

## **ECONOMIC SYSTEM IN TRANSYLVANIA DURING WORLD WAR I: ROMANIAN BANKS AND THEIRS MAJOR CHARITABLE ACTIVITIES\***

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### **ABSTRACT**

*TRANSYLVANIAN ROMANIAN SOCIETY'S LIFE DURING THE FIRST WORLD WAR WAS NOT EASY. POPULATION WAS HARD HIT: THOSE WHO STAYED HOME, SOME OF THEM WERE LEFT WITHOUT ANY SUPPORT, AND THOSE WHO LEFT, HAD TO FACE THE HARSH REALITY OF WAR AND ITS FLAWS, FAR FROM HOME. YET THEY HAVE NOT BEEN ALONE IN THIS FIGHT, NOR THOSE FROM HOME, NOR THOSE FROM THE FRONT. A SIGNIFICANT HELP CAME FROM ROMANIAN BANKS, WHICH COULD NOT REMAIN INDIFFERENT TO PROBLEMS AROUND. THEY TRIED AS MUCH AS THEY COULD, TO MAKE LIFE EASIER, ESPECIALLY FOR THE ROMANIANS. CHARITY PERFORMED BY THEM WERE RECORDED IN THE PAGES OF PERIODICALS, MOSTLY OF THE SPECIALTY. ALL THAT BEEN SAID, CAN NOT DENY THE IMPORTANCE OF ROMANIAN BANKS GENEROSITY TO ROMANIANS IN TRANSYLVANIA, WITH DIFFERENT PROBLEMS. THUS WE CAN SAY THAT IT WAS AN IMPORTANT ALLY OF SOCIETY IN THE PROBLEMS CAUSED BY WAR.*

**KEYWORDS:** *BANKS, TRANSYLVANIA, WORLD WAR, DONATIONS, PRESS.*

Twentieth century was marked by various events that have left their mark on the population, both directly and indirectly, immediate or long term. One of these was the First World War, which affected all nations, both politically, socially, culturally and economically, in a word "life" has changed. Over time, there have been many studies that have focused attention on this episode of history, examining various aspects in an attempt to better understand, but most stopped on politics or military leaving the others in the shadows. We can't say that aroused interest, but some aspects were considered less

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important and thus were few people who have turned to investigating this period in terms of the demographic, cultural or economic impact. Regarding the latter, began to arouse the interest of foreign researchers in the latter part of the nineteenth century and grew in intensity, the number of studies addressing this topic is growing.

<sup>1</sup> National, there are few studies on the banking system in Transylvania during World War I, but nevertheless there are some issues waiting to be explored.<sup>2</sup>

### ***Introduction***

The evolution of the Romanian banks of Transylvania, at the outset, followed a trajectory upward, even though it felt, as well as other banks and institutions, the effects of a war of such magnitude. The effects were manifested on two plans, customers and bankers. In the first category, those who had deposits, attacked banks for counters to withdraw the amounts secured for fear the money may not be sequestered of foreign troops or by the State for war.<sup>3</sup> On the other hand, many borrowers do not pay their debts, some out of ignorance, others, especially those from the village, they keep the money that because they believed that their debts will be deleted, while others simply do not want to pay.<sup>4</sup> This situation, in turn, has created serious problems for the banks, which have seen obliged to repay large amounts of money. At the same time, because of the mobilization of a large number of credited, some of them arriving prisoners or even died on the battlefield, the banks have recorded large losses, in some cases, they could be easily written off as a result of the existence of a latent Fund of the Bank, such as the “Victoria”.<sup>5</sup> Romanian banks, with some exceptions, they knew to gather the latent reserves, by removing the interest outstanding and climbing the anticipated ones, often in amounts exceeding the

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<sup>1</sup> A.L. Bowley, *Some Economic Consequences of the Great War* (London: Gibson Press, 1930); C. H. Feinstein, *National Income, Expenditure, and Output of the United Kingdom, 1855-1965* (Cambridge: University Press, 1972); Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: Organisation for Economic Co-Operation and Development, 2001), Stephen Broadberry, Mark Harrison, *The Economics of World War I* (Cambridge: University Press, 2005) etc.

<sup>2</sup> Vasile Ciobanu, Dobrescu Vasile, Dronca Lucian, *Istorie financiar-bancară. Vol. 2: Studii asupra băncilor săsești, românești, maghiare și slovace din Austro-Ungaria: (1867-1918)* (Cluj-Napoca: Dacia, 2001) Mihai D. Drecin, Dobrescu Vasile, Kakucs Lajos, *Istorie financiar-bancară. Vol. 1: Studii asupra băncilor românești din Transilvania: (1867-1918)* (Cluj-Napoca : Dacia, 1996).

<sup>3</sup> Lucian Dronca, *Băncile românești din Transilvania în perioada dualismului austro-ungar (1867-1918)* (Cluj-Napoca: Presa Uiversitară Clujeană, 2003) 270-271.

<sup>4</sup> *Revista economică, Sibiu, 1915, nr. 47.*

<sup>5</sup> Lucian Dronca, „Activitatea Băncii „Victoria” din Arad (1887-1918)” în *Banatica, Reșița, 1996, p. 319.*

standard.<sup>6</sup> And have created a lot of reserve funds, and depreciation, value reductions, etc., have sought to consolidate. They even managed to record the actual profits considerably. But since the outbreak of war and, in particular, the “the condemned invasion of Romania” our banks situation has changed very much, the volume has been reduced.<sup>7</sup> The situation worsened after Romania's entry into the war, some banks stopping their activity altogether.<sup>8</sup> However, the Romanian banks have managed to find the resources needed to support, in a lesser or greater extent, those who have suffered from the war, particularly the Transylvanian Romanians. The population has suffered a lot from the war and the leadership of their banks, have not remained indifferent to the suffering of those around them, involving through various ways: aid granted directly to individuals, or institutions dealing with helping people with problems, such as orphanages, cafeterias, meetings, associations, etc. The generosity of banks have received including schools and Church.

### *Charitable Fund*

In newspapers has discussed about the formation of funds for helping those who are on the front and their families. “Our” banks even if they have the statute provisions for the creation of funds, in addition to the book, have created others, such as pension funds, and cultural advantages, that grow from year to year. Very few banks are in a position to be able to pay pensions, etc. in these funds, since the beginning.<sup>9</sup> However, almost all banks in Transylvania had yet to establish a fund called “the share of charity”, with the aim of helping, in particular, on the Romanians in the Principality. Even in the press appear urging Romanians bankers to support their countrymen “ahead of our villages help and enlightened by our banks ahead...”<sup>10</sup>. At the same time, banks are only a part of the institutions would have had and expect it to support education, Church, culture, society itself etc, various associations, child sponsorship meetings, which were aimed at helping those who needed help. This Fund, charity “share”, where there was turned in by various churches, schools, students, in particular, to ensure their meals, meetings, etc. being

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<sup>6</sup> Revista economică, Sibiu, 1917, nr. 2.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Revista economică, Sibiu, 1915, nr, 46.

<sup>10</sup> Apud Vasile Dobrescu, „Considerații privind rolul băncilor românești în domeniul agrar”, in Istorie financiar-bancară. Vol. I: Studii asupra băncilor românești din Transilvania: (1867-1918) (Cluj-Napoca: Dacia, 1996) 36-37.

addressed in particular to “Romanians”. This financial support is offered, usually in profit, though, there are still banks that it calculates the expenses. Through this Fund, the banks were able to help many people overcome some difficult times in their lives.

### *Press*

As can be seen from the above said, the press, and here we are talking in particular of the Romanian one, is reflecting the society lives within its pages the way it has been superbly supported by the help of the various State institutions and those with possibilities. In addition, the press has used its pages to make known the existing problems and to ask those who have the opportunity to get involved in helping society, “brethren”, Romanians who left without any support in the wake of the outbreak of war. One of the most important publications, which reflects the evolution of annual balance sheets of the banks, is Anuarul Băncilor Române (Romanian bank directory). It provides us with the official data recorded by banks yearly, so we can make a comparison between the situation existing before the war and after the outbreak of the conflagration. According to this publication, almost all banks have had, since the foundation, the charitable fund. This shows us that the charity had before the war. Analyzing the publication, we can see that some banks remain consistent in terms of the distribution of charity, other reduced amounts, number of donations, or even waive, for various reasons, the main being the decrease in income, and others increase the amounts, beneficiaries and add new place including new forms of financial aid. With this directory, another very important publication for this area is the economic Magazine, a periodical, which appears weekly in Sibiu and in whose pages we find important articles of interest, with reference both to the banks and their relationship with the company and various other aspects of the financial and economic life. In terms of other periodical publications, newspapers, addressing these issues is less present among the topics presented, their pages and registration of donations directed to orphanages.

The first year of the war, in terms of donations from banks, was not very different from the previous one. Taking into account the fact that the war broke out in the second half of the year, this fact is somehow justified. In 1914 a part of charity shares were directed towards the “students” from different cities, sometimes given the fact that it is only of Romanian students. Such an example can be the Bank “Silvania” from Șimleu

which donates 500 K (crowns) to “Romanian students table of Șimleu”.<sup>11</sup> The amounts that had the same destination didn’t had a constant value, these varying depending on the financial resources held by banks, and in situations where the same bank as donations to the institutions which had the same purpose and amounts were different, probably due to some affinities. As examples we can give the following values: 20 K<sup>12</sup>, as donated Concordia bank headquartered in Gherla, to “students table of Năsăud”, the same bank donating 25 K<sup>13</sup> for “the academic students table of Cluj”, and branch based in Fofeldea, donated 30 K<sup>14</sup> both for “students table of Cluj” as well as for those in Brașov. Most of the donations that were recorded were under 100 K, although there were much larger amounts, for example, the “Albina” with headquarters in Sibiu, who donated to the “students table, founded and supported by the Institute” the sum of 8,000 K<sup>15</sup>. Other destinations of charitable funds were confessional schools, a good example being the “Furnica” in Făgăraș, which has donated 600 K<sup>16</sup> at Catholic and Orthodox schools from Făgăraș. In addition to the ordinary beneficiaries of these charity funds, with the outbreak of the war in Transylvania, Romanian banks have decided to help those who suffered from it, meaning the families of those who are on the front and even wounded soldiers. So “Hondoleana Bank” with headquarters in Hondol, donated 10 K for “blind” soldiers, 4 K for wounded soldiers, “Sentinela Bank” with headquarters in Satu Nou, donated 118 K to “unfortunate in war”, Bank “Vlădeasa” headquartered in Huedin donated 100 K to “families of those taken in the war”. In addition to these, there were banks, which included expenses aid for families of those working on the front. Thus, “Hațiegana”, located in Hațieg, recorded 1,100 K<sup>17</sup> as “war aid and the Red Cross” and the “Pogresul” Bank, based in Ilia, and the “Însoțirea de credit din Sâmbăta Superioară” as 800 K<sup>18</sup> and 30 K<sup>19</sup>.

The following year the situation has not changed significantly. The main beneficiaries remain the same: orphanages, Romanian students, families of those working on the front lines, schools. Thus, the Orphanage has received help from the following

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<sup>11</sup> Anuarul Băncilor Române, Sibiu, 1916, 126.

<sup>12</sup> Ibid, 45.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid, 48.

<sup>15</sup> Ibid, 8.

<sup>16</sup> Ibid, 66.

<sup>17</sup> Ibid, 73.

<sup>18</sup> Ibid, 112.

<sup>19</sup> Ibid, 191.

banks: “Albina” 10,000 K<sup>20</sup>, “Bihoreana”, located in Oradea, 2,500 K<sup>21</sup>, “Ardeleana”, located in Orăștie, 2,000 K<sup>22</sup>, “Sentinela” 1,000 K<sup>23</sup>, “Crișana”, from Brad, 350 K<sup>24</sup>, most donations fits between 50-300 K, the smallest amount being offered by the “Poporală” Bank, based in Arpașul de Jos 20 K<sup>25</sup>. Orphanage from Blaj received the following donations: “Bihoreana” 25.000K<sup>26</sup>, “Chiorana”, with seat in Șomcuta Mare, 1,000 K<sup>27</sup>, “Maramurășana”, located in Sighetu Marmăției, 1,000 K<sup>28</sup>, “Silvania” 1,000 K<sup>29</sup>, “Aurora”, based in Năsăud, 1,000 K<sup>30</sup>, “Economul” 500 K<sup>31</sup> and, as for the orphanage in Sibiu, the majority of donations fit between 50-300 K, the smallest amount is recorded in the right “Poporală” Bank 20 K<sup>32</sup>. As far as donations for the students, they ranged between 20 K, the most common, and 6,000 K<sup>33</sup> bid from “Albina”. In addition to this they were recorded war aids: “Bistrițiana”, located in Bistrița, offering for the officials 900 K<sup>34</sup>, and “Corvineana”, located in Hunedoara, 960 K<sup>35</sup>, and “Zărăndeana”, located in Băița, 250 K<sup>36</sup> for families left without support after mobilization. At the same time, we emphasize the fact that there were banks that were thought about poor children, “Aurora” featuring 50 K<sup>37</sup> for this purpose, and the “Iulia”, based in Alba-Iulia, offering 300 K for a “fund set up for the establishment of a convict for poor children from Romanian Roman Catholic gymnasium in Alba Iulia”<sup>38</sup>. All these amounts were provided in profits to banks, less than the 900 K offer “Bistrițiana” for its officials, as a war aid, and registered as expenses. You may notice a slight decrease in the amounts provided, but on the other hand a greater number of donations, the above represents only a small part of the list of banks and donations from them in the second year of the war. Prolonging the war, however, began to

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<sup>20</sup> Anuarul Băncilor Române, Sibiu, 1917, 6.

<sup>21</sup> Ibid, 17.

<sup>22</sup> Ibid, 7.

<sup>23</sup> Ibid, 82.

<sup>24</sup> Ibid, 36.

<sup>25</sup> Ibid, 13.

<sup>26</sup> Ibid,17.

<sup>27</sup> Ibid, 27.

<sup>28</sup> Ibid, 58.

<sup>29</sup> Ibid, 84.

<sup>30</sup> Ibid, 104.

<sup>31</sup> Ibid, 42.

<sup>32</sup> Ibid, 13.

<sup>33</sup> Ibid, 6.

<sup>34</sup> Ibid, 18.

<sup>35</sup> Ibid, 34.

<sup>36</sup> Ibid, 101.

<sup>37</sup> Ibid, 104.

<sup>38</sup> Ibid, 51.

make itself felt and the banks, analyzing the Romanian Banks Directory, it can be seen that their number decreases, as well as the donations. However, there were banks that have managed to maintain. Thus, in 1916, as the orphanage moved from Bank “Albina” 10,000 K<sup>39</sup> “Corvineana” 3.000 K<sup>40</sup>, “Economul” 250 K<sup>41</sup>, “Mărgineana”<sup>42</sup> and “Mielul”<sup>43</sup>, both based in Poiana, with 200 K and a 100 K donations from banks as “Grănițerul”, located in Dobra, Minerva, located in Poiana Mărului, “Vulturul”, based in Tășnad, etc. The orphanage in Blaj, received from “Albina” and “Aurora” 1.000 K<sup>44</sup>, “Economul” 500 K<sup>45</sup> etc. In terms of the students table, with the exception of “Albina” which keeps the amount of 6,000 K<sup>46</sup> as a donation, the amounts are smaller. Let's not forget any donations for poor children and families of those working on the front.

The following year, unfortunately, I found in the “Romanian Banks Yearbook”, that the situation has remained to some extent. To the orphanage in Sibiu moved 10,000 K<sup>47</sup> from “Albina”, 200 K<sup>48</sup> from “Mărgineana,” 100 K<sup>49</sup> from both “Grănițerul” and “Lăpușana”, located in Lăpușul Unguresc<sup>50</sup>, and 50 K<sup>51</sup> from “Șoimul”, with seat in Uioara<sup>52</sup>. Orphanage in Blaj has benefited this year from aids from “Albina” and “Aurora” both 1.000 K<sup>53</sup>, from the “Lăpușana” of 100 K<sup>54</sup> and from “Șoimul” of 50 K<sup>55</sup>. The students table moved and this year's funds from the banks. “Albina” has managed to maintain the amount of 6000 K<sup>56</sup> for students table based and supported by the institution “Economul” has provided 500 K<sup>57</sup> for students, “Dr. Mureșianu”, there were other donations, with values between 10 and 100 K, which were directed to these institutions. As in previous years, the Transylvanian Romanian banks have turned his attention to those

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<sup>39</sup> Anuarul Băncilor Române, 1918, 4.

<sup>40</sup> Ibid, 26.

<sup>41</sup> Ibid, 102.

<sup>42</sup> Ibid, 42.

<sup>43</sup> Ibid, 45.

<sup>44</sup> Ibid, 4, 80.

<sup>45</sup> Ibid, 102.

<sup>46</sup> Ibid, 4.

<sup>47</sup> Anuarul Băncilor Române, 1919, 4.

<sup>48</sup> Ibid, 48.

<sup>49</sup> Ibid, 38, 43.

<sup>50</sup> Now: Târgu Lăpuș.

<sup>51</sup> Anuarul Băncilor Române, 1919, 65.

<sup>52</sup> Now: Ocna Mureș.

<sup>53</sup> Anuarul Băncilor Române, 1919, 4, 82.

<sup>54</sup> Ibid, 43.

<sup>55</sup> Ibid, 65.

<sup>56</sup> Ibid, 4.

<sup>57</sup> Ibid, 32.

who had suffered from the war, wounded or disabled and those families who had someone on the front.

There are few banks not be given supplements of costliness, some have even added. The press appeal to banks to help them, as far as possible, those working in their service, giving them the example of a Romanian Bank “forehead”, without being told its name. It was occupied by obtaining the necessary living items for its officials, namely: meal, potatoes, vegetables, grease, wood, etc., their price will be returned in monthly installments by the parties concerned; What are recommended to be used in other banks.<sup>58</sup>

At the beginning of the war, most of the officials were recruited, some senior officers, pay in accordance with the position held, in addition to the salary of the official. Some banks have followed the same steps as the State: they reduced the salary paid in the amount of the salary of the officer and the officer does not exceed the salary he had before the war. Part of the money was recovered by family aids, clothing and supplies aids, provided by the State and taken over of some banks too, however there are banks indifferent to the problems of their officials.<sup>59</sup> However, many banks have additions adapted to their service, so the additions come to vary between 40-80% of the value of wages in the past.<sup>60</sup> However, it is impossible for banks to give added to compensate for the high cost. Most of them had to provide her salary or to help public servants enrolled, or in some cases even to bear the considerable costs of escaping their jobs more secure.<sup>61</sup> This last situation is more common in the latter part of the war, after Romania entered the war.

Another article, talks about a Bank, without mentioning its name, which in the year 1915 was talking about the following issues: “... the Bank using the juncture of the war he aspired, like helping his organization to achieve such purposes, business, by solving which can serve the interests of the country. And was considered a main issue to achieve the necessary imports raw, brought in Turtucaia și Bulgaria large quantities of wool, skins, tanning materials etc. Regarding trade in items intended for the public, we have set the import of condensed milk, coffee, hops”<sup>62</sup>. Which shows how important it was for some

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<sup>58</sup> Revista economică, Sibiu, 1917, nr. 35.

<sup>59</sup> Ibid, nr. 37.

<sup>60</sup> Ibid, nr. 44.

<sup>61</sup> Ibid, nr. 2.

<sup>62</sup> Revista economică, Sibiu, 1916, nr 21.



banks, to help the society suffered from war, and at the same time urges and other such institutions to follow the example.

About the right to buy and sell grain in Transylvania, speaks another article, which is only known that the company “Haditermény” in Budapest, may sell grain in Transylvania, “Agricola “ with only concession for corn and only in Hunedoara county, so it cant sell corn or other grains in other counties without a special concession to “Haditermény”.<sup>63</sup> This article suggests that all banks make a list with the necessary quantities of maize for each district, and be sent to the “Agricola” in Hunedoara, in the hope that it will be able to import maize to Transylvania, and payment will be made in her account of the “Albina”.<sup>64</sup> However, ther where situations when some banks had bought maize from Romania to share city dwellers and the poor peasants,” the purchase price without having to pursue profits “.<sup>65</sup>

Broadly, such charity is seen to banks, through periodic publications, mainly. As regards the rest of the media, the banks ' intervention is especially mentioned when it's about donations to the orphanage in Sibiu and Blaj. In this category we talk about Unirea, Telegraful, Cultura Creștină, Gazeta de Transilvania and others, each with a different area of interest.

### ***Conclusions***

From the above it can be seen that the banks have not remained indifferent to the problems caused by the outbreak of World War I. Some have involved more, others less, depending on the possibilities, but each did something to help society. There were problems for the banks, not just for “other”. Some were able to handle it, but there were situations where, unfortunately, some banks have had to cease business. Do not focus on this aspect, but it can be referred to the following statistics provided by the Directory of banks. With all these problems, banks were able to share their financial resources so as to help them and those who had the greatest need for someone to stretch a hand and support them. And even if the press was not notified every time a Bank, more or less, has made a charitable act, does not mean that those people who have benefited from the aid did not

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<sup>63</sup> Ibid, nr. 3.

<sup>64</sup> Ibid, nr. 3.

<sup>65</sup>Mihai D. Drecin, Banca „Albina” din Sibiu: instituție națională a românilor transilvăneni: 1871-1918 (Cluj-Napoca: Dacia, 1982) 179.

have a small improvement to their livelihood. But on the other hand, I don't think we can say that the charitable gestures of banks were aimed at advertising. Some donations were never officially registered, "balances, these amounts were marked under the other headings"<sup>66</sup>. So it is very hard to be the exact figure of donations made by the banks, the Romanians in Transylvania, during the first world war. Therefore, we can say that all charitable acts, which the banks have had a very important role in the survival of the company in the event of a large scale military background as well as the first world war.

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<sup>66</sup> Eugeniu Merce, *Băncile din Transilvania și rolul lor: (1848-1918)* (Sibiu: Burg, 2003) 75.

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