were active participants in the schemes and who obviously knew all the details of the operations that had derailed the official Romanianization policies.³⁵

PMKB had a special role not just as owner of a series of companies exposed to nationalization. Its expertise and contacts were sought after by other Hungarian businessmen, who found themselves exposed to the threat of nationalization or nurtured expansion plans. For example, as early as 1919, owners of the mining companies in the Jiu Valley (Petroșani, Uricani, and Lupeni) planned to use the newly created Romanian customs territory for expansion to new regions, building up a monopoly of coal provision. After their first attempts failed, they requested the assistance of PMKB, as the latter's network was efficient and it had already successfully managed some important nationalization projects. PMKB thus received a significant portion of shares in a new company that bought up the assets of the mines –quite the same way the ironworks were transformed –as a reward for providing the necessary contacts.³⁶

Contacts with Romanian partners were even more important because of the insecurity stemming from politics and the arbitrary decision-making of the government. Every single nationalization transaction needed permission from the government. Although the background deals were not disclosed, it was still often a high barrier and at the same time an opportunity for politics to select the Romanian partners. For ex-

34 On the bank – industry connection and what it entailed in terms of practical cooperation, see Tomka: *Érdek és érdektelenség*.

35 *Proiectul controlului industriei. Cine este autorul?* [Industry control project. Who is the author?]. In: *Adevărul* [The Truth] 36 (1923) May 13, p. 2; *Din desbaterile camerei. Declarațiile D-lui Vintilă I. Brătianu* [From the chamber debates. Statements by Mr Vintilă I. Brătianu]. *Viitorul* [Future] 17 (1294) February 13, pp. 3–4.

36 MNL OL Z 41 84 cs. 1015. t. Sándor Winlehner to the director general of Salgótarjáni Köszénbánya Rt., November 1, 1919. Petrozsény; 1550n/I-30 Memorandum for Fülöp Weiss on the future of the Jiu Valley mines in Greater Romania; 1550n/I/B; Salgó to PMKB, February 2, 1920.; 1550n/III; 1550n/II-5 Annex A. I.

ample, PMKB initially drew up an agreement with Banque de Credit Roumaine to save its Transylvanian branches, but a new, liberal government rejected the plan in 1922. Instead, the final construct implemented three years later involved Blankbanca and Chrissoveloni – both said to be very close to the governing liberals, while they were also partners of PMKB in several nationalization projects, including Lugoș Textile.³⁷ And Faur's visit to Lugoș was also prompted by a new, non-liberal government taking power, making vice-director Wagner think that the real reason for his harassment was high politics, the intention of the new government to demonstrate it did not tolerate foreigners in the economy.³⁸

Certainly, these new partnerships manifested an altered relationship that was less asymmetric than before. Romanian partners gained more leverage, more weight, and they sometimes looked at these schemes not as saving their partners, but as steppingstones towards international significance. But Hungarian business elites in Budapest also saw some advantages in the new Romania. Titan aimed to monopolize a new market defended with customs borders – and that plan was already floated in 1920 among PMKB managers and owners.³⁹ Lugoș Textile became part of a new Central European textile conglomerate owned by the Kammer brothers from Budapest, who had been co-owners before 1918. They saved their holdings in Upper Hungary – to become Czechoslovak companies – and later bought the Iași textile factory from PMKB.⁴⁰

Finally, local elites were brought on board too. On the one hand, it was customary to cooperate with local notables – the Lugoș Company was born out of a proposal of the then prefect of the county in 1911, who became a board member and shareholder. Furthermore, it provided good contacts with local and national politics and secured the goodwill of local authorities. The latter was probably even more important after

37 MNL OL Z 41 12. cs. 138. t. 539r/I-1. Aide Memoire March 5, 1923.; August 17, 1925. Agreement with Banca Chrissoveloni; September 17, 1924. PMKB to Blankart et Cie.; 539r/I-2; 539r/I-3, Bertalan Hargitay to Fülöp Weiss, December 26, 1922; 539r/XV-1; Radio Reclam Romana SA, Cluj, March 23, 1922. in MNL OL Z 41 12. cs. 141. t.

38 MNL OL Z 41 4918/III-7.

39 MNL OL Z 41 189. Cs. 1812. T. 2885o/XXX.

40 MNL OL Z 41 36. cs. 436. t. 1164p/XXV-15, f. 25., 842. cs. 4918/II-26.

1920, when a new group of Romanian local politicians overtook these roles – although many of them had good contacts to Hungarian society. In Lugoj, the Hungarian prefect was exchanged for the alternating Romanian prefects of the county (one from the National Liberal, one from the People's Party),⁴¹ and the subprefect and the county chief notary were also board members and shareholders. In many of these cases, the shares were not bought, but provided by the owners, who financed their acquisition with a loan. More importantly, the head of the county court, Nicolae Iovanovici, was also a board member. He was a well-known figure in legal circles, having acted as a judge before 1918, was well versed in Hungarian manners – and as the head of the court he was also responsible for assigning commercial law cases to judges in Lugoj.⁴²

However, connections with local elites did not stop there. These companies could offer money and bribes, and they did so frequently. To keep track of things and have some insurance if the other side did not fulfill its obligations, these bribes were often accounted for as small personal loan taken from the company. In this way, Lugoj Textile bribed the subprefect, several policemen, including the Siguranța (the state security service) as an institution, journalists, and officials of the industrial and financial inspectorates – including Faur.⁴³ While sometimes a similar loan might certainly have been the result of pressure from those holding power, these kinds of transactions were rather customary before 1918, being corrupt or not, and as such they created norms and expectations as regards to the role and function of certain local notables, and, however paradoxical it may sound, they sometimes led to mutual trust, not least because many of the arrangements rested on agreements it was not possible or at least not easy to bring to court and hope for the resolution of disagreements there. Agreements were kept by the partners not because they were easily enforceable: a complex set of factors, including the importance of mutual trust, underpinned these contractual obligations.

41 The first two Romanian members were Cornel Jurca, "Comitats-Anwalt", and Ionel Mocsonyi, a large landowner and "Comitats-Secretar" (MNL OL Z41 842. cs. 4918a/II-14.) Subsequently, Gheorghe Dobrin, vice-prefect, Petre Corneanu, prefect, Ioan Câmponeriu, prefect and vice-prefect, Ioan Harambașa, mayor of Lugoj, Cornel Lupea, county chief-notary, and Romolus Boldea, prefect of Severin county, received shares and/or were elected to the board of directors. 4918a/I-16, 4918/V-6, 4918/XXVIII-15, 4918a/I-18, 841. cs. 4918/V-8.

42 MNL OL Z41 841. cs. 4918/XXVIII-15.

43 MNL OL Z 41 Z41 842 cs 4918a/XXIX.

Claim-makings in conflict

In nominal terms, the arrangements to avert nationalization were embedded in a specific and visible moral economy at all levels, economic interactions based on moral assumptions, and mutually accepted expectations of behaviour and distribution of resources/outputs/profit. But the fate of companies in non-Romanian hands was also the focus of implicit or even explicit claim-making, and the conflicting nature of these claims revealed the most about the transition too. Nationalization of foreign companies was part of a nationalist economic policy and was justified by the principles of nationalism: assets within the nation state should belong to Romanians, otherwise they would not serve the moral goal of helping the nation. For those professing this belief, it was a reason to deny rights to property, transgress existing laws, and mobilize political support.

But reality looked very different, and the shortcomings – to say the least – of this policy were rather well-known to the public too.⁴⁴ Nationalist rhetoric was easily turned against those engaged in the practice of salvaging non-Romanian assets. This was the case, for example, with Petre Nemoianu, a Banat Romanian nationalist politician, who in a series of texts complained about the hypocrisy of the liberal governments. He primarily targeted economic policy, the state subsidies, and preferential loans accorded to several companies in the Banat. He did not deny it was of foremost importance to help an emerging Romanian industrial capital – just as it was the most important argument of the economic nationalism behind the nationalization policies. But he pointed out that most of the recipients of these loans and subsidies were Romanian only in name. Nationalization was only a façade; everyone knew that foreign owners retained ownership and therefore the Romanian state effectively supported foreign capital. It was the ultimate moral failure, a flawed moral economy, as a true Romanian would and should have been helping Romanians and not foreigners.⁴⁵

44 Proiectul controlului industriei. Cine este autorul? [Industry control project. Who is the author?]. In: Adevărul [The Truth] 36 (1923) May 13, p.2; Din desbaterile camerei. Declarațiile D-lui Vintilă I. Brătianu [From the chamber debates. Statements by Mr Vintilă I. Brătianu]. Viitorul [Future] 17 (1294) February 13, pp. 3–4.

45 Petre Nemoianu: Ardeal și Banatul după unire [Transylvania and Banat after the Union]. Cluj 1925, pp. 15–19; Petre Nemoianu: Probleme bănățene: Valea Almăjului. IV [“Problems of Banat: Valea Almăjului. IV.”]. Țara Noastră [Our Country] 9. No. 9. (1928) 11, pp. 56–60.

It is quite clear that capitalists in Budapest and Bucharest had different ideas of the moral economy of the new Romania than the ones Nemoianu expressed. They were not loquacious about their plans and activities, nor were they concerned about morality. However, when it came to arguments, they rarely invoked inviolable property rights as part of some moral universe, and also rarely spoke of the mutual obligations they shared with Romanian or non-Romanian partners and felt obliged to follow as part of this elite network's own moral economy. What they invoked – if they invoked anything at all – was the necessity to develop an industry for the benefit of the nation-state, and the resulting necessity to act more pragmatically than nationalist ideology prescribed, to co-opt actual owners with capital and knowledge instead of alienating them, and to get them on board with the task of developing Romania.

Finally – and as a locally committed politician and member of the local political circles, the critical Nemoianu, also a board member for some time in Lugoj, was probably aware of this – a third type of claim was present too, one that was hardly ever openly connected with the practices of transition but that helped secure the support of local and national level politicians for the diverse quasi-nationalization schemes that actually preserved foreign ownership.⁴⁶ Their participation on the boards of these companies was a customary practice and certainly corrupt. Still, if these new political elites had been put there to make a claim supporting their participation, they would most probably have invoked their role as the middle-class backbone of the nation together with their alleged modernity.⁴⁷ Yes, they would have admitted, they held these positions as part of a relationship in which favours were exchanged. Yes, it looked very much like bribery. But still, as a way of justifying while admitting the moral wrongs, they might have claimed that they received a different type of income than their Hungarian predecessors who

46 Rigó: Capitalism in Chaos.

47 On the claims justifying the assistance provided to the middle class on nationalist grounds, see Sergiu Delcea: Pro-Urban Welfare in an Agricultural Country? Economic Nationalism and Welfare Regime Problems of Fit. Lessons from Interwar Romania. in: Stefan Berger, Thomas Fetzner (eds.): Nationalism and the Economy. Explorations into a Neglected Relationship. New York, Budapest 2019, pp. 139–62. On the dominant view on the Hungarian gentry and their oppression of Romanians, see Luminița Ignat-Coman: Imagine de sine la românii ardeleni în perioada dualistă [Self-image of the Transylvanian Romanians in the Dualist Period], Cluj-Napoca 2009; Nicoleta Hegedűs: Imaginea Maghiarilor în cultura Românească din Transilvania (1867–1918). Teza de doctorat [The Image of the Hungarians in the Transylvanian Romanian Culture (1867–1918) – PhD Thesis]. Cluj-Napoca 2010.

had acted in the same social and administrative position just a few decades before. Those where – at least in the eyes of Romanians – a landed class who lived from their noble property and usurped inherited privileges. For the new, Romanian cohort, joining the boards of directors was one way of exploiting their education, their university degrees, or degrees from specialized institutions, and the knowledge they had gained in the real world. What they could claim was that theirs was a modern activity which was, despite the obvious similarity or analogy to the practice of the Hungarians, more aligned with social progress and as such morally superior to the world of the Hungarian nobility. A different one, one they deserved because it provided a life that suited their social role and their responsibility for the nation.

Dr. Gábor Egry is a historian, Doctor of the Hungarian Academy of Sciences, director-general of the Institute of Political History, Budapest. He graduated from ELTE Budapest in 2006 with a doctoral thesis on the financial system of the Transylvanian Saxons and its role in the national movement in the 19th century. His research interests are nationalism, everyday ethnicity, politics of identity, politics of memory in modern East Central Europe. Since 2018 he is the Principal Investigator of the ERC Consolidator project *Nepostrans – Negotiating post-imperial transitions: from remobilization to nation-state consolidation. A comparative study of local and regional transitions in post-Habsburg East and Central Europe.*

Zusammenfassung

Die moralische Ökonomie des imperialen Hochkapitals? Die (Nicht-)Verstaatlichung ausländischer Unternehmen im Rumänien der Nachkriegszeit und die Idee einer rumänischen Nationalökonomie

Dieser Artikel untersucht, wie ungarische Kapitaleigentümer trotz der Bemühungen des Staates, die Unternehmen mit Hilfe von Verbindlichkeiten, die vor 1918 mit rumänischen Geschäftsleuten eingegangen wurden, zu verstaatlichen, ihr Eigentum bewahren und Schlüsselpositionen auf dem rumänischen Markt nach dem Ersten

Weltkrieg erlangen konnten. Es wird argumentiert, dass diese Verbindlichkeiten im Gegensatz zum klassischen Verständnis des Begriffs Teil einer moralischen Ökonomie des Hochkapitals waren und mit einer Strategie der Einbettung der Industriebetriebe in die lokale Gesellschaft durch die Kooptation der lokalen politischen Eliten einhergingen. Die Diskrepanz zwischen dem normativen, nationalistischen Diskurs der Staatlichkeit und der zweideutigen Praxis der Rumänisierung erzeugte jedoch eine Gegenreaktion auf dieser lokalen Ebene. Dies führte zu einem Diskurs mit moralischen Ansprüchen, der das Scheitern der Rumänisierung des Industriesektors mit der allgemeinen Korruption des Landes und seiner Eliten sowie dem Fortbestehen ethnischer Unterschiede in der Gesellschaft in Verbindung brachte.

Abstract

The Moral Economy of High Imperial Capital? The (Non-)Nationalization of Foreign Companies in Post-WWI Romania and the Idea of a Romanian National Economy

This article discusses how Hungarian capitalists preserved their property and sometimes gained key positions on the market in post-WWI Romania despite the state's efforts to Romanianize these companies with the help of obligations established with Romanian businessmen prior to 1918. I will argue that these obligations were part of a moral economy of the high capital as opposed to the classic understanding of the term, and also complemented with a strategy of embedding industrial works in local society by co-opting local political elites. However, the discrepancy between the normative, nationalist discourse of statehood and the ambiguous practice of Romanianization generated a backlash at this local level which resulted in a discourse of morality-based claim-making that connected the failure to Romanianize the industrial sector with the general corruption of the country and its elites, and the persistence of ethnic others within society.

Keywords: economic nationalism, interwar Romania, Hungarian capitalist elites, post-imperial transition