Romanian Economy in the Interwar Period

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Abstract: Resumption of economic progress will be slow, but unevenly but after overcoming the food crisis of 1920-1921, Romania will be able to deliver on economic recovery by attracting capital investment, increase the number of enterprises and workers and especially by increasing the driving force and technical endowment of enterprises. The Central Authorities Legislation will draw up related protectionist liberal economic doctrine “by ourselves” in most of the period. According to political algorithm and the result of increasing domestic resource mobilization of capital while limiting the foreign capital in the Romanian economy.

Keywords: crisis; economic recovery; protectionist legislation.

Introduction

Resumption of economic progress but will be slow and unequally but after overcoming the food crisis of 1920-1921, Romania will be able to deliver on economic recovery by attracting capital investment, increase the number of enterprises and workers, especially by increasing the driving force and technical enterprises. Liberal government will draft legislation related protectionist economic liberal doctrine “by ourselves” and seeking increased resource mobilization of domestic capital while limiting the foreign capital in the Romanian economy. By the Mining Law of 1924 will prohibit the concession for the operation richness of the soil and subsoil, foreign capital in an amount greater than 40%, according to the new constitution but under political and economic pressure foreign law will be amended so that Romanian citizens will be able to hold 50% of the capital and 49.9% foreign capital.

It divides the interwar period economically in 4 stages namely:

- economic recovery phase 1919-1921
- growth phase 1922-1929
- stage of the economic crisis of 1929-1933
- growth phase 1934-1939

Content
Romania's economic recovery process (1919-1921) involved the creation of absolute targets similar to those held by many of the European countries affected by war and was characterized by the need to restore industrial and agricultural production by regulating monetary circulation and stagnation inflation by balancing balance trade and payment of budget income and expenditure and rebuilding infrastructure, transport concomitant economic recovery.

However, economic recovery and national industry development will be possible throughout the presence of foreign capital, which proves that although the policy of protecting domestic capital was much more present than in the past, Romania was still one of the most attractive markets in Europe for investment foreign. However, there is also a redistribution of the foreign capital share, French, English, Dutch and American, being much more present and active than German or Austro-Hungarian capital. Restoring agriculture will be closely linked to the agrarian reform of 1921 will expropriate over 66% (over 6 million hectares) in area owned by estates with over 100 hectares. Peasants they would be granted land plots farm of up to 5 hectares by redemption but in the early years of reform, agricultural production will be one less than the prewar subsequent development of agriculture and agricultural production will contribute to the improvement of the most important categories social and intensify the process of social stratification. Restoring the national economy will take longer than economic recovery of the Great Powers, but once the excess production and exports prewar state will take a far greater control over trade by encouraging the export of finished products and imposing a tax regime for grain exports and food products. In 1926, exports and imports will exceed the value of oil exports will exceed 40% of total exports.

Stage of Growth (1922-1929)

Economic growth in the first decade of the interwar period will be a natural continuation of the growth process both sequential production volume of trade but also due to the stability of the national currency and the quotation that it was on international financial markets. However the economic measures taken by the Romanian authorities could not score than the general trend adopted by most European governments, so that on the European level and internationally we are witnessing increasing competition goods exports (grains Romanian partly oil, raced strongly of cereals US imported European countries overseas. In this context, the Romanian state was forced to deal with economic measures defense of national economic interests and this was done through both protect domestic capital and by controlling and directing the national economy. Increasing economy will be helped by providing major orders in different areas of the state of private firms, both to equip the army and for achieving some infrastructure (metallurgy, energy of Transportation, manufacturing, textile, machinery, food). Economic boom in this period can be found both in investments in industry (from 40 billion to 75 billion-1929) but also in manufacturing, mining and electricity sectors where the share of this growth is maintained. Economic momentum is undoubtedly supported by increasing scale international demand for oil which contributes to development of infrastructure, automobile industry, railways, shipyards and not least the airline. Imports consist mainly of
imports will help support national economic recovery by the fact that the use of efficient industrial techniques will help increase yield and production of both industrial and agricultural. To support this healthy economic growth, in 1927 the Liberal government will have to achieve monetary stability and the National Bank began revaluing the lion by its commitment not to issue currency above the ceiling reached in December 1924 because the money supply had increased more than 12 times the level prewar. Country's public debt will rise steadily reaching in 1927 to nearly 6 billion lei and that given that in 1924 Romania's budget is in surplus (although budget revenues have increased 13 times, spending will increase by 18 times the level prewar).

During the economic crisis (1929-1933)

Although the economic crisis has impacted tough overseas, however, they were felt strong enough in Europe, especially in industrialized countries. Part of the European economy with an economy industrial- agrarian Romania will support economic crisis in a somewhat original, they being felt more in economic sectors industrialized: agricultural production during the economic crisis was a pretty good one and that the export price of cereals on the international market collapsed will have a dual effect. On the one hand will help decrease state revenues and exporters, on the other hand cereals are consumed on the domestic market. In the economic crisis the state has had major problems on its external debt contracted so Liberal governments and peasant, however, the export of crude oil will be the only source of income even if its price will drop to half (production level will increase during this period to compensate for the price decrease and the amount of oil extracted obviously will increase thanks to investments made by foreign capital). The only extractive industry, will discordant note with other economic sectors which, because of the crisis will contribute to outbreaks of social unrest and strikes scale miners, railway workers and oil workers but not only. Economic and social instability will contribute greatly to political instability and therefore the uncertainty in the decision ultimately in 1933. Romania, through the National Peasant Party in government will accept the return of Carol II to the throne and the abolition regency. Romanian economy between 1929-1933 will be felt also in financial terms, the financial investments, being drastically diminished particularly in the metallurgical and steel sectors. Romania's economic potential will be seriously affected so that to cope with huge budget deficits Romania will cease payment of foreign debt and will resort to a policy of drastic decrease spending even to the temporary suspension of payment of salaries of some categories of employees.

Coping economic crisis in years 1929-1933 economic recovery was done gradually rebounding Romanian economy hard after such an ordeal, production and the exports before the crisis is reached in 1934-1934. Sustained economic growth will be recorded in all industries but once the first threats to international peace and security, countries of the world including Romania will pay more attention to endow the national army with military equipment. The years 1936 -1937 represent the years of maximum economic development
both in terms of production and exports from the entire interwar period, but this growth will be halted by the outbreak in 1939 of the Second World War. Economic crisis in the next decade Romanian state contracts and economic cooperation agreements with a number of countries diversifying their economic relations significantly both in terms of exports and the imports.

This is due to Romania's participation in a number of international fairs and exhibitions such as those from Milan and Prague of 1933 or the 1937 Belgrade, Milan, Bari and Prague. Particularly fruitful conclusion in terms of trade, proved Romanian participations in international exhibitions in Japan in 1935, the Universal Exhibition in Brussels in 1937 exhibition in Berlin from 1939 and one from New York. Evoluțoia economic or characterizes Europe after the economic crisis and by specific changes of social and political life that have aggravated relations between European states, democracy is inevitable slippage. Romania had to take account of these new achievements Romania you having to refocus and economic relations. A significant impact on the evolution of Romanian economy in the period immediately before the outbreak of the Second World War will be given by the Romanian-German economic Treaty of March 23, 1939. The provisions of this Agreement will be subordinated to the Romanian State economically with all efforts that will Western countries subsequently made to lower German share on grain exports and oil. Romanian exports will correlate according to an economic needs German state which undertakes to supply military equipment to the Romanian Army. Basically, through the establishment of joint Romanian-German areas of interest, the entire Romanian economy will undergo a true German monopoly. The signing of this treaty was highly controversial at the time, pursued by the Romanian authorities to temper the claims of neighboring states to revise the borders. The Third Reich will not take into account the Romanian side's wish to safeguard western border than when after Hungary and Bulgaria claims will be met at least partially. Moreover, by signing the German-Soviet Non-Aggression Pact in the summer of 1939, the entire international public opinion will be taken by surprise. Some of the provisions of this secret pact refers to Romania, namely to change its Eastern border U.R.S.S.'s in favor of further weakening economic potential, political and military Romanian international arena. Romanian state now becomes really easy prey being extremely easy attracted by the German while the traditional allies, England and France will be unable to assist Romania.

Conclusion

Coping economic crisis in the years 1929-1933 was made gradually rebounding Romanian economy hard after such an ordeal, production and the exports before the crisis is reached between 1934-1934. Sustained economic progress and development of Romania during this period will record all economic and industrial but with the appearance of the first threats to international peace and security, countries of the world including Romania will attach great importance to equipping the national army with military equipment. The years 1936 -1937 represent the years of maximum economic development both in terms of production and exports throughout the interwar period, but this growth will be hampered by the outbreak in
1939 of the Second World War. Romanian economy will be strongly affected by territorial concessions in the summer of 1940 and the outbreak of WWII. War preparations and actual participation in the conflict both before and especially after August 23, 1944 will further contribute to the weakening of the Romanian economy although the war effort places it on an honorable fourth place among countries that fought in the antifascist war. The economic costs are even more relevant considering the fact that the Romanian economy has been exhausted by Germany during both Romania fought alongside it, i.e. June 1941-august 1944, the human and material losses massive suffered on the front and not only inflicted allies, the losses suffered by Germany and its allies after August 23, 1944 and not least the practical maintenance of both German and Soviet occupation army before and after turning weapons of August 23, 1944.

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