BUSINESS AND THE FLAG: AMERICAN RELATIONS WITH ROMANIA 1920-1929

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PREFACE

Students of Eastern Europe, writing during or immediately after the 1920s, generally, considered American-Romanian relations to be indifferent but amicable.[1] However, upon careful study this view proves to be a misconception. Relations between the two countries were neither indifferent nor friendly. The United States repeatedly intervened with the Romanian government on behalf of American business and the Romanian government resented this interference, which often resulted in strained relations between the two governments.

This study will examine the major problems which prevented amicable relations between the United States and Romania during the 1920s. These problems included trade restrictions, commercial and war debt payments, petroleum nationalization legislation, persecution of the Jewish minority in Romania, and the refusal of the American government to recognize Romanian sovereignty over the annexed province of Bessarabia. The study also will provide a case study of the way the United States conducted relations with smaller powers in the 1920s.

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[1]Joseph Roucek, Contemporary Roumania and Her Problems (Stanford, 1932), p. 181; Charles Upson Clark, United Roumania (New York, 1932), p. 374.

Business was a major consideration in the policy of foreign affairs. Before the First World War the United States ranked fifth in importance among the nations trading with Romania. After the war several factors hampered business oportunities in Romania, but the potential market still attracted American investors and businessmen. Americans were interested in any country which could offer a profit and Romania was one of them. As this study will show, however, few serious studies have been made of American relations with Romania in the period 1920-1929. Therefore most of the information contained in this study derives from primary or periodical sources. The numerous secondary works on Romania during this period have invalmable, if not vital, material, and they have been included. Hopefully this paper will produce a better understanding of the United States' conduct toward the smaller European powers in the period following the First World War.

I wish to thank those persons who have helped prepare this thesis. The staff of the Oklahoma State University Library has been most helpful in securing or locating the documents and sources I needed. I reserve special thanks for Dr. George F. Jewsbury who has directed my study, and Dr. Michael M. Smith who has provided valuable assistance in proofreading this thesis. I also acknowledge the aid of Dr. Charles M. Dollar and my classmates in the American History seminar for their astute critiques of an earlier version of this paper.

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CHAPTER I

GREATER ROMANIA: AN INTRODUCTION

A brief introduction of Romania's experience in the First World War and a survey of political events during the decade are necessary to understand Romania's actions toward the United States in the period 1920-1929. This background will help develop the reader's understanding of Romanian-American relations by acquainting him with the domestic policies which affected Romania's foreign relations.

World War One created Greater Romania by uniting the Romanian people into a single state. Romania found herself in a curious and dangerous position with the outbreak of war in 1914.[1] Wedged between two powerful neighbors, Russia and Austria-Hungary, any Romanian action in favor of one side would precipitate a war with the other. Romania had a secret alliance with Germany and Austria-Hungary. Magyar persecution of Romanians in Transylvania prior to the war, however, had poisoned Romanian public opinion to the extent

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[1] A more complete account of Romania's role in World War One can be found in Robert W. Seton-Watson, A History of the Roumanians (2ed. Archon, 1963), chapters XV-XVII; a much shorter but highly partisan version is told by Nicolae Iorga, A History of Roumania, tr. Joseph McCabe (London, 1925), pp. 258-265.

that the people would not allow Romania to ally herself with Austria-Hungary. Italy's declaration of neutrality suggested the course Romania would take in the war. Romania's neutrality brought her offers of territorial aggrandisement from both sides at the expense of their opponents. The Central Powers offered the Russian province of Bessarabia while the Triple Entente enticed Romania with promises of the wealthy province of Transylvania.

As the war dragged on Romania's ability to maintain her neutrality weakened. As a result of the British continental blockade, an acute petroleum shortage confronted Germany. Since Romania contained the only oil fields on the continent large enough to supply the German war machine, the Germans believed that victory hinged on bringing Romania into the war. As an ally Romania could provide oil for a common cause. As an enemy Germany could capture Romania's rich oil fields. In any case, continued Romanian neutrality was out of the question.[2]

Although the majority of Romanian government officials were Francophile and in favor of joining the Entente, the fortunes of war finally decided which side Romania would join. Convinced that Germany would lose the war, Romania declared war on Austria-Hungary on August 27, 1916. Romanian troops defeated the Hungarians and occupied Transylvania. Soon

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[2]George Sweet Gibb and Evelyn H. Knowlton, History of Standard Oil Company (New Jersey): The Resurgent Years 1911-1927 (New York, 1956), p. 83.

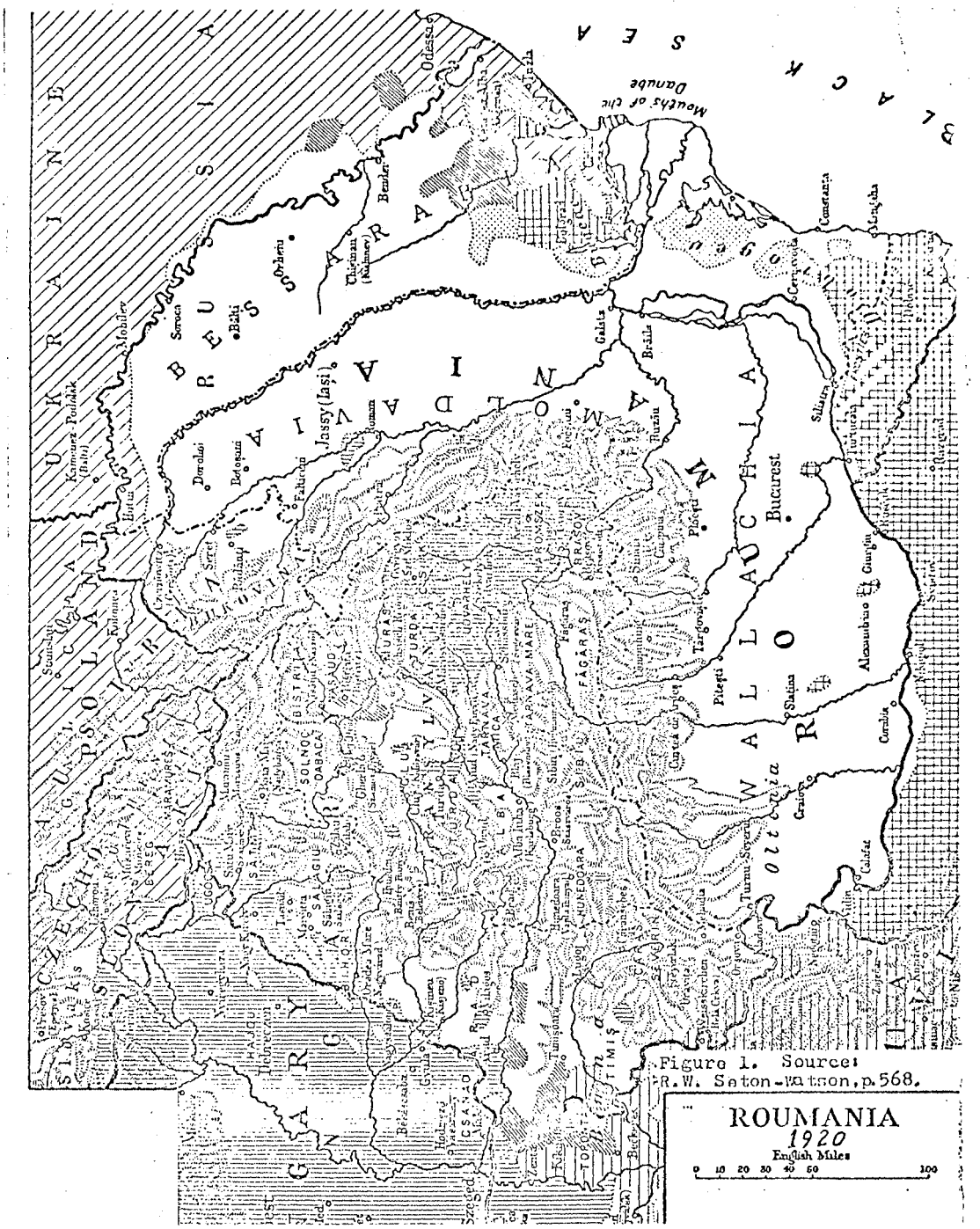

Figure 1. Map of Romania, 1920-1929.

German forces were sent to the Southern front and routed the Romanians. The German army gained the petroleum fields of Wallachia and drove the Romanian army into the province of Moldavia.

Before the Germans captured the rich oil fields in Romania, the Allies demanded that the Romanian government pursue a scorched earth policy in the oil fields. A commando of the British Military Intelligence, under the leadership of Colonel Norton Griffiths, arrived in Bucharest on November 18, 1916, and decided to destroy the oil wells completely in order to prevent German acquisition of these important supplies of petroleum. On November 23, the Romanian government appointed a mixed Franco-Romanian commission to aid in the destruction of the wells.[3]

Among the companies damaged was the American owned Romano-Americana, a subsidiary of Standard Oil Company of New Jersey. The Allied Powers promised compensation for the destruction of the wells and refineries, but the delay in obtaining this promise and the reluctance of oil men to destroy their installations reduced the effectiveness of the project. Thorough results were achieved only when the Anglo-Romanian Destruction Commission supervised the sabotage.[4]

Romania's precarious position became untenable when the Bolshevik revolution removed Russia from the war. Ignoring

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[3]Maurice Pearton, Oil and the Romanian State 1895-1948 (Oxford, 1971), pp. 80-81.

[4]Gibb, pp. 83-84.

the suicidal prospect which Romania faced fighting alone, isolated from her allies, the Entente Powers and their new ally the United States exerted much pressure to prevent Romania from signing a separate peace with Germany.[5] Nevertheless, Romania capitulated under the weight of the superior German military might and began negotiations, which culminated in the Treaty of Bucharest on May 7, 1918. The harshest terms of this treaty would have forced Romania to become an economic colony of Germany. As compensation the treaty would have allowed the union of Bessarabia with the Old Kingdom of Romania.[6]

The Treaty of Bucharest was never signed nor implemented because Germany would then have to stop requisitioning supplies from Romania. Romania reentered the war against Germany a short time before the armistice, and Romanian troops again occupied Transylvania, where the Romanian subjects of the defeated Hungary had proclaimed the "union of all Roumanians in a single state."[7] This gave the Romanian government control of a large area outside of its prewar boundaries and placed Romania in a strong bargaining posi-

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[5]Robert Seton-Watson, p. 503; French Ambassador Sharp to Robert Lansing, December 5, 1917 and December 10, 1917 in Department of State, Papers Relating to the Foreign Relations Of the United States (hereafter cited as FRUS) 1917 Sup. 2 "The World War" I (Washington, 1932), pp. 459-461.

[6]The Old Kingdom is a term designating the prewar territory of Romania, the provinces of Wallachia and Moldavia.

[7]Robert Seton-Watson, p. 533

tion at the Paris Peace Conference.[8]

Romania gained much from the First World War, but at an enormous cost in lives and property. The enemy had occupied over half of the richest part of the country for almost two years and had subjected the countryside to severe requisitioning of wheat, petroleum, machinery, railroad rolling stock and other items. In addition, the war did not end for Romania with the armistice. The communist threat of the Bela Kun regime in Hungary provoked the Romanian government to invade Hungary. This action not only prolonged the period of unification and prevented a speedy recovery, but it also angered the victorious allies and created a postwar friction and enmity toward Romania. These hardships were offset by the fulfillment of the Romanian national dream. The unification of all Romanians was achieved by the acquisition of four new provinces: the Banat, Bessarabia, Bukovina and Transylvania. These additions doubled the size and population of the Romanian Kingdom.

Greater Romania was a constitutional monarchy with a Prime Minister appointed by the King. In the period immediately after the war none of the Prime Ministers could maintain enough support to retain his position for long. This instability added to the uncertainty of the period. Several governmental combinations were attempted, but the emergence

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[8]A good discussion of Romania's role in the Paris Peace Conference can be found in Sherman David Spector, Rumania at the Paris Peace Conference: A Study of the Diplomacy of Ioan I.C. Bratianu (New York, 1962).

of a strong national party required time to develop.

The postwar chaos did not begin to subside until the Liberal Party came to power in January of 1922. The finance aristocracy, mostly bankers and rich merchants, dominated the Liberal Party. During the latter part of the nineteenth century the Liberals had sought reforms characteristic of nineteenth century European Liberals. However, with the destruction of the landed aristocracy and their Conservative Party by the distribution of land to the peasants and with the pressure of the communist and socialist parties on the left, the Liberal Party veered drastically to the right. The Liberal Party chose a program of austerity for Romania and attempted to rebuild the economy of the country without foreign money in order to avoid foreign exploitation of Romania's economic resources. The Liberals believed that Romania was capable of rebuilding alone. They chose an aggressive policy of excluding foreign capital and followed this course of economic nationalism for the entire period, 1922-1928, in which they controlled the country.[9]

This economic nationalism further retarded Romania's recovery because of the restrictions placed on foreign money and the insufficiency of domestic capital to finance native industries. The situation eased somewhat with the advent of the National Peasant Party in the fall of 1928. The National Peasant Party was a coalition of agrarian groups, the main

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[9]This theme is discussed extensively in Leo Pasvolsky, Economic Nationalism of the Danubian States (New York, 1928).

elements being the Peasant Party of Transylvania and the National Party of the Old Kingdom. Formed on September 26, 1926, the coalition was held together mainly by its efforts to depose the Liberals.[10] The National Peasant Party relaxed many of the Liberals' restriction of foreign capital, but the beginning of the worldwide depression discouraged foreign investment and prevented Romania from gaining any advantages from the reduced restrictions.

The period came to a dramatic close in July, 1930, with the return and coronation of King Carol II. The golden opportunities presented to the Romanians in 1920 had eluded them by the end of 1929. The standard of living substantially declined, and the goal of political suffrage was never realized. Elections continued to be manipulated, and inflation still plagued the country. Not alone in the deteriorating conditions following World War One, Romania typified the plight of the small nations with which the United States conducted relations during the 1920s.

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[10]Roucek, pp. 91-92.

CHAPTER II

THE JEWISH AND BESSARABIAN QUESTIONS

The Jewish and Bessarabian questions are important in the study of Romanian-American relations mainly because their constant presence adversely affected the attitude of one government toward the other. The safety of Romania's Jewish minority concerned Americans, while Romania felt indignation because of the American refusal to recognize the union of Bessarabia with Romania.

"The intercourse between our two countries in the past," President Woodrow Wilson remarked to the first Romanian Ambassador to the United States, during the war,

> while always animated by trust and confidence, has not been extensive, but Roumania and the United States are now drawn closer together as common sufferers in a common cause and the action of the Government of Roumania in sending a diplomatic representative to this country is accepted as an added evidence of fraternal good will and a welcome recognition of unity and good understanding.[1]

Unfortunately, these optimistic words soon yielded to frustration as a series of problems between the United States and Romania emerged.

Two of these problems began at the Paris Peace Confer-

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[1] FRUS, 1917 Sup. 2 "The World War," I, p. 738.

ence. The first was the guarantee for the protection of minorities, especially the Jewish minority. The second concerned Romanian claims to Bessarabia. Both of these problems created animosity between the United States and Romania, and these issues continued to prevent amicable relations between the two countries throughout the decade of the 1920s.

The Jewish question did the most to harm American opinion towards Romania. The attachment of special Minorities Treaties to the general World War One peace treaties came about largely through the efforts of the American delegation. American Jews were influential in obtaining the minority guarantees. Led by Judge Julian W. Mack and Louis Marshall, they formed a powerful lobby which was instrumental in convincing President Wilson and his advisers of the necessity of guarantees for minority rights.[2]

In a speech at the Peace Conference on May 31, 1919, Wilson claimed the Great Powers' responsibility to maintain world peace entitled them to minority guarantees from the smaller nations. Further, he delineated the peace keeping role of the United States in regard to minority rights.

> There underlies all of these transactions the expectations on the part, for example, of Roumania, and Chechoslovakia, and of Serbia, that if any covenants of this settlement are not observed, the United States will send her armies and navies

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[2]Roucek, p. 50

to see that they are observed.[3]

The expected reaction of these nations was one of indignation. They considered the "unilateral character of the obligation [to protect minorities]... a humiliating discrimination as long as it was not made to apply to all States by embodying [the minority guarantees] in the covenant of the League of Nations."[4] Despite their objections, all the countries were eventually coerced by the Great Powers into accepting the minority guarantees. Even though the American Senate rejected the Versailles Treaties on November 19, 1919, thereby removing the force of Wilson's threat to secure minority guarantees by the use of American troops, Romania signed the Treaty for Minority Guarantees on December 9, 1919.[5]

One of the major reasons for a special treaty for minority rights was the virulent anti-Semitism of Eastern Europe. Romania was no exception. According to the historian Nicholas Nagy-Talavera, Romanian nationalism derived from a national inferiority complex. Romanians over-compensated for this feeling of inferiority by attacking foreigners within Romania because it would have been too risky "to assault enemies beyond the borders of the country."[6] The foreigners

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[3]Frederic C. Nano, The Foreign Policy of Romania, 1918-1939 (Washington, 1953), p. 23.

[4]Nano, p. 22; also Spector, pp. 141-143.

[5]Nano, p. 43.

[6]Nicholas M. Nagy-Talavera, The Green Shirts and the Others: A History of Fascism in Hungary and Rumania (Stanford, 1970), p. 248.

within Romania were of two types, the foreign financial interests which dominated the Romanian economy and the Jews who numerically predominated the domestic middle class. The Jewish refusal to assimilate, combined with their prominent position in the domestic economy, made them the target of abuse.

Constant and continued outbreaks of violence against the Jewish community marred Romania's internal life throughout the 1920s. Anti-Semitism found its most active supporter in Romania from the Legion of Archangel Michael, organized by Corneliu Zelea Codreanu. Founded upon the principles of Romanian nationalism and the Romanian Orthodox religion, the Legion attracted a widespread and fanatical following among the youth, especially university students, and the working class. The Legion's anti-Semitism contributed to its popularity and comprised its only real program. The Legion's popularity enabled Codreanu to escape conviction of several murders he committed in the name of correcting injustices.

The Legion perpetrated riots, demonstrations and physical abuse against Jews with the government powerless or unwilling to stop them. Codreanu's fanatic fascist organization terrorized the entire Jewish population of Romania. Because the Jews could find little help from the Romanian authorities, they turned to their brethren of Western Europe and America for help. This only infuriated the anti-Semites whose xenophobia compounded their hatred of the

Jews.[7] Persecution increased, and the Jews again appealed to the West, creating a vicious circle often repeated throughout the interwar period.

The group in the United States most sympathetic to the plight of the Romanian Jews was the American Jewish Congress. The American Jewish Congress organized meetings, demonstrations, and letter writing campaigns to influential government officials on behalf of the Romanian Jews.[8] Their vehement protests against abuse of Romanian Jews created an unfavorable image for Romania in American public opinion. American Senators and Representatives became concerned over the problem as constant agitation by the American Jewish Congress filled the newspapers with stories of Romanian persecution of Jews.

The relentless efforts of the American Jewish Congress continued In January of 1927, representatives of the American Jewish Congress, Rabbi Stephen S. Wise and Judge Milton Strausberger demanded that Secretary of State Frank B. Kellogg make a formal protest to Romania over her treatment of Jews. Kellogg explained that it would be impossible for the United States government to make such a statement on the internal problems of Romania. However, Kellogg offered to

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[7]Nano, p. 19; also Nagy-Talavera, pp. 44-48.

[8]One need only survey the New York Times during this period to realize how active the American Jewish Congress was in this respect, for example, New York Times (December 20, 1925), p. 16:1.

speak with the Romanian Minister and advise him of the poor public opinion generated by the treatment of Jews in Romania. Rabbi Wise felt this was not enough, but Kellogg made it clear he would go no further and explained that similar action had been taken in behalf of Catholics due to the religious situation in Mexico. The Jewish delegation finally accepted this offer.[9]

Kellogg met with the Romanian Minister, George Cretziano, and endeavored to make clear that the meeting did not represent an official rebuke on Jewish treatment but merely to bring to Cretziano's attention that reports of persecution of Jews had created an unfavorable opinion of Romania among a large section of Americans. Cretziano insisted that such reports were greatly exaggerated. Kellogg replied, however, that despite their alleged exaggeration the reports adversely affected American attitudes toward Romania. Thereupon, he showed Cretziano the numerous letters the State Department had received from Senators and Representatives expressing their concern over the Jewish problem and the letter of Rabbi Wise which included the protest adopted by the American Jewish Congress.[10]

In December of 1927 the Jewish question took on a new dimension with the injury of an American citizen in an anti-Semitic riot at Oradea Mare in northwestern Romania. The

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[9] FRUS, 1927 III, pp 639-640.

[10] Ibid.

American, Gottfried Keller, an employee of the YMCA, had ventured into the streets during the riot and had been attacked and beaten. Later he admitted that he had tried to restrain some demonstrators. Nevertheless, the American Minister William Smith Culbertson pressured the Romanian government to conduct a full investigation leading to the conviction of the persons involved in the crime and to compensate Keller for his injuries and losses. Culbertson was adamant in regard to compensation for Keller and the Romanian government eventually agreed on a settlement of $2,500 , mostly for hospital bills.[11]

What really angered the American diplomat, however, was the failure to deliver a telegram sent by Keller's wife to the American Consul describing the circumstances of the attack. Culbertson unleashed such a powerful tirade at the Romanian Foreign Office that he proudly reported that should similar circumstances recur no one would dare interfere with any correspondence to an American official.[12] The demonstration at Oradea Mare brought a temporary restriction of anti-Semitic activity, but Codreanu and the Legion soon renewed their attacks on Jews. Spurred on by Hitler's rise, the scope of anti Semitic activity continued to increase until World War Two.

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[11] William Culbertson to Frank Kellogg, February 18, 1928 in FRUS, 1927 III, p. 647.

[12] Culbertson to Kellogg, December 10, 1927 in FRUS, 1927 III, p. 641.

While the Jewish problem inflamed American public opinion against Romania, the Bessarabian question embittered Romanian government officials against the non-action taken by the United States in regard to Bessarabia's union with Romania. Therefore, the Bessarabian question had a greater impact upon Romanian-American relations although it affected fewer people. Both problems, however, continued to separate the two countries and disallowed efforts for mutual friendship.

After the First World War, Romania's greatest concern was to maintain the gains created by the peace treaties. To ensure protection of her new boundaries, Romania entered into agreements, which collectively became known as the Little Entente, with Czechoslovakia and Yugoslavia.[13] Although this group could effectively check Hungarian and Bulgarian irredentism, neither of Romania's partners would support her in a conflict with Russia over Bessarabia. In an effort to Bessarabia, Romania allied herself with Poland and sought recognition of her territorial rights in Bessarabia from the Great Powers, France, Great Britain, the United States, Italy, and Japan.[14]

Negotiations with the Great Powers for recognition of Romania's sovereignty over Bessarabia began in Paris in the

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[13]John Oliver Crane, The Little Entente (New York, 1931), pp. 9-11.

[14]Robert Machray, The Little Entente, (London, 1929), p. 137.

spring of 1920. The American Ambassador in Paris, Hugh Wallace, requested permission to enter into the negotiations on behalf of the United States, but Secretary of State Bainbridge Colby refused American participation in such a treaty.[15] The policy which Colby developed toward Russia prevented the United States from supporting any action which alienated territory from Russia. As Colby explained in a note to the Italians, the United States opposed the dismemberment of Russia without its consent because that would provide the Bolsheviks the propaganda needed to unite the country under their rule.[16] Despite American refusal to join, the Great Powers proclaimed the union of Bessarabia with Romania in a treaty signed on October 28, 1920, in the Clock Room of the Quai d'Orsay hotel at Paris.[17]

The significance of the American refusal to join the October 28 Treaty to Romanian-American relations should not be overlooked. Disappointed by the American action and realizing that the United States would not become a potential ally against Russia, Romania became increasingly hostile to American interests. Years later the American failure to join the Treaty of October 28 still embittered Romanian feelings toward the United States.

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[15] Bainbridge Colby to Hugh Wallace, June 12, 1920 in FRUS, 1920 III, p. 432.

[16] Colby to Wallace, October 5, 1920 and Colby to the Italian Ambassador, August 20, 1920 in FRUS, 1920 III, pp. 433, 463-468.

[17] New York Times (January 2, 1921), II, p. 14:8; Nano, p. 139 and Spector, p. 225.

The question of Bessarabia was not resolved until the United States began negotiations for the recognition of the communist regime of the Soviet Union. Although this occurred several years beyond the period of this paper, it is an essential part of the story and must be told. The reason Romania renewed her efforts to obtain American recognition of Romania's union with Bessarabia was the probability that the United States would recognize the Soviet Union and its claim to Bessarabia.

On March 6, 1933, Charles A. Davila, the Romanian Minister to Washington, visited the State Department to discuss the Bessarabian question. He met with Wallace Murray, the Chief of Division for Near Eastern Affairs. In his report on the meeting, Murray conceded that the Bessarabian question had "occupied the attention of the Department almost continuously for 12 years" and that the United States was the only major power besides Soviet Russia which did not recognize Bessarabia as a part of Romania.[18] Davila described the American position as a "public discrimination" against Romania which had aroused Romanian official opinion against the United States. Although discussion of the American attitude toward Bessarabia in the Romanian press had been suppressed, Davila claimed this would not be possible in the future. He further stated that public discussion of the problem by the

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[18] Wallace Murray to Cordell Hull, March 6, 1933 in FRUS, 1933 II, p. 656.

Romanian press would inflame public opinion in Romania against the United States.

The Romanian Minister suggested a simple method to gain American recognition of Bessarabia's union with Romania — the use of immigration quotas. In June of 1931 the Department of State, under pressure from Romania, had separated the Bessarabian immigration quota from the Russian quota and established an independent Bessarabian quota. Now the Romanian government urged the inclusion of the Bessarabian quota with the Romanian quota, which would give tacit American recognition of Bessarabia as a part of Romania.[19]

Davila's arguments included precedents from American history. He compared the United States' acquisition of Texas in 1845 with the Bessarabian question. Texas had declared her independence from Mexico and had been recognized by the Mexican government. Soon Texas chose to unite with the United States. At that time the United States declared the act legal because it was in accordance with the wishes of the people. Bessarabia experienced the same series of events. Bessarabia declared independence after the Bolshevik revolution and was recognized by the Petrograd Soviet. Then the Bessarabian government voted to unite with Romania. The similarity between the two enabled Davila to cite American arguments, formulated at the time of the annexation of Texas, in support of Romania's case for Bessarabia. In addition to

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[19]Ibid.

those arguments, the Romanian government requested any assistance the United States could make to resolve the dispute between Romania and Russia over Bessarabia.[20] The Romanian government believed that Russia desired American recognition enough that if the United States suggested the settlement of the Bessarabian question as a condition for that recognition Russia would gladly do so, on Romanian terms.

After five weeks of discussion between the Romanian Legation at Washington and the State Department, Secretary of State Cordell Hull advised President Franklin Roosevelt that,

> After a careful consideration of the facts I have come to the conclusion that there is no longer any reason why we should continue to adhere to the doctrine enunciated by Mr. Colby in 1920. On the contrary, I feel that we should now recognize the de facto situation.[21]

Hull agreed with the Romanian government that this could be done most easily by the immigration quota and suggested it to President Roosevelt. The President replied, "Approved - It is sensible."[22] Executive Order number 2048, concerning immigration quotas, included the Bessarabian quota with the Romanian quota for the year beginning July 1, 1933.[23]

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[20] Charles Davila to Hull, March, 1933 in FRUS, 1933 II, p. 659.

[21] Hull to Franklin Roosevelt, April 12, 1933 in FRUS, 1933 II, p. 680.

[22] Ibid.

[23] FRUS, 1933 II, p. 682.

The Jewish and Bessarabian questions comprised a small part of the American relations with Romania during the 1920s. Their importance derives from their constant presence. They were the background against which all other relations between the two countries came to light. American dissatisfaction concerning the treatment of Jews in Romania, and Romanian indignation at the American refusal to recognize Bessarabia as a part of Romania worked together to cloud Romanian-American relations. There can be little wonder why those relations were fraught with difficulty.

The widespread publicity concerning the persecution of Jews in Romania discouraged American businessmen from venturing into what appeared to be an unstable market. Meanwhile, the American attitude toward Bessarabia insulted Romanian pride and created difficulty in solving more important problems such as commercial and war debts.

CHAPTER III

COMMERCIAL AND WAR DEBTS

The mutual disaffection which the Jewish and Bessarabian questions aroused, was aggravated further by Romania's failure to pay debts owed to the United States. These debts took thre separate forms: the debts of Romanian merchants to American companies, the debts of the Romanian government to American companies and the debts of the Romanian government to the United States government. The main reason that Romania had such difficulty in paying her debts was the drastic depreciation of her currency and the fact that the debts were repayable in gold or in foreign currency.

Of the many essential items for Romania after the war, the most important to a quick recovery was a strong currency. An understanding of the currency situation is essential to realize the difficulties Romania experienced in trade and in debts. Among numerous obstacles to establishing a strong currency in Romania were the consolidation of the Romanian nation by adding four new provinces and replacing the various monies of the new provinces with a single currency. The chaos which followed World War One caused a delay in the unification of Romania's currency. This delay and the announced exchange rates (one ruble or two Austrian crowns

equaled one leu[1]) brought an influx of paper money into Romania, because the money was worth more. The Romanian government expected the currency exchanges to value near 2.5 billion lei, but the currency influx brought a total value of 4.5 billion lei in Austrian crowns alone. The note circulation leaped from the estimated 8.75 billion lei to a total of 13.72 billion lei.[2]

The monetary circulation per capita was not excessive, but actually no gold backed the currency. During the war when German occupation of Romania appeared imminent, the Allies requested that the Romanian gold reserves be transferred to Moscow for safe keeping. When the Bolsheviks came to power in Russia they confiscated the Romanian gold. The stolen gold totaled over 315 million gold lei and accounted for 63.6 percent of the 495.4 million gold lei reportedly backing the billions in currency.[3] Another problem in currency consolidation was the issuance of Banca Generala notes for about 2.5 billion lei under German auspices during the period of occupation. When the Germans were forced to withdraw from Romania they took the press with them and continued to print money. At first the Romanian government repudiated this German money, but later realized that this action

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[1]The plural of the Romanian currency, the leu, is lei.

[2]Pasvolsky, pp. 389-390.

[3]Department of Treasury, Annual Report: Director of the Mint, 1920 (Washington, 1921), p. 228.

would work an unbearable hardship on the peasants, who had been forced to accept this money in return for supplies delivered to the Germans. The Romanians had to accept this currency.[4] As a result of all these factors the value of the leu depreciated from a prewar value of 19.3 cents (American) to .7 cent by 1922.[5]

To avoid further depreciation of its currency, the Romanian government sought to prevent speculation on the leu in foreign stock exchanges by prohibiting Romanian banks from accepting orders to buy or sell Romanian currency for foreign money except in connection with commercial or industrial transactions. The idea was to prevent the harmful manipulation which had driven down the value of the leu and placed the country's economy at the mercy of foreign interests. Foreign financiers reacted to this move by stopping all business with Romanians. Within a week the government's order had been rescinded in regard to American banks.[6]

The immediate reason the Romanian government attempted to curb depreciation by restricting the trade in lei was the crash of an influential Bucharest bank, the Banca Natiunei. Early in the summer of 1921 the bank sold lei for foreign exchange in anticipation of a rise in the price of lei. The

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[4]Ibid.

[5]New York Times (January 1, 1922), p. 24:3.

[6]New York Times (November 16, 1921), p. 7:2; (November 17, 1921), p. 23:3; (November 19, 1921), p. 19:3; (November 23, 1921), p. 32:2.

value of lei declined, however, and at the end of October the banking house of Leroi du Prai in Paris demanded payment in the amount of sixty million francs, which the Banca Natiunal could not meet.[7] This episode intensified the belief among Romanians that foreign capital was attempting to reduce Romania to an economic colony.

During 1922 the Bucharest Chamber of Commerce organized a committee to negotiate the settlement of old private commercial debts with foreign creditors because depreciation of the Romanian currency made repayment very difficult. Since the debts were held in gold or foreign currencies, some form of adjustment was necessary. The Romanian government endorsed this attempt to resolve the private debts in Romania as beneficial to the growth of the Romanian economy. On May 30, 1923, the Liberal Party government, under the influence of Finance Minister Vintila Bratiano, adopted a law in support of the Bucharest Chamber of Commerce's attempt to settle all foreign commercial debts. Entitled the "Law for the Regulation of Commercial Indebtedness," this measure came as a result of the Manchester agreement between the Commercial Debt Commission and British creditors. The agreement deferred debt payments over a twenty year period on the basis of seven percent of the principal. Four percent of this amount went for interest and the rest for amortization. The loan required Parliamentary approval because the National Bank of

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[7]New York Times (January 1, 1922), p. 24:3.

Romania guaranteed repayment of the loan.[8] The British creditors insisted that the Romanian government guarantee that no other country would receive full repayment of debts since they had submitted to an adjusted settlement of the debts. As a part of this guarantee the Romanian government promulgated the "Law for the Regulation of Commercial Indebtedness" on June 5, 1923. The Law stated that for countries whose currency was three times higher in regard to the leu than prewar parity the Government could, on the request of the Office for Special Payments in Foreign Currencies, declare the British agreement binding on other nationals.[9]

Although the American commercial interests in Romania were small in comparison with other countries, the unilateral action by the Romanian government prompted the American Minister in Bucharest, Peter Augustus Jay, to protest.[10] He was concerned that the Romanian government would apply the British agreement to American creditors without American consent.

Another measure, closely related to the "Law for the Regulation of Commercial Indebtedness," suspended enforcement of that Law until negotiations of separate conventions, similar to the British agreement, could be concluded by

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[8]New York Times (March 25, 1923) II, p. 7:4; also Peter Augustus Jay to Charles Evans Hughes, August 22, 1923 in FRUS, 1924 II, p. 651.

[9]Jay to Hughes, June 21, 1923 in FRUS, 1924 II, pp. 648-650.

[10]Ibid.

funding the debts over a considerable period of time.[11] Known as the "Term of Grace Law," Americans viewed this moratorium on foreign commercial debts as detrimental to American interests and potential American investors because all creditors were barred from collecting in Romanian courts the debts owed them.[12] On June 19, 1923, Jay explained to the Romanian Foreign Minister, Ion G. Duca, that the United States government would not feel bound to the terms of an agreement between Great Britain and Romania. In reply Duca asked if the American commercial attaché could act as an intermediary for American interests in settling debts. Jay replied that the United States government could not speak for American creditors, as they alone had the power to settle their accounts.[13]

On September 20, 1923, Jay handed Duca a formal protest of the "Law for the Regulation of Commercial Indebtedness." Jay's note pointed out several features of the Law which the United States government considered objectionable. First, the Law was discriminatory because it did not apply to all debts, but only to those in appreciated currency. Also it provided for a longer period of repayment and allowed a lower rate of interest than originally agreed to, which Americans believed impaired the obligation of private contract. Further, the Law did not discriminate between the debtors who

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[11]New York Times (November 25, 1923), p. 15:5.

[12]Hughes to Jay, August 22, 1923 in FRUS, 1924 II, p. 651.

[13]Jay to Hughes, June 21, 1923 in FRUS, 1924 II, pp. 648-650.

could pay in foreign currency and the ones who could not do so. The attitude of the American government was that those debtors able to pay should do so without the governmental influence that the law entailed. Finally, the American government considered any attempt to impose the law on American creditors, without their consent, an infringement on the rights of American nationals. To this the United States could not agree.[14]

Reports that the "Term of Grace Law" would be expanded into an absolute moratorium and extended for six months brought further action by the American Legation. The commercial attachés of France, Italy, Belgium, Holland, Czechoslovakia, Switzerland and the United States held a meeting on November 16, 1923. The American commercial attaché, Dr. Louis E. Van Norman, and the Legation secretary, Lawrence Dennis, attended. The attachés believed that a vigorous protest to the proposed expansion of the law during its consideration might cause modification or even abandonment of the law. A joint démarche to Finance Minister Bratiano was suggested. Dennis, however, refused to involve the American Legation in such a joint action. Finally, they agreed that each country's Ambassador would present an aide-memoire to the Romanian Foreign Office in protest. In pursuance of that agreement, Jay handed Duca an aide-memoire protesting the

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[14]Hughes to Jay, August 22, 1923 (cited above) and Jay to Hughes, September 20, 1923 in FRUS, 1924 II, p. 632.

proposed law. Two days later on November 23 Duca informed Jay that the other Ministers had also protested.[15] When the law for the extension of the moratorium was introduced into the Romanian Parliament on the 24th it called only for the extension of the existing law for another three months.[16]

When, early in 1924, the French creditors reached an agreement with their Romanian debtors, Lawrence Dennis, then Chargé d'Affairs, reported to the State Department that it would be advisable for American creditors to settle with the Romanian Debt Commission because the Romanian government's position would not allow American creditors to recover their money. Dennis believed that it was the policy of the Romanian government to extend the moratorium until all creditors in 'strong' currency reached agreements similar to the ones made with Great Britain and France, and that American creditors would find no other solution. Two American companies were barred from collecting their debts under the "Term of Grace Law" -- International Harvester for about $400,000 and Benco Export Company for $40,000.[17]

In October of 1924 the Romanian government requested the American Legation to negotiate on behalf of American creditors. The Chargé, now Benjamin Reath Riggs, was instructed

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[15] Jay to Hughes, November 23, 1923 in FRUS, 1924 II, p. 653.

[16] New York Times (November 25, 1923), p. 15:5.

[17] Lawrence Dennis to Hughes, January 21, 1924 and March 4, 1924 in FRUS, 1924 II, pp. 657-658.

to reply that only the American creditors could act as their own agents and to reiterate American objections to the discriminatory aspects of the "Term of Grace Law".[18]

When Jay returned to Bucharest from meetings in Washington he brought with him a more detailed discussion of the problem. Jay visited Duca on November 27, 1924, and showed him a dispatch outlining the State Department's views. Duca explained that the Romanian government could not permit American creditors to obtain unconditional satisfaction of their claims because the agreements, already concluded with Great Britain, France, Switzerland, Italy and Belgium, obligated the Government to prevent by legislation foreign creditors who had no collective agreement from obtaining execution of judgement. This meant that even if the "Term of Grace Law" were not renewed it would be impossible for Americans to secure their claims.[19]

At this time the Romanian government was considering a Loi d'Imprevision similar to ones in countries observing the Code Napoleon. This law would give courts the discretionary power to grant a grace period to debtors whose inability to meet obligations was shown to be the result of circumstances beyond their control. The incorporation of this law into the

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[18]Benjamin Riggs to Acting Secretary of State Grew, October 6, 1924 and Grew to Riggs, October 7, 1924 in FRUS, 1924 II, pp. 633-636.

[19]Jay to Hughes, December 5, 1924 in FRUS, 1924 II, p. 661.

Romanian Civil Code would replace the temporary "Term of Grace Law" with a permanent provision of a similar nature. Many of the American objections to the "Term of Grace Law" would be removed because in countries which had the Loi d'Imprevision the law did not protect the solvent debtor.[20]

The Romanian government owed debts to two American firms, Baldwin Locomotive Company and Trans-Oceanic Corporation. Since they were public debts, they did not come under the jurisdiction of the laws for the suspension of commercial debts. However, the procrastination of the Romanian government in paying these debts became a source of friction between the United States and Romania. In 1919 the Baldwin Company delivered sixty locomotives at $85,000 each, which, in addition to other materials provided, totaled $3,250,000 payable in five years. The Romanian government failed to pay and two years later tried to convert the short term notes into long term notes. The Baldwin Company refused to accept this change. The Baldwin Company felt it had no other recourse than to sue for the balance and brought suit in Romanian courts to that effect.[21] It was not until late September, 1925, that the Romanian government finally settled, out of court, with the Baldwin Company. The agreement provided for a cash settlement of $250,000 on October 1, 1925, with the

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[20]Ibid.

[21]New York Times (March 8, 1925), II, p. 1:7; (March 12, 1925), p. 30:5.

balance of the $2,500,000 spread over a five-year period at six percent interest. The debt to Trans-Oceanic was also settled at this time.[22]

In the spring of 1925, as part of a general policy in regard to all countries, the United States began to pressure Romania to settle her war debts. Because the loans were made to Romania after the armistice, the State Department took the view that these loans were purely relief transactions and should not be confused with the general war debt problem. This reconstruction aid amounted to $23,000,000. To that sum was added $13,000,000 for the purchase of American war supplies.[23] These figures were very modest in comparison with amounts owed to the United States by other countries. In April, the American Minister, Jay presented to the Romanian government a formal communication of the State Department. The note pointed out that Romania had negotiated funding agreements with other governments for larger and more recent loans while American loans were ignored.[24]

When, in early August, 1925, the new American Minister in Bucharest, William Smith Culbertson, prodded the Romanian government for action in regard to the war debt, Romania

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[22]New York Times (September 27, 1925), II, p. 14:1.

[23]New York Times (April 16, 1925), p. 20:2; (May 17, 1925), p. 1:8.

[24]New York Times (April 15, 1925), p. 6:5; FRUS, 1924 II, p. 614.

offered to send a commission of financial experts to Washington to discuss a preliminary basis for funding the war debt. The State Department rejected this offer and replied that it was not interested in such a commission and expected to negotiate with representatives of the Romanian government authorized to conclude an agreement.[25] The Romanian Minister to Washington, Prince Antoine Bibesco, fully aware of the American position, had been recalled to Bucharest to discuss the problem. He informed both Foreign Minister Duca and Finance Minister Bratiano of the importance of funding the war debt.[26] As a result of these pressures, the Romanian government appointed the Minister to London, Nicholae Titulescu, to head the delegation sent to the United States to negotiate a solution to the war debt problem.

Titulescu was well qualified to lead the Romanian War Debt Commission. He had previously been the Finance Minister and had been instrumental in the negotiations which funded the £ 26,000,000 Romanian debt to Great Britain. Titulescu and the Commission arrived in New York City on the morning of November 6, 1925. Besides Titulescu, members of the Commission included Eftimie Antonescu, who had traveled to Washington on a similar mission in 1922; Emanuel Guinan, Director of the Romanian Reparations Commission; Victor Badelescu and Savel Radulescu, financial experts; and Messers

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[25]New York Times (August 12, 1925), p. 32:1.

[26]New York Times (August 16, 1925), p. 2:5.

Slavescu and Cioton. They were met at their ship, the Aquitania, by representatives of the State and Treasury Departments, Frank Higgins and Henry G. Stuart, respectively, and by Prince Bibesco. The group went to the Hotel Pennsylvania for lunch, and then the Romanian Commission boarded an afternoon train for Washington.[27]

The Commission wasted little time in Washington. The first meeting with the American Debt Funding Committee, headed by Secretary of Treasury Andrew Mellon, came on the morning of November 9, 1925. The meeting was short and the mood amicable, but the Americans were in the process of concluding negotiations with Italy for the settlement of her war debt to the United States and preferred to postpone discussions with the Romanians until those negotiations were concluded.[28] As a result it was not until November 21 that the first real effort was made to negotiate the Romanian debt. Romania's first offer was rejected, and the American Committee presented a counter proposal which would settle Romania's debt to the United States in a manner similar to an earlier British-American agreement.[29] Within a week after this offer, the Romanian War Debt Commission agreed. The settlement was announced on December 1, 1925, and signed by the respective representatives in Washington on

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[27]New York Times (November 7, 1925), p. 4:4.

[28]New York Times (November 10, 1925), p. 40:1.

[29]New York Times (November 22, 1925), II, p. 19:7.

December 4.[30] This action removed what had been a major obstacle to the procurement of a Romanian loan from American capital.

Under normal circumstances the terms of the agreement would appear favorable to Romania. The amount of the debt funded totaled $44,591,000, of which $10,380,166 was interest that had accrued from the original principal of $36,128,494, the difference being the amount already paid by Romania. The payment of the war debt was extended over a sixty-two year period with a modest three percent interest for the first decade, and increased thereafter to three and one-half percent. These terms were similar to the agreements made by the United States with ten other debtor countries. Because of the world economic situation, however, the problem was not solved, but merely prolonged. At the time, however, the agreement was considered acceptable to both the United States and Romania and was ratified by the legislatures of both countries.[31] On October 28, 1926, the final steps were taken on the war debt when the Romanian Legation at Washington delivered Romanian Government Bonds, intended as collateral, to the Treasury Department.[32]

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[30]New York Times (December 2, 1925), p. 2:3.

[31]Ibid.; Department of State, The Treaty of Versailles and After, Conference Series Number 92 (Washington, 1947), p. 398; New York Times (March 19, 1926), p. 4:8.

[32]New York Times (October 29, 1926), p. 15:4.

Another debt created by the war was Standard Oil's claim for reimbursement of damages inflicted upon its subsidiary, Romano-Americana. Great Britain had delivered a virtual ultimatum to Romania to enter the war and then had allowed Romania "to fight alone against great odds." Moreover, "the British War Cabinent had initiated the mission to destroy the [oil] fields" and had sent a British officer to execute that task. Therefore, Standard first directed the damage claims against Great Britain.[33] Another claim against Germany for the use of the wells and the petroleum which they extracted was submitted to the Reparations Commission and was speedily settled. England, however, categorically refused to accept the responsibility for the damages to Standard Oil's property, despite the promises made during the war that restitution would be forthcoming.

Because officials of Standard Oil knew that Romania was bankrupt and therefore any settlement she made would be on a long term basis, they continued to negotiate with Great Britain for payment of the war claims. On July 5, 1928, however, Austen Chamberlin, for the British government, issued an "unusually strong and ably prepared document" which denied that the facts surrounding the destruction of Romano-Americana's installations established a claim against the British government.[34] Great Britain's intention not to pay was

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[33]Gibb, pp. 271-272.

[34]Gibb, p. 321.

clear, and Standard Oil abandoned its claim against Great Britain and began negotiations with the Romanian government.

Negotiations commenced in September, 1928, and ended on June 6, 1929, when Romania agreed to pay for the damages inflicted on Romano-Americana's property in 1916 by the Anglo-Romanian Destruction Commission. "This settlement called for the payment of principal and accrued interest in bonds maturing at regular intervals from 1929 to 1965."[35] The Romanian Government Bonds were printed in denominations of fifty and one hundred pounds (British sterling) to a total value of £2,099,900 (approximately $10,205,500) and were given to officials of Romano-Americana on August 26, 1929. Two days previously the first cash installment on interest had been paid to the American company.[36]

This amount was far below the original claims which Standard Oil had filed. Standard Oil had based its claim for damages on the cost of the replacement of the destroyed property at the current prices, but the final settlement was determined by the amount that had originally been expended to construct the facilities. The difference between the two sums, partly due to the postwar inflation, was enormous.

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[35]Gibb, p. 321; also, Charles S. Wilson to Frank B. Kellogg, July 6, 1929 in FRUS, 1929 III, p. 757.

[36]John H. MacVeagh to Kellogg, August 28, 1929 in FRUS, 1929 III, p. 759; also Wilson to Kellogg, July 6, 1929 (cited in above footnote).

> The question of the fairness of the award, however, has only academic pertinence. The important point was not the amount of the awards but the amount of payments, and the matter of collections on the large outstanding German and Romanian debts was one which in future years was to yield Jersey Standard few satisfactions.[37]

The commercial and war debts had kept Romania from obtaining a foreign loan, which she needed to stabilize her currency. Americans, especially, were unwilling to advance money to Romania while many of her debts were still outstanding. When Romania finally did settle her debts the way was open to an American loan, but the nationalistic economic policy of the Liberal regime prevented this until 1929. At that time Romania secured a loan, part of which came from American banks.

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[37]Gibb, p. 325.

CHAPTER IV

THE OIL CONTROVERSY

The real issue between the petroleum industry and Romania was the nationalisation of subsoil resources. On April 24, 1920, the British and French oil magnates met in a conference at San Remo and proposed the division of Eastern Europe into spheres of influence, whereby each country in its sphere would take over the German concessions. They agreed to divide the concessions of Romania between them and to support each others interests.[1] American oil men countered this by calling for an 'Open Door' policy in Romania. These actions intensified the Romanian paranoia of foreign exploitation and economic colonialization of Romania. These fears were not unfounded, but the agrarian economy and the lack of domestic capital made foreign capital necessary for the creation of industry in Romania. The Liberal Party, which came to power in 1922, tried to nationalize Romanian industry and, at the same time, to exclude foreign capital.

A prime example of the Liberal policy to exclude foreign capital was the Romanian constitution of 1923. Article

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[1] "Rumanian Oil and Foreign Money," Nation, CXIX (September 17, 1924), pp. 295-296; New York Times (July 24, 1920), p. 7:5.

Eighteen restricted land ownership to Romanian citizens, while Article Nineteen nationalized all subsoil resources.[2] Although previously acquired concessions held by the oil companies would be respected, the resources themselves became the exclusive property of the State. This article (19) also provided for the passage of a special Mining Law, which would establish rules and conditions for the exploitation of subsoil resources. This Mining Law became the greatest obstacle to friendly relations between the United States and Romania in the 1920s.

When it became apparent, late in 1923, that the proposed Mining Law would be detrimental to non-Romanian oil interests, the foreign legations in Bucharest prepared protests in behalf of their nationals. American Minister Peter Jay delayed his protest, awaiting the reaction of the Romanian government to the British note. The British took this opportunity to air several grievances held by the oil companies against the Romanian government's policies. First, the Romanian government failed to approve bona fide leases of oil lands. Second, Romania created a state monopoly to sell petroleum products. The British further objected to the requirement that the majority of capital shares and directors of the oil companies must be Romanian. Finally, the British opposed the confiscation, on the pretext of being undeveloped, of acquired rights

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[2]"The New Constitution of Rumania," Current History, XVIII (September, 1923), pp. 1017-1024; "The New Constitution of Rumania," Nation, CXVII (September 12, 1923), pp. 274-279.

to oil lands held in reserve but not as yet drilled on. The American position coincided with the first and last points of the British note but not with the second or third.[3]

By the middle of March, 1924, Jay became convinced that several provisions of the proposed Mining Law would be intolerable for American oil interests. On March 29, he handed Foreign Minister Duca a note which expressed his apprehension that the enactment of the Mining Law, as he understood it, would in effect alienate American property without just compensation.[4] Duca replied that the proposed law had only reached the study stage and that discussion of it would be premature. The American Legation was assured that no action would be taken on the Mining Law until the autumn session of the Romanian Parliament. Representatives of Standard Oil Company, however, brought to the attention of the State Department that an attempt would be made to pass the law before the summer recess. When the State Department warned Jay of this action, he expressed the opinion that it was an attempt by the Romanian government to ram the Mining Bill through the Parliament before foreign action could be taken.[5] He spoke with Duca on May 27 expressing his concern over the action. Duca claimed the objectionable features

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[3]Jay to Hughes, November 13, 1923 and Hughes to Jay, November 22, 1923 in FRUS, 1924 II, p. 597.

[4]Jay to Hughes, March 29, 1924 in FRUS, 1924 II, p. 601.

[5]Hughes to Jay, May 24, 1924 and Jay to Hughes, May 27, 1924 in FRUS, 1924 II, p. 602.

had been removed from the Bill, but when it was presented before Parliament on May 30, Jay reported that changes were insignificant and the new draft was as objectionable as the original.[6] The British, French and Dutch joined Jay's protests with little effect, as the Romanian Parliament approved the Mining Bill on the 29th of June, and it became law on July 5, 1924.

The provisions of the law which caused the most vehement protests by Americans and others were requirements to convert foreign ownership to a majority of shares held by Romanian capital within ten years, the participation of Romanian labor by seventy-five percent in all categories of employment including management, and confiscation and nationalization of all oil pipelines. This 'Romanianization' of the petroleum industry was an overt attempt by the Liberal Government to subordinate foreign capital and gain control of the oil industry for Romanian capital.

The enactment of the Mining Law and the procrastination in settling debts to American companies convinced the State Department that Romania was unwilling to treat American interests with proper consideration. The State Department advised the recall of Minister Jay in protest of the Mining Law and the Romanian attitude toward American business interests. Jay cautioned against hasty action, however, and

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[6] Jay to Hughes, May 30, 1924 in FRUS, 1924 II, p. 606.

expressed the belief that more could be accomplished through formal protests.[7]

Already foreign reaction to the Mining Law had caused a sharp fall in the rate of exchange for the leu, and the Romanian government had hastened to assure foreign governments that enforcement of the law would be lax. The intransigence of the Romanian officials soon changed Jay's mind. On July 18 he presented Duca with a note explaining his recall to Washington.[8] Jay used this opportunity to express American displeasure at several topics. Besides the oil controversy, the Commercial Indebtedness Law, the war debt and the claims of American companies were cited as barriers to amicable relations between the United States and Romania. Although Duca rejected American accusations as unjustified criticism which infringed on the sovereignty of Romania by interfering with her internal affairs, several conciliatory moves prompted Jay to amend his official press release in regard to his recall to Washington. What was originally intended as an official rebuke of the Romanian government over the Mining Law was modified into a "visit to Washington for conferences" concerning the disputes. The intention, however, remained clear.[9] Early in August, 1924, Jay

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[7]Jay to Hughes, July 7, 1924 in FRUS, 1924 II, p. 615.

[8]Jay to Hughes, July 21, 1924 in FRUS, 1924 II, p. 618.

[9]New York Times (July 7, 1924), p. 5:3; (July 29, 1924), p. 19:6; Pearton, pp. 120-124; also see footnote 7.

left Bucharest, stopping at Paris and London in order to determine French and British attitudes toward the oil controversy before finally arriving in Washington.

While Jay was absent, another problem emerged in Bucharest. The new Mining Law prohibited any company from drilling a well in its concession within thirty meters of its boundaries. This measure was designed to keep oil companies from tapping each other's oil pools. The old rules, however, had restricted drilling to fifteen meters. The provisions of the constitution of 1923 had guaranteed that acquired rights would be respected. However, some of Romano-Americana's concessions were so narrow that no wells could be drilled which would be more than thirty meters from a boundary. In the view of Standard Oil this nullified acquired rights and made her smaller holdings valueless. As this measure affected other oil companies also, they joined in a collective protest to the Romanian government. In order to avoid a confrontation with foreign powers, the Minister of Industry and Commerce promised to study each case individually and to allow drilling within the limits if warranted.[10] This action allowed the law to remain, to be enforced in the future, but it mollified the oil companies, who acquiesced in the decision.

Jay returned to Bucharest in November, 1924, with instructions to oppose any move under the Mining Law which

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[10] Riggs to Hughes, September 30, 1924 in FRUS, 1924 II, pp. 630-633.

would impair vested rights. As a means of pressure the State Department advised against commercial activity in Romania, objected to any attempt to float a Romanian loan in the United States, and threatened to reduce the American Legation from Ambassadorial status to that of a Charge d'Affairs.[11] In cooperation but not conjunction with the British, Jay pointed out to Duca that the refusal to allow drilling within thirty meters on territory acquired before enactment of the law was contrary to repeated statements by the Romanian government that acquired rights would be left undisturbed.[12]

This pressure had some effect on the Romanian Ministers. They promised that 'Romanianization laws' would not be enforced and assured Standard Oil that all requests to drill within thirty meters of the boundaries on land acquired before the law would be granted.[13] This uneasy settlement was merely a truce which left conditions practically as they were before the law. The law remained in effect and would be enforced when the Romanian government was in a better position to do so. The oil companies willingly accepted this arrangement, and the oil controversy temporarily waned.

In 1926 the oil problem erupted again with the passage of an Interpretive Law, which declared that the subsoil re-

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[11] Hughes to Jay, November 7, 1924 in FRUS, 1924 II, pp. 638-641.

[12] Hughes to Jay, December 1, 1924 in FRUS, 1924 II, p. 646.

[13] Jay to Hughes, December 3, 1924 in FRUS, 1924 II, p. 647.

sources of embatic lands (those lands held under perpetual lease) were State property and concessions agreed to by the owners of embatic lands were null and void. This law was retroactive to July 17, 1921, the date of the Agrarian Reform Law which it interpreted. Under the Agrarian Reform Law the Parliament had decided that embatic lands were expropriated in favor of the holder of the lease, who then became the landowner. Subsequently, it was determined in Romanian courts that these new landowners also held subsoil rights and the oil companies entered into contracts for oil concessions on these properties. The new Interpretive Law, however, by nationalising the subsoil resources, abrogated those contracts and, in effect, confiscated the subsoil property of the oil companies who had gained concessions on embatic lands since June 1921.[14]

The American Minister in Bucharest, now William Smith Culbertson, made several protests to Foreign Minister Duca, who gave him oral assurance that the law would be modified in a way satisfactory to American interests. But this did not happen.[15] No advance notice was given when the law was presented in the closing days of the Romanian Parliament. The measure passed without debate, thus denying foreign governments a chance to protest its provisions. A change in

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[14] Culbertson to Kellogg, February 18, 1926 in FRUS, 1926 II, pp. 902-905.

[15] Culbertson to Kellogg, April 6, 1926 in FRUS, 1926 II, p. 905.

government, however, prevented immediate action on the law, and it was not until the Liberals again gained control of the government that the Interpretive Law became a problem.

In the fall of 1927, Culbertson explained the American position on the question of embatic lands to Prince Barbu Stirbey, a former Prime Minister and still very influential. Stirbey brought the matter to the attention of Vintila Bratiano, the most powerful Minister in the government. Bratiano visited Culbertson on November 23. They discussed the oil situation, particularly the embatic lands problem. Afterwards, Culbertson arranged a meeting between Prince Stirbey and Standard Oil's representative, Harry G. Seidel, at Paris. Upon his return, Stirbey declared that Romania intended to resolve the situation. On March 24, 1928, the Minister of Industry and Commerce, Dr. Ludovic Mrazec, informed Culbertson that "all concessions taken by Romano-Americana prior to the Interpretive Law of 1926 would be recognized," and only the question of the royalty to be paid remained.[16] Negotiations were undertaken between the Romanian government and Standard Oil, on behalf of Romano-Americana, in order to settle the question of embatic lands.

The Romanian government recognized the validity of the contracts entered into by Romano-Americana for concessions gained after the Court's decision (February, 1924) that

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[16] Culbertson to Kellogg, March 31, 1928 in FRUS, 1928 III, p. 798.

embatic holders own subsoil rights, but before the promulgation of the Interpretive Law of 1926 that embatic holders did not own subsoil rights. In return Romano-Americana was required to pay a four percent royalty on the gross production of oil or natural gas to the State. Romano-Americana protested because its contracts required it to pay the landowner twelve percent. The Romanian government then offered to convince the landowner to reduce his percentage by threatening to challenge his ownership in court which, under the Interpretive Law of 1926, would result in his losing any payment. A convention between Romano-Americana and Romania recognizing this position as well as abrogating several objectionable sections of the provisions of the Mining Law of 1924 in regard to Romano-Americana was drawn up, but, because of the Easter holidays, it remained unsigned.[17]

The convention was still unsigned in June when new and more extensive regulations were proposed for the petroleum industry. The requirement that seventy-five percent of the employees in thirteen categories, which included management, be Romanian was reiterated and strengthened because the Romanian government could decide who was hired or fired. Also natural gas produced with oil must be separated, collected and used rationally, thus prohibiting the burning of waste gas. Moreover, the State would charge a two percent tax

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[17] FRUS, 1928 III, pp. 799-806.

on any gas wasted. The government also required natural flow pumping of all wells within a year.[18]

In the view of the American Legation these regulations violated Romanian promises that acquired rights would be respected. Charge d'Affairs Robert Patterson spoke to Prime Minister Vintila Bratiano, who said he had little knowledge of the regulations and suggested that Patterson discuss the matter with the Minister of Industry and Commerce, Mrazec. The next day, on June 22, 1928, Mrazec visited Patterson at the American Embassy and asked which articles were objectionable to American interests. To Patterson's surprise, Mrazec marked through the objectionable provisions with red ink and took full notes on the discussion. This action convinced Patterson that Bratiano wished to avoid any friction between large American business and the Romanian government because, at that time, Romania was attempting to obtain a large foreign loan to stabilize the economy. The failure to obtain the loan would be a great blow to the Liberal Government.[19]

Despite assurances by Romanian officials that action would be taken to modify the laws in accordance with American interests, nothing was done. Patterson agreed with representatives of Standard Oil that in all probability the

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[18] Robert Patterson to Kellogg, June 22, 1928 in FRUS, 1928 III, p. 808.

[19] Ibid.

Romanian government had never intended to sign the convention with Romano-Americana (which would have removed the objectionable features of the Mining Law), and that the Government was delaying the matter in anticipation of a more favorable moment when it would enforce all regulations.[20]

At this time, the deteriorating economic condition and the failure to secure a large foreign loan caused the fall of the Liberal regime. The oil companies expected the new government to relax the regulations on the oil industry. The new government consisted of a coalition of agrarian groups under the leadership of Iuliu Maniu and the National Peasant Party. The National Peasant Party's promises to remove restrictions on foreign capital brought hope that the Mining Law of 1924 would be abolished. Though the National Peasant Party government did not abolish the Mining Law of 1924, it did modify the law, thereby removing or reducing foreign objections to the mining code.[21]

Several changes came about with the passage of a new Mining Law on March 27, 1929. New concessions on State lands were permitted to foreign as well as national (i.e. fifty-five percent Romanian ownership) companies. The nationality requirement for labor was altered, abolishing the categories and stating that seventy-five percent of the

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[20]Patterson to Kellogg, July 5, 1928 in FRUS, 1928 III, p. 812.

[21]Pearton, p. 132.

staff must be Romanian. This allowed the management to be exclusively foreign. Many objectionable features, however, remained in the Mining Law of 1929. The features not changed were the expropriation of oil pipelines, the State monopoly of export rights and the retention of taxation and royalties on the gross amount of oil produced.[22] Even with its shortcomings, the law was considered an improvement over the position taken by the Liberals in 1924.

The problem of large foreign companies dominating a nation's resources was not a situation peculiar to Romania in the 1920s. It is understandable that a country would want to control its resources in order to control its destiny. Romania's fear of exploitation and foreign domination, however, reached radical proportions. In addition, Americans were invariably singled out as the culprits. Neither the British nor the French were viewed with as much suspicion as the Americans. An example of this was the disposition of German oil concessions after the First World War. When Standard Oil tried to buy the shares of the German company, Steaua Romana, the Romanian government threatened to "refuse to ratify the transaction," and the project was dropped.[23] Later, an Anglo-French financial group was allowed to purchase the shares. The difference was the participation of Romanian capital in the purchase. The Romanian group, however,

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[22]Pearton, p. 133.

[23]Ibid., p. 108.

acquired its shares by a loan from its French and British partners with the shares as collateral. This left ownership of the company with the French and British until the retirement of the loan.

The enactment of the Mining Law of 1924 was designed to encourage or force oil companies to become national companies. The law accomplished this by nationalizing subsoil resources and by granting oil concessions on State lands only to national companies. The success of this effort is indicated by the "relative decline in Romano-Americana production from 22 per cent of the country's total in 1921 to 7 per cent in 1926."[24] The United States' support of Standard Oil in opposition to the Mining Law of 1924 and its discriminatory provisions (against foreign companies) inevitably created tension and ill-feelings between the two countries. This condition was aggravated further by Bessarabia, the Jewish problem and commercial and war debts.

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[24]Gibb, p. 321.

CHAPTER V

TRADE AND TREATIES: THE TEST OF RELATIONS

At the turn of the century Americans formulated a policy of unrestricted trade in contrast to the traditional method of dividing the world into economic spheres of influence. First applied to China, Americans advocated this 'Open Door' policy in any area which promised profitable business returns. American businessmen believed that they would have the advantage in free competition in those countries which did not have special economic arrangements with other countries. Americans favored an Open Door in Romania but they faced innumerable difficulties.

American hopes of unrestricted trade in Romania were destroyed when the Liberal Party came to power in January of 1922. In an attempt to recover from the destitution caused by the war, the Liberals embarked on a course of economic nationalism, which included extremely high export and import duties. The high import duties were a protectionist move in favor of Romania's developing industries.[1] Also, these tariffs were designed to inhibit imports in order to produce a

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[1]Henry Roberts, Rumania: Political Problems of an Agrarian State (New Haven, 1951), p. 120.

favorable balance of trade. High export duties were necessary because of the drop in the value of the leu. Trade goods could sell for much more outside of Romania and export duties prevented the essential commodities from leaving the country, thus keeping the cost of living down. Other export restrictions directed the trade of the new provinces from traditional markets into the domestic market. Since the export duties were payable in gold or foreign money and were the guarantee for the public debt of Romania, it became difficult to abandon them.[2]

The war had crippled Romanian trade. Agriculture, the basis for Romania's economy, had suffered from destruction and pillaging. The land reform laws, passed during the war, divided the lands among the peasants and led to substantially decreased yields of grain per acre. The peasants could not afford the expensive farm machinery which had been used in the fields prior to World War One.[3] The result was a reduction of Romania's major trading commodity, grain. Even worse, the grain produced could not reach the market because of the lack of transportation because of the destruction of railroads, locomotives and trucks during the war.

Without the great surplus of grain which had brought wealth to Romania before the war, a sufficient amount of

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[2]Pasvolsky, p. 452.

[3]Hugh Seton-Watson, Eastern Europe Between the Wars 1918-1941 (3 ed. revised, New York, 1967), pp. 80-81.

foreign exchange could not be obtained.[4] Simply, Romania had no money. This situation resulted in a very unstable currency, which has been discussed previously. Because of Romania's shaky economic condition it was difficult for Romanian merchants to pay cash. Often a merchant would order products, but, by the time they reached him, currency depreciation would raise the price too high for the merchant to sell the product.[5] Romanian merchants needed to buy on credit with a low interest rate and with a long period for repayment. American companies were reluctant to enter into such agreements for several reasons, primarily because of the steady decline of the leu. Secondly, the distance and isolation of Romania on the Black Sea made it unlikely that the United States government could protect American investments. Thirdly, American companies which had traded with Romanians had faced difficulty in collecting their debts. Finally, the enactment of the moratorium on private debts owed by Romanians discouraged American trade. In addition to these factors, American goods were subject to high import tariffs.[6]

In 1912 the United States negotiated a most-favored-nation agreement with Romania. In the prewar period the importance of American trade increased until the United States

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[4]David Mitrany, The Land and the Peasant in Rumania (Oxford, 1930), p. 414.

[5]Roberts, pp. 67-77.

[6]"Why the Queen of Romania is Here," Literary Digest (October 30, 1926), p. 10; New York Times (July 26, 1924), p. 2:2.

ranked fifth among nations trading with Romania. The war interrupted this trade, and when conditions inside Romania began to stabilize, the Liberals initiated a policy of economic nationalism which inhibited a resumption of American trade. The Liberal Party's policy greatly damaged agriculture, which produced Romania's major trading commodity. The situation has been eloquently described by David Mitrany in his classic work, The Land and the Peasant in Rumania:

> If agriculture was to carry the State on its shoulders, it would first have to be helped on its feet again.... Instead...official policy harnessed itself to the ambitious ideal of achieving national self-sufficiency. Not only did [the State] strive to conjure up a national industry — which, it was clear, could not have satisfied the country's immediate needs, let alone give a surplus with which to purchase indispensable goods from abroad — but it tried to reach that difficult goal without any foreign help. Taking 'through ourselves' as its motto, it attempted to create an artificial industry with such means as could be squeezed out of a worn out country, and moreover, at the same time revalorize the exchange. The inevitable result was a harrowing stringency of money.[7]

The result of the Liberal Party's policy was a decline in the value of Romania's major export, cereal. Despite this, the low value of the leu made Romanian cereals attractive to Western European countries. Here Romanian cereals competed directly with American products for the European market. The lack of transportation in Romania, however, made it difficult to take advantage of this market. In 1921, Switzerland dropped American grain trade in favor of Romanian cereals but,

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[7]Mitrany, p. 415.

because of the transport problem, it was necessary for Swiss trucks to go to Romania and get the grain.[8]

The most valuable crops exported to the United States from Romania were walnuts, fur skins, beet pulp, glue and beans.[9] The United States sold mostly industrial machinery, chiefly equipment for the petroleum industry, as well as farm machinery, automobiles and vegetable products.[10] The promising market in Romania was closed in 1922 when the Liberals instituted their policy of high tariffs. The Romanian government terminated the most-favored-nation treatment of American goods on May 8, 1922, and trade between the two countries declined.[11]

After 1924, American exports to Romania increased despite all the restrictions placed on them and the dangers involved in trading with Romanian merchants.[12] The increase in trade and the Romanian policy of high tariffs prompted the American Minister in Bucharest, William Culbertson, to undertake nego-

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[8]New York Times (September 28, 1921), p. 21:2.

[9]Department of Commerce, Bureau of Foreign and Domestic Commerce, Commerce Yearbook 1930, II Foreign Countries (Washington, 1930), p. 485; Department of Commerce, Bureau of Foreign and Domestic Commerce, Rumania; An Economic Handbook (Washington, 1924), p. 156.

[10]Department of Commerce, Bureau of Foreign and Domestic Commerce, Commerce Reports (September 15, 1930), Number 37, p. 639 as cited in Roucek, p. 338.

[11]Foreign Policy Office, British and Foreign State Papers, 1922, CXVI (London, 1925), p. 926.

[12]Commerce Yearbook 1930, II Foreign Countries, p. 485.

tiations to reestablish most-favored-nation relations with Romania. Culbertson intended to obtain a complete treaty of friendship, commerce and navigation, but the Romanian government was unreceptive to such a treaty. Instead the Romanians offered an exchange of notes which would regulate commerce on the basis of most-favored-nation treatment. Culbertson was disappointed, but he accepted when Ion Duca, the Minister for Foreign Affairs, assured him that the exchange of notes would not be used as an excuse to delay the negotiation of a general commercial treaty. On February 26, 1926, Culbertson and Duca met at the American Embassy and exchanged executive notes which provided that each country would receive treatment equal to that afforded the most-favored-nation. This agreement included favored treatment on both import and export duties.[13]

This agreement provided great impetus to American trade with Romania. American exports to Romania climbed from $2,199,000 in 1925 to $4,923,000 in 1927, while imports from Romania reached their highest level of the 1920s in 1926 with a total value of slightly more than one million dollars.[14] Trade with Romania became much more attractive to American businessmen. American automobiles outnumbered motor vehicles imported from other countries, and the Romanian government invited International Telephone and Telegraph Corporation of

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[13] Culbertson to Kellogg, March 1, 1926 in FRUS, 1926 II, p. 898; Department of State, Treaty Series Number 733 (Washington, 1926), pp. 1-5.

[14] Commerce Reports Number 37, p. 639 in Roucek, p. 338.

New York to monopolize the telephone system of Romania.[15]

In 1927 the Romanian government began the negotiation of special commercial treaties with her trading partners. This jeopardized the United States' position as a most-favored-nation. The purpose of the new treaties was to increase tariffs in order to protect Romanian industries. Although the agreement of February 26, 1926, remained in force, the United States did not gain or retain advantages received by the countries agreeing to the special treaties. The terms of the treaties provided for higher tariffs with special bargaining based on maximum and minimum rates set by Parliament. The rates could be changed by Imperial decree to prevent dumping of a particular product. Moreover, no general blanket most-favored-nation guarantee would be given. In addition, the treaties included two lists of products. List A included all products whose rates were established by the Parliament after tariff bargaining with other countries. List B would be all articles which Romania was willing to grant the minimum tariff. Some articles would be excluded from either list. The United States was completely unwilling to accept these conditions and refused to negotiate a commercial treaty.[16] In 1928, when the Liberals were desperately trying to arrange a foreign loan, Culbertson suggested that the United States

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[15]Clark, pp. 366 and 370.

[16]Culbertson to Kellogg, April 2, 1927; Kellogg to Culbertson, May 9, 1927; Culbertson to Kellogg, May 12, 1927 in FRUS, 1927 III, pp. 633-636.

use that opportunity to pressure Romania into a favorable commercial treaty, but Secretary of State Kellogg refused to associate an American loan with the negotiation of a commercial treaty.[17]

On November 27, 1929, the American Minister in Romania, Charles S. Wilson, was notified that the provisional commercial agreement of February 26, 1926, would be abrogated. The terms of the Romanian government, now controlled by the National Peasant Party, were much more favorable than those terms offered in 1927. A commercial agreement, to replace the exchange of notes of February 26, was signed in Bucharest on August 20, 1930.[18]

The United States was more successful in negotiating treaties of a non-commercial nature. During the tense period of Romanian-American relations (over the Mining Law) in 1924, Peter Jay took the opportunity to press for the completion of an extradition treaty, which the United States had been unable to obtain since 1892. On July 23, 1924, Jay and Duca met at the Romanian Foreign Office and signed the treaty. Appended to the treaty was a note which excluded any person from being extradited from Romania who might be tried for a

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[17] Culbertson to Kellogg, January 26, 1928; Kellogg to Culbertson, January 28, 1928 in FRUS, 1928 III, pp. 814-815.

[18] Charles Wilson to Henry Stimson, November 27, 1929; Stimson to Wilson, December 11, 1929; Wilson to Stimson, December 20, 1929 in FRUS, 1929 III, pp. 755-758; also New York Times (August 21, 1930), p. 5:3.

capital offense.[19] Romania did not have the death penalty and did not want to deliver a criminal up to the death sentence. When the treaty came up for ratification in the American Senate this additional note threatened to block acceptance of the treaty. The Senators expressed concern that such an exemption would make Romania a haven for murderers. Secretary of State Charles Evans Hughes refuted this idea and cited several examples as proof. He advised the Senate to pass the treaty in its present form, which was done on February 10, 1925.[20]

In the spring of 1928 the Secretary of State approached the Romanian Minister with the purpose of negotiating treaties of Arbitration and Conciliation between the two countries. The Romanians, however, insisted on inserting into the Arbitration treaty, proposed by the United States, a passage which began:

> The provisions of this treaty, which concerns only differences between Government and Government, shall not be invoked in respect of any dispute the subject matter of which . . .

and so on as the American draft read.[21] By restricting the treaty to disputes "between Government and Government," the Romanians hoped to exempt the arbitration of disputes which

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[19]Department of State, Treaty Series Number 713 (Washington, 1925), pp. 1-12; Jay to Hughes, July 7, 1924 in FRUS, 1924 II, p. 670.

[20]Hughes to Senator Borah, January 17, 1925 in FRUS, 1924 II, pp. 670-671.

[21]FRUS, 1929 III, p. 750.

might arise between the Romanian government and American oil interests.[22] The United States would not concede this point and the negotiations were suspended.

When the National Peasant Party replaced the Liberal Party in the Romanian government, negotiations began anew. The National Peasant Party did not insist on protecting the previous position toward the oil industry and agreed to the State Department's proposed treaties of Arbitration and Conciliation. The Romanian Minister at Washington, George Cretziano, was empowered to sign the treaties. Negotiations were concluded; the treaties were signed in Washington on March 21, 1929, and went into force on July 22, 1929.[23]

The treaties provided for the establishment of an impartial tribunal, or the use of the Hague Court of Arbitration, to solve any disputes which might arise between the two States. In case no tribunal could be found, however, the dispute would be studied by a permanent International Commission, which would report its findings to each country. Each country reserved its rights to act on the results of such a report.[24]

Trade relations flourish when nations are friendly. Although the period 1920-1929 was characterized by conflict

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[22] FRUS, 1929 III, pp. 748-749.

[23] Ibid., p. 751.

[24] Department of State, Treaty Series Number 794 (Washington, 1929), pp. 1-4; Department of State, Treaty Series Number 795 (Washington, 1929), pp. 1-4.

and friction between the United States and Romania over the problems outlined in this study, numerous attempts were made to conciliate relations between the two States. Very active groups during this period were the Society of Friends of Roumania in the United States and its counterpart in Romania, the Society of Friends of the United States. The American Society published an illustrated quarterly "Roumania" and advanced friendly relations whenever possible.[25]

The Carnegie Endowment for International Peace furthured friendship by arranging exchanges between the faculty and students of Romanian and American universities,[26] Queen Marie conducted a good will tour through the United States in 1926-1927 in the hopes of fostering closer relations between the United States and Romania.[27] In addition, the United States benefited from the efforts of the Anglo-Romanian Society founded by Viorel Virgil Tilea in 1923. This group was active in arranging the "exchange of students, the presentation of conferences, expositions and concerts [which reflected English culture], a library of English books in Bucharest, and an information bureau."[28]

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[25]Clark, p. 375.

[26]New York Times (August 8, 1926), II, p. 3:3.

[27]"Why the Queen of Romania is Here?" Literary Digest (October 30, 1926), p. 10.

[28]David B. Funderburk, Viorel Virgil Tilea and Anglo-Romanian Relations During 1930 (unpublished paper, 1973), pp. 9-10.

Romania gained tremendously as a result of the First World War. Her national resources and potential for growth far outstripped her neighbors. Of all the countries heir to territory of the fallen Austro-Hungarian Empire, Romania should have been the most successful and prosperous. Several factors prevented this from happening. Most of the blame must be placed on the Liberal Party and its policy of restricting foreign capital. Romania could not grow on her own financial resources, but the Liberals chose to try to do so. The economic nationalism practised by the Liberal Party government generated a considerable amount of friction between Romania and the United States. Delays in settling debts, the Mining Law of 1924, the hostility evoked over the Jewish and Bessarabian questions combined to sour American relations with Romania, despite efforts by notable groups to the contrary.

The conciliatory attitude of the National Peasant Party helped to ease the tension in American-Romanian relations. But this was late in 1928 and the Great Depression soon wrecked the world's economic structure crippling the United States, as well as the rest of the world, and preventing American businessmen from taking advantage of trade with Romania. The ten short years, 1920-1929, had been a golden opportunity. Unhampered by powerful neighbors, Romania remained too jealous of independence to take advantage of the opportunities of foreign capital. In the years of depression and danger which followed 1929, Romania never

regained the advantageous position she held in the 1920s.

Increased American trade in the last half of the period improved relations between the United States and Romania, but this trade never reached its potential. American trade could have played a much greater role in Romania's economy, with benefit to both countries. Even though American money never entered Romania in quantities as great as other countries, the United States and Americans played an important role in Romanian history of 1920-1929.

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