

OPINIONS WITH REGARD TO THE BANKS FROM CRAIOVA IN THE YEARS OF GREAT DEPRESSION (1929-1934)

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Abstract. *The period of the great depression (1929-1933/1934) reduced the number of the loan institutions from Craiova. Under the pressure exercised by the crisis, in the banking sector there was necessary to be adopted some measures for defusing the conflicts between creditors and debtors. The measures for the conversion of the agricultural debts, adopted during 1932 and 1934, served this purpose. The number of the small and middle banks decreased, while the role of the great financing institution consolidated, that is the National Bank and a newly founded Bank Superior Council. Affected by the economic crisis and being in the impossibility to restore their credit, according to the law from 1935, a great number of banks from Craiova went into liquidation (Frații Așer Eschenasy Bank, Orient Bank, Bank of Dolj, Semănătorul Bank, Viitorului Bank etc.).*

Keywords: *great depression (1929-1934), Craiova, Banks.*

At the end of the First World War, the economy of the countries from Europe knew a powerful economic crisis, characterized through: under-production, pushed to the lack of first necessity objects and agricultural and industrial over-production, followed by unemployment. The great depression from 1929-1933 was a world-wide phenomenon that displayed different aspects, from one country to another. During this period, financial, social, commercial exchanges and production crises manifested simultaneously. If considering its amplexness, intensity and duration, the crisis had an extremely acute character, being manifested through mass dismissals of workers and clerks, wages decreasing, tax raising, worsening of the living standard etc. The years 1929-1933 negatively left their mark on Oltenia too. The depression encompassed almost all the branches from the agricultural sector, where there were registered both reductions of the cultivated land and of production. Without credits and stricken by the high price of the transportation taxes, the industry had its difficult moments during the period of economic crisis. Without the necessary capitals and without the raw material, the metallurgic industry suffered, the tanning industry covered only the local needs, the mills worked to the bad, the furniture factories reduced their production, the cloth and fabric factories ceased their activity and the small units worked only two to three days a week.

At the end of 1929, there were 33 loan institutions in Craiova, among which: The Romanian National Bank Branch, 16 anonymous societies¹, 9 branch offices and agencies with the main

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¹Bank of Commerce, Frații Popp Bank, Bank of Oltenia, Bank of Craiova, Frații Așer Eschenasy Bank, Creditul Oltean Bank, Agricultural and Commercial Bank, Viitorului Bank, Dacia Bank, Semănătorul Bank, Orient Bank, Bank of Dolj, Renașterea Bank, Bank of Banat, Săteanul Bank, Z. Blaunștein Bank.

quarter in other counties², 6 popular banks³ and a federal bank⁴. Many of these banks were created after the First World War (Z. Blaunstein Bank, Dacia Bank, Semănătorul Bank, Bank of Dolj, Viitorului Bank, Orient Bank, Renașterea Bank, Agricultural and Commercial Bank etc), in full monetary inflation and had as origin the personal interests of the founders. The clients from the villages, the first ones affected by the effects of the economic crisis, constituted the vast majority from the debtors of these banks, while the other categories (artisans, traders, industrialists) registered a reduced percent. Because they had to handle the requests for refunding the deposits to be turned to account and being in the impossibility to retrieve the credits from the debtors, these banks went into liquidation.

At the end of 1929, the capital of *Bank of Dolj*, was around 10 million lei. The damages, in the first period of the crisis were significant, as a proof being the balance made during 1931, when the bank was registered with a capital of 1.094.000 lei. The administration board, made of: N. D. Mucica, Marin Naiculescu, Dr. N. Strebea, Elizeu Dumitrescu, Petre I. Petrescu, Petrică P. Iamandi, Ion I. Encioiu, D. Manolescu (Plenița), N. G. Mita, Gică Popescu (Ciupercenii Vechi-Dolj County)⁵, decided the suppressing of the society. In 1939, on 27th of April, the bank entered into liquidation, Jean Marinescu⁶ being appointed liquidator. Similar cases were met at *Orient Bank*, that entered into liquidation, according to the decision of the Bank Superior Council, from 24th of February 1934⁷, at *Semănătorul Bank*, put into liquidation through the decision no. 727 from 28th October 1934, liquidator being appointed the accounting professor D. Marinescu, *Dacia Bank* and *Viitorului Bank*, both going into liquidation in 1935.

Having their portfolio preponderantly agricultural, the traditional banks from this region also experienced dramatically the years of depression. Hard times endured *The Bank of Commerce* from Craiova, of which agencies (Caracal, Bechet, Drăgășani, Turnu Severin, Tg. Jiu, Corabia, Balș) registered significant loses. The society had to deal the liquidation of Bank of Vânju from Mehedinți County and Banca Jiului⁸, where it was the major stockholder. Altogether, the Factory of fireplaces from Cernele, the property of this bank, ended its activity, the building of the bank being

²Bank of Discount, General Romanian Bank, Agricultural Bank, Astra Bank, Stock-exchange Bank, Bank of Romania, State Officials Bank, Commercial Bank, Bank of Cooperative Farmers.

³Banul Mărăcine Popular Bank, Credit Popular Bank, Răsăritul Popular Bank, Casa Noastră Popular Bank, Victoria Popular Bank, Craiovița Popular Bank.

⁴Mihai Vitezul Federal Bank.

⁵County Department of the Dolj National Archives, resources Craiova Chamber of Commerce and Industry, file 12/1931, f. 54 (is quoted next as: S.J.A.N. Dolj).

⁶*Ibidem*, f. 68.

⁷*Ibidem*, resources 94/1931, f. 13.

⁸*Idem*, resources Romanian National Bank, Craiova Branch, file 41/1912, f. 30.

rented, from 1935, with 36.000 lei a year⁹. The great depression also affected the activity of Munca Cloth Factory, another property of the bank, the building of this society being also rented, for 300.000 lei a year¹⁰. In 1932, the administration board of the Bank of Commerce faced a difficult decision: ceasing the shares from the society Steaua Română. On 27th of September 1935, the shares entered to the possession on the Romanian Bank and the Romanian Credit Bank from Bucharest¹¹.

Significant loses had also *Frații Popp Bank*. If at the beginning of the great depression, it owned a social capital of 9.280.000 lei¹², after the withdrawal of the deposits, by the end of 1931, it halved. Being in the impossibility to recover the credits from the debtors, but being forced to face deal with the requests for withdrawing the deposits, *Frații Popp Bank* solicited several loans from the National Bank of Romania, the Branch from Craiova, mortgaging its own building¹³. On 22nd of February 1932, the administration council of *Frații Popp Bank* accepted the proposal for a mortgage to N.B.R. of 1.000 shares from Reșița society, shares with a nominal value of 50.000 lei. The mortgage was for the sum of 1.504.000 lei¹⁴.

In 1929, *Frații Așer Esckenasy Bank* had on its current account the farmers from Cetate, Brabova, Segarcea and Calafat¹⁵, to whom it had given short and medium term loans, with a 12% interest a year and a 1% commission¹⁶. Being in the incapacity to restoring its capital, according to the law of credit from 1935¹⁷, the Bank Superior Council decided, on 10th of November 1937, the liquidation of the society, the Romanian Bank being appointed liquidator¹⁸.

The great depression did not avoid the activity of the branches from Craiova, with the main quarter in the capital city, some of them recurring to the liquidation of the branches and agencies from the provincial towns. Thus, on 1st of March 1933, *The Agricultural Bank* annulled the branch from Craiova¹⁹. On 28th of October, Astra Bank, the branch from Craiova, was proceeded against by the Bank Superior Council, because it infringed the dispositions of art. 21 from the law regarding

⁹Idem, resources Bank of Commerce, file 1/1935, f. 8.

¹⁰*Ibidem*, file 9/1925-1948, f. 3.

¹¹*Ibidem*, file 1/1935, f. 6.

¹²Idem, resources „*Frații Popp*” Bank, file 160/1932, f. 40.

¹³*Ibidem*, f. 67.

¹⁴*Ibidem*, file 164/1932, f. 2.

¹⁵Idem, resources *Frații Așer Esckenasy Bank*, file 39/1932, f. 20.

¹⁶*Ibidem*, file 8/1908-1945, f. 8.

¹⁷On April 23rd 1935, *The Law for credit facilitating and changing*, that encouraged the fusion between banks, pronounced in favour for reducing the number of banks from Oltenia. The law established the minimal quote of capital for exercising the bank trade. This varied according to the juridical form of the bank and the importance of the locality, between 5 and 20 million lei. In the same time, there were regulated the types of operations that the banks needed to realize, stipulated the appointing of the leading bodies and were established the norms for managing the banks, the reserve funds etc.

¹⁸S.J.A.N. Dolj, resources *Frații Așer Eschenasy Bank*, file 55/1938, f. 1.

¹⁹Idem, resources Craiova Chamber of Commerce and Industry, file 271/1931, f. 1.

the organization and the regulation of the bank trade because: it did not have a register with the minutes of the Administration Council; it did not communicate to the Bank Superior Council the global wages of the administrations, censors and directors for the years 1934 and 1935; it did not send to the Bank Superior Council the constitutive document, the statutes and the balance for 1933 and the semester balance until 30th of June 1934²⁰. In consequence, on 28th of May 1939, it was put into liquidation.

In full economic crisis were evidenced, through the constant activity, the economic banks from Craiova. Thus, on 30th of December 1930, „Învățătorul” *Popular Bank* from Craiova²¹ started its activity, an institution founded by the Associations of the primary school teachers from Dolj. The bank gave short and long term loans, with an interest of at most 6% and a 1% commission. The credits were given for: disease, household repairing, decease, child support in school etc. In 1935, this institution founded a first aid section, called „Binefacerea” that gave upon request, money both to the teachers in activity and to the descendant of a deceased person. The branch of the Cooperative Central Bank also had initiatives. Inaugurated on 4th of April 1929, this financially supported the cooperative societies from Dolj County, gave credits and received the deposits to be turned into account. The given loans were meant for the small ploughmen and artisans, for buying seeds, cattle, chemical fertilizers, for sowing, fruit tree planting etc. The loans could not be used to buy land or buildings, but only to improve production²². The date of payment was of 6 to 9 months and the interest did not exceed 9.5% a year²³.

If at the end of 1929, there were 33 local banks, agencies and branches in Craiova, their number reduced, until 1939, because of the great depression and of its effects. Around the unleashing of the Second World War, in our locality were 25 credit institutions, among which: The National Bank of Romania Branch, 9 local banks²⁴, 8 branches with the main quarter in Bucharest²⁵, 6 popular banks²⁶ and a federal bank²⁷. After 1938, the economic life was influenced by the evolution of the international situation that imposed the reorientation of the external commerce, considering that certain traditional markets for Romania disappeared, the international transports became more difficult and the fortification of the frontiers for defending grew to be imminent.

²⁰*Ibidem*, file 144/1931, f. 84.

²¹*Ibidem*, file 414/1931, f. 1.

²²S.J.A.N. Mehedinți, resources „Albina” Popular Bank, file 3/1937, f. 52.

²³*Ibidem*, f. 53.

²⁴Bank of Commerce, Frații Popp bank, Bank of Oltenia, Bank of Craiova, Creditul Oltean Bank, Agricultural and Commercial Bank, Renașterea Bank, Bank of Banat, Săteanul Bank.

²⁵Bank of Discount, State Official Bank, Commercial Bank, Romanian General Bank, Commercial Bank, National Institute of Cooperation.

²⁶Banul Mărăcine Popular Bank, Credit Popular Bank, Răsăritul Popular Bank, Casa Noastră Popular Bank, Victoria Popular Bank, Craiovița Popular Bank.

²⁷Mihai Vitezul Federal Bank.

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Bank of Discount, General Romanian Bank, Agricultural Bank, Astra Bank, Stock-exchange Bank, Bank of Romania, State Officials Bank, Commercial Bank, Bank of Cooperative.

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