

**ON THE SITUATION OF THE NATIONAL ECONOMY
DURING THE ANTONESCU REGIME
(SEPTEMBER 1940 - AUGUST 1944)**

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Abstract. The present paper provides a brief presentation of the evolution of Romania's national economy in the period September 1940 - August 1944, as indicated by the published bibliography and unpublished archive documents of the time.

It addresses the national economy and the policy of "Romanianization", aimed at transferring the industrial and commercial enterprises and assets owned by Jews, Greeks, Armenians and Italians or Romanian citizens belonging to the aforementioned ethnic groups, to state ownership. Command of these economic enterprises was given by the state to the so-called "commissioners of Romanianization". They had to organize the economy in order to meet the needs of the anti-Soviet front. In reality, the Romanian state wanted to protect the local capital, regardless of the ethnicity of the owner/owners, from the offensive of the German capital which sought to regain its privileged and dominant positions from 1914-1916.

The economy of the Antonescu regime, rid of the legionary Romanianization commissioners, who sought only to enrich themselves in connivance with the Jewish owners, pursued a strict planning of the war economy, in order to obtain maximum quantities of products and good quality for the supply of the "Eastern Front" and of the cities, and to counter the economic sabotage set up by the Communist Party of Romania, which was illegal and totally subordinated to the interests of the USSR.

Keywords: Ion Antonescu regime, national economy, 1940-1944, planning, resistance to the Nazi takeover policy.

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The summer of 1940 is remembered as a terrible time in Romanian history. In a matter of only three months, the Country was torn apart. The Greater Romania, made whole in 1918-1919, after centuries of suffering and efforts aimed at achieving the union, now lost one third of its territory and population¹. The USSR occupied Bessarabia and northern Bukovina, Hungary – north-eastern Transylvania, Bulgaria – the Southern Dobrudja (the Quadrilateral). The new geography of Central and Eastern Europe was the result of the Ribbentrop-Molotov Pact, which divided Europe among Hitler's Germany and Stalin's Russia – a dramatic situation for Poland, Denmark, Norway, the Netherlands, Belgium,

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¹ Namely, 101.157 km² (34.28% of its territory) and 6,827,586 dwellers (32% of its population). Cf. Vasile I. Ciubăncan, *România 1940. Pierderile economice și de populație. Basarabia-Bucovina de Sus-Cadrilater – 28 iunie 1940 [Romania 1940. Economic and Population Losses. Bessarabia – Upper Bukovina – The Quadrilateral – 28 June 1940]*, Ciubăncan, Cluj-Napoca, 2005, p. 5.

Luxembourg, Lithuania, Latvia, Estonia, Albania, Romania, Yugoslavia and Greece. From the interests of fascism and bolshevism, respectively, profited their minions: Italy, Hungary and Bulgaria.

Historian Vasile Ciubăncan of Cluj has investigated the economic losses sustained by our country between 28 June- 7 September 1940. According to his findings, the total losses of fixed and movable assets (land, industrial units, forests, livestock, private possessions) amounted to 666,285,134,303 lei (≈666,28 billion lei), or 4,916,780,000 USD (≈5 billion USD), at the exchange rate of 30 August 1940 (one dollar for 135.52 lei, on the London Stock Exchange). Without going into details, we note that the greatest part of these losses were sustained by the population, respectively 562 billion (≈4 billion USD), tantamount to 84% of private wealth. Overall, Romania's losses were 20.5 times greater than its budget for the financial year 1939/1940².

This was the economic and political situation when general Ion Antonescu, allied with the Iron Guard, took over the power. King Carol II, to a great extent responsible for the national disaster, was forced to renounce the throne in favour of his son Mihai I, and sought refuge abroad.

Ion Antonescu made efforts to secure *a political status maintaining the self-determination of the Romanian state* – with its own legislation, administration and diplomatic representatives, in other words a state headed by its own government, enjoying independence and sovereignty, albeit greatly affected. Indeed, our country did not find itself in the situation of Austria, Czechoslovakia, Yugoslavia, Greece or even Hungary in March 1944 – states occupied by the German military, dismantled, and led by fascist parties completely obedient to Berlin.

There was, however, a price to pay for this more dignified position of the Romanian state. Ion Antonescu had to abide by the economic treaties with Germany signed in March 1939³ and May 1940⁴ by King Carol II, whose provisions resulted in the spoliation of our country, and later had to conclude new economic treaties of

² Vasile I. Ciubăncan, *România 1940. Pierderile economice din Transilvania de Sus la 30 august 1940* [Romania 1940. The economic losses of Upper Transylvania on 30 August 1940], Ciubăncan, Cluj-Napoca, 2005, p. 41 (enumerating the total losses across all territories: Bessarabia, Upper Bukovina, Southern Dobruđa – the Quadrilateral, Upper Transylvania).

³ Viorica Moisuc, „Tratatul economic româno-german din 23 martie 1939 și semnificația sa [The Romanian-German Economic Treaty of 23 March 1939 and Its Significance]”, in *Analele PCR* [Annals of PCR – the Romanian Communist Party (Bucharest), no. 4, 1967, pp. 130-146; *Istoria Românilor* [The History of Romanians], vol. VIII, Ed. Enciclopedică, Bucharest, 2003, p. 409.

⁴ Margot Hegemann, „Câteva date privind așa numitul Pact al petrolului (mai 1940) [Facts and Figures: On the So-Called Oil Pact (May 1940)]”, in *Studii-revistă de istorie* [Studies – History Review] (Bucharest), no. 1, 1964, pp. 45-49.

“collaboration” with our German allies, in 1941⁵ and 1943. He was also forced to allow the German army to occupy strategic points such as the oil fields area and Prahova Valley, the Danube ports and Black Sea harbours, positions along the Prut River, barracks and airports around Bucharest. No fewer than eleven German intelligence agencies were introduced in our country, of which only three were authorized by the Romanian state⁶, while the German Ethnic Group of Romania, a Nazi party protected by the German Embassy to Bucharest, acted like a “state within the state”⁷.

Pressured by his political partner, the Legionary Movement/ the Iron Guard, Ion Antonescu, titled the state’s Leader [“Conducător”], launched the *policy of Romanianization of national economy*. He established the group of “Romanianization commissioners”, most of them legionaries (members of the Iron Guard), who took control of the Jewish-owned industrial and commercial enterprises, as well as the banks owned or run by Jews. Actually, the Jewish former owners and shareholders who continued to manage these profitable enterprises (sometimes the commissioners used the former Jewish owners to run them) all secured scandalously high financial gains in those war times. *Actually, the “Romanianization” was, among others, a way of protecting the enterprises with autochthonous capital, regardless of the owners’ ethnicity, against the German capital that tended to swallow them, to the detriment of Romanian capital*⁸. Germany aimed to regain its economic dominance it had enjoyed until 1914 in the Kingdom of Romania, through the Romanian General Bank, in fact a branch of Disconto Gesellschaft and Solomon Bleichschroeder House of Berlin⁹. The conduct of the “Romanianization commissioners”, also known as “government commissioners”, or “control commissioners” (unscrupulous business dealings,

⁵ See the conditions set by gen. Ion Antonescu on Romanian-German economic relations, during his Vienna meeting with Reichsmarschall Göring. The National Archives of Romania, *Stenogramele Ședințelor Consiliului de Miniștri. Guvernarea Ion Antonescu [Stenograms of the Council of Ministers. Ion Antonescu Government]*, vol. II (January-March 1941), Bucharest, 1998, 6 March 1941, p. 506.

⁶ Cristian Troncotă, *Istoria serviciilor secrete românești. De la Cuza la Ceaușescu [A History of Romanian Secret Services. From Cuza to Ceaușescu]*, Ed. Ion Cristoiu, Bucharest, 1999, p. 239; Constantin I. Kirițescu, *România în al doilea război mondial [Romania During the Second World War]*, vol. I, Univers Enciclopedic, Bucharest, 1995, p. 169.

⁷ *Istoria Românilor*, vol. VIII, p. 411; Constantin I. Kirițescu, *op. cit.*, p. 195.

⁸ The National Archives of Romania, *Stenogramele Ședințelor Consiliului de Miniștri. Guvernarea Ion Antonescu*, vol. I, Bucharest, 1997, 3 October 1940, p. 143, vol. II (January-March 1941), Bucharest, 1998, 7 February 1941, pp. 180-181. In a discussion on the removal of Jews from the country and from economic life, Ion Antonescu stated: „But I cannot do it today. I cannot be a Neuman (great industrialist of Arad, whose factories supplied the Romanian army – author’s note). I have nowhere to send them to, and I cannot let them [Jews in general – author’s note] starve to death”.

⁹ Alexandru Pintea, Gheorghii Ruscanu, *Băncile în economia românească (1774-1995) [Banks in Romanian Economy (1774-1995)]*, Ed. Economică, Bucharest, 1995, p. 85.

against the state's interests)¹⁰ prompted gen. Ion Antonescu to dissolve this office, after the Iron Guard's (legionnaire) rebellion of January 1941, and Romanian enterprises became directly subordinated to the Ministry of National Economy.

After 1941 the state's economic interventionism became increasingly visible and significant, from one year to the next¹¹. It aimed to coordinate all national forces in a concerted effort to restore the country's economy (affected by the territorial losses brought about by the summer of 1940), to improve labour efficiency by employing all available human and material resources, to increase productivity and the industrial and agricultural output, to prevent and suppress the acts of economic sabotage, especially in the industry and the transportation sector, committed by the illegal communist movement (law decrees of 28 November 1940, 4 January 1941). It was, in effect, a "military dictatorship" based on the principles of wartime economy. This presupposed tight organization of work processes, and rationing food especially in urban areas.

This objective was pursued through various means and methods. Firstly, certain industrial enterprises and institutions were militarized. Then "offices for production, supply and sale" were created to distribute orders, set production quotas and trade raw materials¹².

Industry was important to the regime, especially after 1942, in order to supply the battlefield with weapons, ammunition, military gear and food. Interest was mainly centered on the metallurgical, chemical and food industry. However, beginning with the last months of 1943 and the spring and summer of 1944, they faced increasing challenges, due to the shortage of raw materials, deterioration of machinery, and damage to the road infrastructure – the latter caused by Anglo-American bombings¹³.

Agriculture was centered on extensive cereal farming. The area of arable land was enlarged, in order to compensate for the territorial losses in north-eastern Transylvania; land plots for industrial crops (hemp, cotton, soy) were also expanded, to meet the needs of the military. There was a shortage of labour force in rural areas, since men had been drafted, and recruitment age had been raised to 45-55 years old. The prices of agricultural products remained much lower than the basic industrial products necessary to the rural population (petroleum, salt, matches, tobacco, footwear, etc.).

¹⁰ Constantin I. Kirişescu, *op. cit.*, p. 163.

¹¹ See the debates of the Council of Ministers presided by gen. Ion Antonescu in *Stenogramele Şedinţelor...*, vol. II (January-March 1941), 795 p.

¹² The shortage of raw materials necessary for various industries, especially metallurgical and chemical, began as early as 1938-1939, when they could no longer be imported from Austria, Czechoslovakia and Poland under Nazi occupation. The situation worsened with the occupation of north-eastern Transylvania by Horthyist Hungary, with the support of Germany and Italy.

¹³ See: Jay A. Stout, *Fortăreaţa Ploieşti. Campania pentru distrugerea petrolului lui Hitler [Fortress Ploesti: The Campaign to Destroy Hitler's Oil Supply]*, Meteor Press, Bucharest, 2010.

Romania's economic "collaboration" with Germany resulted in enormous financial loss. The methods imposed by the German partner were diverse and sophisticated. Romania was included in the "clearing control system" dictated from Berlin – by which the exchange rate of the mark was artificially appreciated so the value of German currency increased, while the price of Romanian goods and commodities exported to Germany were either stagnant, or marginally increased. Customs duties were abolished for a number of German products, and consequently similar products made in Romania were largely unable to sell. Romania exported strategic, valuable products (cereals, crude oil, gasoline), while we were forced, because our currency deposits were frozen in the Reichsbank, to import worthless or worn-out products (for instance, dolls produced by the Nuremberg factory, or weapons confiscated from the Polish – which were overused and 1.5-2 times more expensive than their actual worth, etc.). The German capital seized companies with French, Austrian, British and North-American capital, established in Romania in 1940, and exported profits to Germany. We were also forced to participate in the establishment of German-Romanian joint ventures¹⁴ (Solagra, Avicola, Semina, Galina), through which great amounts of goods were seized and taken out of the country.

The money market was greatly affected, especially after the spring of 1944, when it was flooded by "wartime lei", "Soviet roubles" and the "pengő" wartime currency¹⁵.

Despite all difficulties, in 1943 marshal *Ion Antonescu* succeeded in persuading Hitler, during one of their direct discussions at Berchtesgaden, to pay off a part of Germany's debts to Romania, resulting from Romanian exports, and frozen at Reichsbank – 30 tons of gold (2.5 railway wagons) worth 84 million Reichsmarks. As Romania's gold reserves were maintained and supplemented, in the summer of 1944 they amounted to 215 tons¹⁶. Part of this was deposited with Swiss banks, in order to sustain Romanian migration to Western Europe which was expected in the event of the Soviet Red Army occupying our country. The Swiss accounts holding this sum were known to only a few persons in the entourage of both Marshal Antonescu and leaders of the Iron Guard. Constantin Drăgan appears to have tapped into this capital; after 1945, he became a businessman in Italy and later a billionaire.

The general, but incomplete, estimate of the losses suffered by our

¹⁴ The financing and management of these economic enterprises resembled that of the SovRoms forcibly established later, after 1945, by the Soviet occupants. Cf. Constantin I. Kirîţescu, *op. cit.*, vol. I, pp. 193-194.

¹⁵ Vitalie Văratîc, *Misterul Leilor [The Mystery of the Romanian Leu]*, Oscar Print, Bucharest, 2020.

¹⁶ Economist Ion Calafeteanu estimates that in August 1944 the treasury of the NBR (the National Bank of Romania) held 250 tons of gold. Today the gold reserve of Romania is 103.5 t, deposited with London banks because these are deemed to be safe and guarantee the reliability of Romanian economy, and the democratic evolution of Romanian state.

country between 1940-1944 in its trade relations with Germany stands at ≈440 million USD, at the exchange rate of 1938.

Recently *Radu Golban*, a researcher economist based in Switzerland since 2003, a German citizen of Romanian origin, investigated the archives of the *Bank for International Settlements in Switzerland* regarding the German debts to Romania in 1940 - 1944. The clearing contract signed on 23 March 1939 shows that the German party has a historical debt of 18.8 billion euro¹⁷. The researcher made public the results of his investigation in 2010, and Romanian printed press and television gave extensive coverage to this issue. Radu Golban also turned to the top politicians of the time (CDR – Romanian Democratic Convention government), to no avail. The incumbent government and president considered (as did other governments and presidents of Romania, both before 1996 and after 2000) it was not the opportune moment to claim our rights from Germany and other west-European states, while Romania was a candidate for NATO and EU membership, and later as a member of these world/pan-European organizations.

Less consideration has been given to the way in which *Ion Antonescu's* government, via the *National Bank of Romania (NBR)*, stepped in to oppose the *Hungarian legislative measures aiming to impoverish the Romanians in northern Transylvania* ceded in August 1940. One such measure taken by Horthy's state was denial of rediscounts to Romanian banks – rediscounts which would have enabled them to continue granting loans to Romanian customers. The National Bank of Romania, through the *Albina* Bank of Sibiu and its branch in Cluj, offered loans to Romanian banks in the ceded Transylvania, which in turn were able to provide funding to their customers. It was the merit of governor *Alexandru Otulescu*¹⁸, Dr. *Mihai M. Veliciu jr.* – director-general of *Albina* Bank in Sibiu¹⁹, *Marius Peculea* and *Valeriu Ghircoiaș* – directors, Dr. *Virgil Scridon* – secretary, Dr. *Nicolae Cărpinișan* – legal advisor of the *Albina* Cluj Branch²⁰. If the Romanian banking

¹⁷ Debt amounting to 1200 million Reichsmark, today converted to Euro at the 2010 exchange rate. See *Tricolorul* newspaper (Bucharest), 13 October 2010, p. 2.

¹⁸ Governor of the National Bank of Romania (NBR) between 17 September 1940-1 April 1944. He outstandingly succeeded in maintaining low inflation, reorganizing the network of branches and agencies, and funding the war effort. See: *BNR - Guvernatorii Băncii Naționale a României, Direcția Comunicare [NBR – Governors of the National Bank of Romania, Communication Directorate]* (publicity material).

¹⁹ *Mihai Drecin*, „*Mihai M. Veliciu – ultimul Director-general al Băncii <Albina> din Sibiu [Mihai M. Veliciu – the last Director-General of the Albina Bank in Sibiu]*”, in *Imagine. Tradiție. Simbol: profesorului Cornel Tatai-Baltă la 70 de ani [Image. Tradition. Symbol: Professor Cornel Tatai-Baltă, on his 70th anniversary]*, editors: *Valentin Trifescu, Gabriela Rus, Daniel Sabău*, Ed. Mega, Cluj-Napoca, 2014, pp. 147-151.

²⁰ Cf. *Raluca Hodrea*, „*Filiala din Cluj a Băncii <Albina> din Sibiu sub ocupația maghiară (1940-1944). Rolul economic național [The Cluj Branch of the Albina Bank, Sibiu under Hungarian occupation (1940-1944). Its role in national economy]*”, in *Fenomene economice și financiare în spațiul românesc în secolele XIX-XX. Studii de economie națională [Economic and Financial*

system in Transylvania had not obtained rediscount credits, then the Hungarian state would have purchased from insolvent Romanians croplands, forests, buildings, shares they held with industrial or commercial enterprises, thus ruining the population.

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A few conclusions can be derived from the state of Romania's economy under the Antonescu regime. Material hardships met in the daily life of the citizens, in urban and rural areas, were very significant. However, thanks to the efforts of ordinary people and the strict, soldierly organization of labour, which succeeded to a great extent in combatting theft, sabotage, smuggling, *Romania was able to maintain a functional economy*, despite the territorial losses it had undergone in 1940, and the material and human efforts on the Eastern front. *Famine did not afflict the country*, despite successive reductions of the food rations in the cities²¹. One particular fact demonstrating how restaurant owners lent a hand to the needy was quoted in the times' press, and was remembered by citizens²². Bread and salt were provided for free to accompany the day's menu. Many young men, especially poor students, would thus simply eat the bread on the restaurant table while pretending to wait for their order to be served, then left quietly, sometimes jeered at and mocked by the restaurant owner and staff.

In conclusion, those were exceptionally hard times that our people and its leaders overcame successfully, as in so many junctures in our history.

Phenomena in 19th-20th Century Romania. Studies of National Economy], editors: Iosif Marin Balog, Rudolf Gräf, Ioan Lumperdean, Ed. Presa Universitară Clujeană, Cluj-Napoca, 2016, p. 433-453.

²¹ Ration cards for bread, meat, sugar, flour and oil were distributed on 17 May 1941. Cf. Constantin I. Kirițescu, *op. cit.*, vol. I, p. 194.

²² Oral history piece of information provided by Dumitru P. Drecin, March 1990.