Economic Nationalizing in the Ethnic Borderlands of Hungary and Romania

Inclusion, Exclusion and Annihilation in Szatmár/Satu-Mare 1867–1944

Anders E. B. Blomqvist

The history of the ethnic borderlands of Hungary and Romania in the years 1867–1944 was marked by changing national borders, ethnic conflicts and economic problems. Using a local case study of the city and county of Szatmár/Satu-Mare, this thesis investigates the practice and social mechanisms of economic nationalizing. It explores the interplay between ethno-national and economic factors, and furthermore analyses what social mechanisms lead to and explain inclusion, exclusion and annihilation.

The empirical results show that citizenship in both countries was separated in an ethnically hierarchical way, making minorities second-class citizens. This process of ethnic, and finally racial, exclusion marked the whole period, culminating in the annihilation of Jews throughout most of Hungary in 1944.

The overall thesis is that economic nationalizing through the exclusion of minorities induces vicious circles of ethnic bifurcation, political instability and unfavorable conditions for achieving economic prosperity. Exclusion served the elite’s short-term interest but undermined the nation’s long-term ability to prosper.

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Economic Nationalizing in the Ethnic Borderlands of Hungary and Romania

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To the memory of my father
and the future of my children
in a tolerant Europe.
Acknowledgements

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*Satu-Mare and Uppsala, fall 2014*
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## Abbreviations

<table>
<thead>
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<th>Description</th>
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<tbody>
<tr>
<td>BL</td>
<td>Bodleian Library, Oxford</td>
</tr>
<tr>
<td>BA</td>
<td>Bundesarchiv, Freiburg (German National Archives)</td>
</tr>
<tr>
<td>DANIC</td>
<td>Direcția Arhive Naționale Istorice Centrale (Central Romanian Historical Archives), Bucharest.</td>
</tr>
<tr>
<td>DEGOB</td>
<td>Deportáltakat Gondozó Országos Bizottság (Hungarian National Committee for Attending Deportees)</td>
</tr>
<tr>
<td>DJC</td>
<td>Direcția Județeană Cluj a Arhivelor Naționale (Local branch of the Romanian National Archives in Cluj)</td>
</tr>
<tr>
<td>DJSM</td>
<td>Direcția Județeană Satu Mare a Arhivelor Naționale (Local branch of the Romanian National Archives in Satu Mare)</td>
</tr>
<tr>
<td>KEOKH</td>
<td>Külföldieket Ellenőrző Orzágos Központi Hatóság (National Central Alien Control Office).</td>
</tr>
<tr>
<td>LAR</td>
<td>Liga Antirevizionistă Română (Romanian Antirevisionist League)</td>
</tr>
<tr>
<td>LON</td>
<td>League of Nations Archive, Geneva.</td>
</tr>
<tr>
<td>NA</td>
<td>British National Archives, Kew, UK.</td>
</tr>
<tr>
<td>MKKSH</td>
<td>Magyar Kir. Központi Statisztikai Hivatal [Royal Hungarian Central Office of Statistics]</td>
</tr>
<tr>
<td>MOL</td>
<td>Országos Levéltár (Hungarian National Archives), Budapest.</td>
</tr>
<tr>
<td>PJSM</td>
<td>Prefectura Județului Satu Mare (Prefecture of Satu Mare County)</td>
</tr>
<tr>
<td>PMSM</td>
<td>Primăria Municipiului Satu Mare (Municipality of Satu Mare)</td>
</tr>
<tr>
<td>ONCSA</td>
<td>Országos Nép és Családvédelmi Alap (Nationwide People and Family Protection Fund)</td>
</tr>
<tr>
<td>TJSM</td>
<td>Tribunalul Județean Satu Mare (Tribunal of the Satu Mare County)</td>
</tr>
<tr>
<td>USC</td>
<td>University of Southern California</td>
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Geographical Orientation

Map 1 Present day location of the city of Satu Mare (Ro) / Szatmárnémeti (Hu) / Sathmar (Ge)
Part I: Introduction
1. Introduction

Forced assimilation impedes not only the economic and cultural progress of the oppressed nationality but, at the same time, that of the whole country.\textsuperscript{1} The famous Hungarian speaking sociologist and politician, Oszkár Jászi, a son of Szatmár County, argued in 1912 that ‘forced assimilation impedes not only the economic and cultural progress of the oppressed nationality but, at the same time, that of the whole country’.\textsuperscript{2} His statement referred to the policies of forced assimilation imposed by the Hungarian state against the nationalities, including Romanians, during the dualist period 1867–1918. Vasile Goldiş a contemporary Romanian and chief theorist of the Romanian National Party shared Jászi’s insight about the social costs of forced assimilation. Goldiş argued that if Hungary instead would support the Romanians in the cultural and economic fields then Hungary would benefit not only in a political way but also, and more importantly, in an economic way.\textsuperscript{3} Goldiş and Jászi shared the conviction that it was crucial that the Hungarian state did not oppress the minorities, but instead support and protect them for the sake of the minorities and the general political and economic interest of the country.

Against this view, the majority of the Magyar (ethnic Hungarian) elite supported a continued nationalizing of the Hungarian society, using cultural and ethno-racial arguments to reinforce their economic and political hegemony. A Magyar intellectual from the city Szatmár-Németi (today Satu Mare) expressed this in 1878 when he claimed that ‘we are called here [to the ethnic borderlands] for a cultural mission among the nationalities’ and therefore ‘we [Magyars] should take the initiative to establish manufactories’ with the help of the state.\textsuperscript{4} The Magyar elite thus viewed themselves as the natural leaders of the state, with the aim of developing the country and civilizing the minorities, including the Romanians, through a kind of inner colonization of the country.

Cultural and ethno-racial arguments were even openly expressed during the Peace Negotiations in Paris in 1920 after the First World War, when the fate of Transylvania, including Szatmár County and City of Szatmár-Németi,

\textsuperscript{1} Oszkár Jászi, A nemzeti államok kialakulása és a nemzetiségi kérdés (Budapest, 1912), 238.
\textsuperscript{2} Ibid.
\textsuperscript{3} Vasile Goldiş, A nemzetiségi kérdésről (Arad, 1912: repr. 1976), 92, 142.
\textsuperscript{4} Egry, ‘Városunkban létesíthető gyáarakról’, Szatmár, 14 Sept. 1878, 1.
was at stake (see map 2 below). Count Albert Apponyi (1846–1933), head of the Hungarian delegation, explained that ‘The economic and cultural backwardness of Romanians in Transylvania cannot be traced to oppression’. Instead, he claimed that it was caused by the fact that the Romanians were not an ‘autochthonous state-forming people’. He thus acknowledged the economic subordination of Romanians, but neither admitted the responsibility of the Hungarian government nor any personal responsibility from his time as Minister of Religion and Education in Hungary (1906–1910, 1917–1918).

The Hungarian delegation warned the drafters of the Trianon settlement that if Romania were to receive Transylvania then this would be a ‘deadly blow’ not only to the ‘civilization of that country, but also to its economic prosperity’ because the Romanian state would ‘hinder the economic development of the Magyar and German elements and thereby of the country at large’. Thus the Hungarian elite expected that the Romanian state would implement exactly the same strategy as the Hungarian state had implemented during the dualist period, i.e. to promote and support the members of its own ethno-national category, mainly the elite, at the expense of the minorities.

Map 2 Location of Szatmár-Németi/Satu-Mare City, showing the dissolution of Austria-Hungary and interwar borders of Greater Romania

6 ‘Can Roumanian dominion last?’, ibid. 163-84 (179-80).
In 1920 a large part of Szatmár County was awarded to Romania as part of the Peace Treaty of Trianon. Following this, the former eastern Hungarian territories came under the force of Romanianization. What Apponyi anticipated in 1919 was openly expressed in the Romanian parliament in 1927 by Octavian Goga, the noted Romanian poet and then Minister of Interior: ‘It is our duty to protect our Romanian element [ethnic Romanians] permanently and progressively in its logical and healthy endeavor to penetrate, slowly but infallibly, from the country into the towns’, i.e. to Romanianize the minority-dominated cities, such as Satu-Mare (previously called Szatmár-Németi), which had been almost completely Magyarized by 1919, as over 95 per cent declared the Hungarian language as their mother tongue.\(^7\)

The frustration over the Romanian underrepresentation in the economy in interwar Romania and elsewhere in Central Europe was well captured by historian Arnold J. Toynbee who wrote in 1939 that:

Well, you can see how Romania might look to the son or daughter of a Romanian peasant who had had a good education and was looking for a suitable job. ‘I am the child’ he or she might say, ‘of a rich country’; I am a Romanian by birth, and the country is called Romania, so presumably the country is supposed to be mine; yet any job worth having in this so-called Romania seems to be held by someone who isn’t a Romanian; if he is not a foreigner or a Jew he is a native Hungarian or German – but not a Romanian, anyway.\(^8\)

This view rests on the assumption that the ruling nation possesses a certain right to use the state for supporting and protecting its own ethnicity at the expense of the minorities.

When Northern Transylvania, including the city of Satu-Mare under its Hungarian name Szatmárnémeti, was awarded to Hungary in 1940, the Hungarian Prime Minister Pál Teleki, who originated from Szatmár County, urged his conationals ‘to strengthen the Hungarian race and to re-Hungarianize’.\(^9\) The policy of Re-Hungarianization was directed against Romanians, but more profoundly against Jews. The policy aimed at re-establishing a Hungarian hegemony by marginalizing Jews and Romanians. Albert Figus, one of the top Hungarian leaders in the city Szatmárnémeti and a MP, wrote in 1941 that during this process every Hungarian was ‘a soldier in strengthening the inner economic front’.\(^10\) Thus, nationalists like Figus framed economic re-Hungarianization as part of the war effort.

Hungary was occupied by Nazi Germany in 1944 in order to finally solve the ‘Jewish Question’ and because Hungary was negotiating a separate peace

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\(^7\) Quoted by Sylvius Dragomir, *The Ethnical Minorities in Transylvania* (Geneva, 1927), 55.
\(^9\) ‘Decree nr. 6422/1940 18 Nov.’, DJSM PMSM Comandamentul militar maghiar, 1940/13, 150.
\(^10\) Szamos, 10 Jan. 1941, 1.
with the Allies. When the Jews in Szatmárnémeti were rounded up for deportation in May of that year, the Hungarian mayor announced that all Jewish property had to be reported because ‘all property of the Jews is Hungarian state property’.

According to Figus, the seizing of Jewish property was a ‘national gift’ to the city’s ‘largest family’, i.e. namely Christian Hungarians.

Jewish houses and property in the city were looted and seized after the deportations, while the majority of Jews from Northern Transylvania, including those from the Szatmár ghetto, were killed in the Holocaust.

Still, the ‘final solution’ to the Jewish question did not lead to the economic salvation of Hungary as the Hungarian leaders had anticipated. Instead the Hungarian Prime Minister Béla Imrédy (1891–1946) admitted in July 1944 that ‘Regarding the Jewish question, I have to admit that an erroneous solution led to damages and goods going bad’. The expression of ‘an erroneous solution’ had nothing to do with the moral responsibility of the genocide but rather to the expected material benefits for the Hungarians.

Judging from these statements, it seems that the anticipated economic gains of nationalizing either by re-distribution or forced assimilation involved social mechanisms and costs that were detrimental even for the majority. Recent research in political economy supports these observations, stressing the importance of ethnic equality and inclusive economic and political institutions. These conditions are necessary for nations to endure and to create sustainable economic growth.

The purpose of this study is therefore to analyze the process of economic nationalizing, including its associated social mechanisms and consequences, in an ethnic borderland by using a historical and local case study. The concept of ethnic borderland has a double meaning here: on the one hand, it means the geographical borderland of territories, where the minorities are in majority or else possess a dominant economic position; on the other hand, it means the contiguous and continuous ethnic and social borderland in which majority-minority relations characterize the whole country in general and the borderland in particular. To study the ethnic borderland is therefore one way of investigating how the general economic policies affect the whole country.

This historical case study involves the analysis of the ethnic borderland under three national regimes: Hungary as part of Austria-Hungary (1867–

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11 Szamos, 15 May 1944, 6.
12 Szamos, 11 May 1944, 2.
14 Gábor Kádár and Zoltán Vági, “‘Solving the Jewish Question’ versus the ‘Interests of the Production’”, eadem, 518-31 (531).
1918), including the two Hungarian republics (1918–1919); Romania during the interwar period (1919–1940); and Hungary during the Second World War (1940–1944) including the German occupation that began in March 1944. The ruling majority in each case regarded problems of the minorities and the need to nationalize the ethnic borderland as major challenges that occupied much of ruling majority’s energy and political interest. The national leaders labelled these minority issues as ‘questions’, such as the ‘question of the nationalities’, the ‘Jewish question’ and the ‘Gypsy question’.

These questions concerned large sections of the population. In dualist Hungary, for example, around 50 per cent of the population was categorized as non-Magyars, defined by Hungarian authorities as having a non-Hungarian mother tongue; while in interwar Romania around 30 per cent of the population belonged to the minorities. Even if the Jews were always in minority they nevertheless possessed a significant share of the economy, especially within commerce, during all national regimes up until the Holocaust. Therefore this study will focus on four major ethnic categories: Magyars (Hungarian speakers) – defined in ethno-linguistic terms – Hungarians, Romanians and Jews; defined in denominational terms. However, it also involve minor sections on the German speaking minority and the Roma.

The historical context of this study can best be summarized by three features that characterized the development of the East Central European region in general and the Hungarian-Romanian ethnic borderland in particular, between 1867 and 1944. The first characteristic was the ethnic complexity, with several ethnic and national categories, which were intertwined, mixed, overlapping and arranged in hierarchical and ethnocentric systems. This complexity is a major challenge for every researcher engaging in this region. Historiographical debates about Hungary and Romania in general and Transylvania in particular have been ethnicized and contested by competing ethno-national narratives.16

The second feature was the political instability of national regimes caused by ethno-national conflicts in which internal and external factors interplayed in disintegrating and dissolving national regimes and countries. This process dissolved the Austrian-Hungarian Monarchy in 1918. It reduced significantly the territory of the Romanian Kingdom in 1940 and increased Hungary’s territory to the same extent.

Thus shifts of national regimes in nationally overlapping territories, such as Transylvania, as well as the inclusion and exclusion of minorities, such as the Jews, changed the minority-majority relations between Hungarians and Romanians. The Hungarians of Transylvania became the ruling nation as Magyars, defined in ethno-linguistic sense, during the dualist period but subsequently turned into a minority under Romanian rule during the interwar

16 Rogers Brubaker et al., Nationalist Politics and Everyday Ethnicity in a Transylvanian Town (Princeton, 2006), 23.
period; during the Second World War the Hungarians of Transylvania became once again the ruling nation, this time defining themselves in Christian terms which excluded the Jews. Conversely, Romanians were regarded as an ethnic minority in Hungary during the dualist period, a majority during the Romanian rule between the wars, and a minority once in Hungary’s Northern Transylvania. Jewish-Hungarian relations also shifted from toleration and assimilation in the dualist period, as Jews intermingled as Magyars, to a dissimilation during the interwar period, to complete racial exclusion beginning in 1940, and finally to annihilation during the Holocaust in 1944.17

The last characteristic of the region was the economic backwardness compared to the more developed western parts of Europe, which was exacerbated by the impact of several severe economic crises caused by cyclical changes, and more profoundly by wars, political instability and overlapping national territories. Dualist Hungary faced several economic and political crises. The ethnic borderlands were hit hard by the negative consequences of the First World War, which marked the whole interwar period, including the Great Depression. This situation was further aggravated during the Second World War.18

These three features – ethnic complexity, political instability, and economic backwardness – were interrelated across time. They reinforced each other and created a level of development characterized by low degrees of ethnic equality, relatively low economic progress, political instability and insecure borders. The underlying idea of this study is therefore to investigate and understand how these processes interplayed through social mechanisms in a local place.

1.1 The Concept of Economic Nationalizing

This study is connected to the field of economic nationalism, which researchers previously defined as a set of state policies for regulating external economic relations in order to promote economic development and independence.19 These policies include a central role of the state with protec-

18 Ivan Berend, Decades of Crisis: Central and Eastern Europe before World War II (Berkely, CA, 1998).
tionism regarding foreign trade policy and support for domestic industry, usually at the expense of the agricultural sector. Economic nationalism was the ‘search for alternative ways to modernize’ under conditions of a belated nation-building process and a peripheral position, according to Helga Schultz. The theoretical inspiration of these policies came from Friedrich List’s fundamental work on political economy, *National System of Political Economy*, published in 1841.

List’s theory of ‘national economics’ differed from ‘individual economics’ and ‘cosmopolitan economics,’ because ‘between the individual and the whole human race there is the nation’. Furthermore, he argued that ‘the economy of the people becomes a national economy when the state… embraces the whole nation’, thereby pointing to the emancipating role of the state in including all its citizens.

List did not discuss the issue of minorities explicitly. According to him, only historical nations counted, among which he excluded Hungary and Romania. Hungary had been an independent medieval Kingdom, but was part of the Habsburg Empire when his work was published in the mid-nineteenth century, while the Romanian principalities of Moldavia and Wallachia had not yet been united. List stated that ‘it is the mission of political institutions to civilize barbarian nationalities’, which implied a kind of ethno-nationalist hierarchy, and anticipated the forms of ethno-racial hierarchy pursued in Europe during the century that followed. His concept of creating a national economy can be seen as a double edge sword, as it included both an economic emancipation for the ruling nation and a ‘colonizing’ of the ‘others’.

In the field of nationalism studies, the sociologist Rogers Brubaker formulated the approach and concept of the ‘nationalizing nationalism’ of existing states, as opposed to the more common strand of state-seeking nationalism. He defined a nationalizing state as nation-state of and for a particular ethno-cultural nation – the core nation – whose state promotes and protects their language, culture, demographic position, economic welfare and political hegemony. Nationalism in this setting is not understood as a discrete movement, but rather as an aspect of politics that involves formal and informal practices, which exist both within and outside the state. Brubaker asserts that nationalizing can adopt either an assimilationist or a dissimila-
tionist strategy vis-à-vis minorities, whereby the assimilationist strategy seeks to eradicate differences and the dissimilationist one seeks to make differences axiomatic and foundational.  

Brubaker applied this approach to interwar Poland and showed how economic nationalization vis-à-vis Jews was both governmental and extra-governmental. According to Brubaker, economic nationalizing was also apparent in the land reforms in several Central European countries because the state expropriated land from ethnically ‘alien’ property owners and redistributed it mainly to members of the core nation.

Historian Jan Kofman applied the concept of inward-orientated economic nationalism in the interwar period in Central and Eastern Europe showing how the state and society ethnicized the policy of economic nationalism. Policies regarding land possession, entrepreneurship and capital limited the economic opportunities of the ethnic minorities and reduced their shares of the economy. Thus, inward-orientated economic nationalism infringed upon the economic rights of the minorities, and governments usually justified these actions with security reasons.

The degree of economic discrimination against minorities varied from low, e.g. in the Baltic Countries, Czechoslovakia and Bulgaria, to somewhat higher, e.g. in Poland, to quite high, e.g. in Hungary and Romania. Furthermore, Kofman argued that policies of economic nationalism was mainly a political game used by the elite to divert attention from real economic, political and social problems. According to Kofman, the outcome of this policy was a redistribution of economic resources, which did not solve the region’s economic backwardness. This means that Kofman’s research supports the claim that economic nationalizing can be detrimental not only to the minorities but also to the country’s economy in general.

Brubaker’s concept of ‘nationalizing nations’ and Kofman’s inward-orientated economic nationalism capture the same sort of mechanisms and social phenomena. Brubaker has a more holistic approach, in which the economic aspects of nationalizing are only one among many, while Kofman’s is limited to economic aspects of nationalism. Still, I prefer to use Brubaker’s concept of nationalizing because it emphasizes the process and the dynamism of the activity, involving informal and formal policies both within and outside the state; in addition, Brubaker’s concept allows for both inclusive

26 Ibid. 96.
27 Ibid. 91.
29 Ibid. 189.
30 Ibid. 77.
and exclusive strategies of nationalizing. By contrast, Kofman’s concept of inward-orientated nationalism is more static and state-orientated.

Political scientist George Crane claimed that ‘economic nationalism’ is thus something of a ‘misnomer, as most conventional treatments focus on the state, not the nation’. He argued that the field should be extended by using the argument of ‘bringing the Nation back in’. Even though the state and nation may overlap, national identity is not simply an expression of state interest, according to Crane. This means that not only the state but also civil society needs to be included in analysis, in line with Brubaker’s view. Political scientist Eric Helleiner argued in a similar vein that ‘instead of particular strands of a broader ideology the term [economic nationalism] is best defined by its nationalist ontology instead of its specific prescriptions’. Helleiner advocated a return to List’s original meaning, and called for a focus on the ways national identities and nationalism influence economic policies and processes.

A fourth voice in this direction is political scientist Andreas Pickel, who also argued for economic nationalism in a more inclusive, encompassing and generic sense defined as ‘those aspects of nationalism that pertain the nation’s economy’. By expanding the definition of economic nationalism, we can use it for explaining a larger process by referring to the ‘nationalizing mechanism’, according to Pickel. He claims that the nationalizing mechanism is particularly promising in explaining the process of integration, cultural conflict and economic performance.

Inspired by Pickel and Brubaker, I will use the concept of economic nationalizing in order to emphasize the dynamic character of this formal and informal policy. I subscribe to a wider definition of economic nationalism with a focus on the economic practice in national terms, because this enables comparisons of methods and mechanisms over time and between places. Economic nationalizing has indeed both an emancipating side (inclusive or assimilationist) and a discriminating (exclusive or dissimilationist) side. It points to the fluidity of the border between the ethnic and civil forms of membership to the nation, and moreover highlights the mechanisms of ethnic inclusion and exclusion. Furthermore, I share Pickel’s conviction that the nationalizing mechanism, as one important factor alongside others, can ex-

33 Ibid.
35 Ibid. 326.
37 Ibid. 122.
plain national integration and economic performance. The assumption here is that if national and ethnic considerations influence economic policies, then the social mechanisms forming national and ethnic identities are crucially important for analyzing economic development.

In this study, economic nationalizing as a social institution is assumed to be both the cause and the effect of social mechanisms in operation. Each component of these social mechanisms is social, as each one is manmade, non-physical and exogenous to each individual whose behavior it influences. An institution manifests itself both in formal ways, by regulations and legislation, and in informal ways, through attitudes, norms and social rules. Institutions can be formalized in organizations in which the state itself is one of the fundamental and most important organizations. Institutions in general are self-reinforcing via different mechanisms in a circular causation, and thereby they tend to become path dependent.

I define economic nationalizing as an institution of social practice of economic and political principles and processes that influence – and are influenced by – nationalism and ethnic identities. Economic nationalizing is a dynamic process in which national and economic factors interplay. The social practice of economic nationalizing can be detectable in formal and explicit ways, such as in regulations or laws, as well as in implicit and informal ways, such as in the form of social rules. The fundamental principle for the nationalizing nation is to improve the political and economic positions of the core nation relative to – and often at the expense of – other nations and minorities. The degree to which other nations and minorities are benefit or suffer as a result, depends mainly on whether the nationalizing nation adopts an inclusive or exclusive strategy.

My approach to the study of economic nationalizing is inspired by Paul Brass and emphasizes the importance of how ethnic and national identities are instrumentalized, constructed and used by the elite to gain political power and economic advantages. Ethnic identity and nationalism arise out of specific interactions between the leaderships of the nationalizing states and minority elites. Thus, ethnic and national identities are social and political constructions, which are created by elites who draw upon and distort cultural attributes for political and economic reasons. Thus, people adopt their ethnic and national identities depending on the national context and are responsive to political and economic incentives. Even though people might believe they belong to a particular ethnic or national group, they are included into or excluded from ethnic and national categories by elites for political, economic and cultural reasons.

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38 My definition is inspired by Avner Greif's. However, while he speaks of social factors I speak of social mechanisms. See Avner Greif, Institutions and the Path to the Modern Economy: Lessons from Medieval Trade (Cambridge, 2006), 30.
Previous explorations in the field of economic nationalism usually defined national identities in more essentialist and ‘groupist’ terms.\textsuperscript{40} However, an instrumentalist and constructivist approach to national and ethnic identities invites us to study the dynamic character of processes and relations, and moreover focus on how elites, civil society and states use ethnic stances and categories for political and economic purposes under different national regimes.\textsuperscript{41} Therefore, ethnicity and nationhood are understood here as practical categories and institutionalized forms of social behavior, political stances and perspectives.\textsuperscript{42}

Brubaker argues that it is now a commonplace that researchers should regard ethnicity and nationhood as constructions, but that they seldom specify in detail how they are constructed.\textsuperscript{43} Michael Mann complains that recent writing on ethnonationalism, including Brubaker’s, has neglected almost completely the role of class struggles. In one of his theses on how ethnic cleansing develops, Mann argues that ‘Ethnic hostility rises where ethnicity trumps class as the main form of social stratification,’ and that class and ethnic conflicts infuse each other.\textsuperscript{44}

My view is that research has to incorporate and focus on the economic dimension of the analysis because the material side of practice not only shapes the framework and constrains agents in their actions but also provides incentives for action. This economic perspective is not a Marxist perspective, in which the economy determines everything. On the contrary, I subscribe to a holistic view in which cultural, social, political and economic factors interplay. Still, I believe that a focus on economic factors can provide new understandings about how elites and people define and re-define ethnicity and nationhood and are excluded/included during different national regimes.

To define economic nationalizing as an institution bridges structural and agency perspectives as it recognizes the dual nature of institutions as both manmade and exogenous to each individual whose behavior they influence.\textsuperscript{45} Defined as an institution, economic nationalizing is sometimes controlling the behavior of individuals in a structural way, whereas at other points the agents are constructing the institution through their actions. An institutional approach, therefore, allows the combination of a contextual approach on ethnic categories and a structural analysis of the social and economic impact on economic nationalizing. This means that studying economic nationalizing

\textsuperscript{40}H. Schultz and E. Kubů, eds, *History and Culture of Economic Nationalism in East Central Europe* (Berlin, 2006).
\textsuperscript{41}Brubaker et al., *Nationalist Politics and Everyday Ethnicity in a Transylvanian Town*, 11.
\textsuperscript{42}Brubaker, *Nationalism Reframed*, 18.
\textsuperscript{43}Brubaker et al., *Nationalist Politics and Everyday Ethnicity in a Transylvanian Town*, 7.
\textsuperscript{44}Michael Mann, *The Dark Side of Democracy: Explaining Ethnic Cleansing* (Cambridge, 2005), 5.
\textsuperscript{45}Greif, *Institutions and the Path to the Modern Economy*, 41-2.
in a specific period focuses both on the including/excluding mechanisms related to national and ethnic identity as well as the economic consequences for the minorities and the society in general.

1.2 Research on Economic Nationalizing

Brubaker and his colleagues have investigated everyday ethnicity in a contemporary Transylvanian city and made an overview of the history of nationalist politics in Hungary, Romania and Transylvania based on existing literature. They claim that dualist Hungary and interwar Romania were nationalizing states in accordance with the concept elaborated by Brubaker. They argue that economic aspects became particularly important in interwar Romania, but that they were present in dualist Hungary as well. They claim that major socioeconomic changes – especially between landlord and peasant and between town and countryside – usually coincided with ethno-national distinctions and therefore people in general easily interpreted them in ethno-national terms.\(^{46}\) In their historical overview, they show that most of the former research has been concentrated on political and cultural aspects of nationalizing, while economic aspects are under-represented in the Hungarian-Romanian context in general and for Transylvania in particular.\(^{47}\)

They also argue that history writing has been ethnicized.\(^{48}\) Works on Hungarian-Romanian history usually support national narratives and justify a certain ethno-national perspective and interpretation on the history. These ethnic stances usually describe the other ethno-national category, especially its elite, as intentionally discriminative or destructive against minorities. The function is to attribute and assume negative cultural characteristics of the ‘others’. One ethnic side defends its own ethno-national regime and relativizes its negative impact on the others, who constitute the minorities.\(^{49}\)

This trend of scholarly works stressing Hungarian and Romanian national narratives peaked at the end of the communist period.\(^{50}\) During the last two

\(^{46}\) Brubaker et al., Nationalist Politics and Everyday Ethnicity in a Transylvanian Town, 45-6.

\(^{47}\) In the first part of the book there are only a few remarks on economic issues. Ibid. 45-6.

\(^{48}\) Ibid. 23.


\(^{50}\) Mihai Fătău et al., eds, Horthyist-Fascist Terror in Northwestern Romania: September 1940 – October 1944 (Bucharest, 1986).
decades, scholars influenced by new theoretical and methodological developments in social history and nationalism studies have challenged this national(ist) historiographical perspective. My aim is to follow this newer path.

1.2.1 Comparative Studies
Local research on aspects of economic nationalizing aspects are rather rare, even in a European context, despite the fact that many cities and regions have undergone nationalizing processes in which the city or region is integrated into a new state as consequence of an altered, often enlarged, national border. Jeremy King claimed that ‘local histories…played only a small role in the literature concerning nationhood’, even though a local perspective can go beyond national interpretations and arrive at a better understanding of the meaning of nationhood. Katherine Verdery has conducted one of the few long-term studies comparing economic aspects of state building in the Hungarian-Romanian context in Transylvania during the period 1867–1944. She focused on the intertwined evolution of Transylvania’s ethnic categories and their local responses to economic change and ethnic nationalism, something she perceived to be integral to the region’s history. One of her conclusions was that the state excluded minorities from well-paid and influential positions and that the strengthening of the states invigorated separatist sentiments as ‘the elite of ethnically differentiated regions’ were bypassed. She also claimed that during all national regimes the state took over the role of a missing bourgeoisie.


52 One example of the German-Polish case: Torsten Lorenz, Von Birnbaum nach Międzychód: Bürgergesellschaft und Nationalitätenkampf in Großpolen bis zum Zweiten Weltkrieg (Berlin, 2005).


54 Katherine Verdery, Transylvanian Villagers: Three Centuries of Political, Economic and Ethnic Change (Berkeley, 1983), 8-11, 17-20.

55 Ibid. 351, 355-6.
Political scientist Andrew Janos argued in a similar way that the ethnic kinship relations in the state sector favored traditional clientele arrangements in both dualist Hungary and interwar Romania.\textsuperscript{56} Ethnic political entrepreneurs used the state to raise their own standard of living resulting in rent-seeking states with overspending in the public sector. This created a redistribution crisis of a vicious circle of inadequate economics and exploitative politics.\textsuperscript{57}

Geographer Patrik Tátrai made a comparative study on the ethno-linguistic border and reached the conclusion that it moved eastward into the Romanian dominated areas during the end of the dualist period because of Hungarian nationalizing, but that the Romanian state reversed this trend in the interwar period. In addition, he argued that the efforts to nationalize the ethnic border produced results and changed the ethno-linguistic composition of the border, but that these changes were relatively marginal. His conclusion is that, viewed from a distance, the ethno-linguistic border remained remarkably stable throughout the last century.\textsuperscript{58}

Tara Zahra’s work on national indifference and Pieter Judson’s work on the language frontiers of Imperial Austria challenged essentialist standpoints about clearly defined national groups.\textsuperscript{59} Historians both, they follow Rogers Brubaker’s theoretical approach that calls on researchers to define the concepts of ‘nationhood’ and ‘ethnicity’ as ‘perspectives on the world’ rather than ‘things in the world’.\textsuperscript{60} Judson claims that nationalist-influenced scholars have been ‘writing the history in this region as the retrospective validation of the nation and avoiding a close examination of nationhood itself’, and thus it is necessary instead to research about how people institutionalize nationhood.\textsuperscript{61}

Judson and Zahra were skeptical of assumptions of pre-existing, autonomous, nationalist communities or cultures in the ethnic borderlands for the latter half of the nineteenth century. Zahra argued that nationalist mobilization in bilingual regions was driven by the very lack of identifiable individuals in national terms; instead, bilingualism and indifference of nationality were normal aspects of social, cultural and economic life.\textsuperscript{62} In her view,

\begin{footnotesize}
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\item Andrew Janos, \textit{East Central Europe in the Modern World: The Politics of the Borderlands from Pre- to Postcommunism} (Stanford, 2000), 149.
\item Ibid. 133, 142.
\item Patrik Tátrai, \textit{Az etnikai térszerkezet változásai a történeti szatmárban}, (Budapest, 2010), 212-3.
\item Rogers Brubaker, \textit{Ethnicity without Groups} (Cambridge, MA, 2004), 17.
\item Judson, \textit{Guardians of the Nation}, 7.
\item Tara Zahra, ‘Looking East: East Central European “Borderlands” in German History and Historiography’, \textit{History Compass}, 3/1 (2005), 1-23 (12-3).
\end{enumerate}
\end{footnotesize}
the category of national indifference was therefore central in understanding the ethnic relations and the limits of nationalization of the borderlands.

In the context of the ethnic borderland, where states and national movements became obsessed with national categorization, individuals could find ways of advancement by moving between ethno-national categories and communities depending on the political and social circumstances. People also responded to economic advantages provided by competing nationalists, for instance when one bilingual factory worker in Bohemia was asked about his national loyalties as late as in 1948 and frankly replied, ‘It is a matter of who is giving more’. This challenges the teleological assumption that nationalization was irreversible, according to Tara Zahra. Kate Brown’s conclusion from studying an Eastern European borderland known as the Kresy was that the ‘nation itself worked in a colonial pattern as a formula to replace localized identities and cultural complexities, which made modern governance so difficult in places like the borderlands’.

1.2.2 Research on Dualist Hungary 1867–1918

One strand of historians claimed that economic nationalism below state level existed before 1914 in East Central Europe. According to Rudolf Jaworski, ‘the Magyars assumed economic nationalism to be an essential instrument in achieving the material autonomy and sovereignty of their own nation’. In addition, the Hungarian leaders utilized the ideas of Friedrich List. List’s ideas about economic nationalism and modernization influenced the most prominent Hungarian and Transylvanian Romanian nationalist leaders and politicians of the nineteenth century. After 1867, the Hungarian government implemented these ideas by combining ‘economic measures under state control or sponsorship with a comprehensive program of ethnic assimilation through the education system’ in order to assimilate non-Magyars.

Through a national movement of their own, the Transylvanian Romanians countered Hungary’s regional colonization and the implementation of Magyarization policy in Transylvania and Eastern Hungary. Their movement

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65 Ibid.
66 Kate Brown, A Biography of no place: From Ethnic Borderland to Soviet Heartland (Cambridge, MA, 2003), 11.
68 The Hungarian translation was published in 1843 and the Romanian in 1887.
received backing of the new Romanian state, which became an independent Kingdom in 1881. Consequently, the Magyarization policy was not successful even though it was carried out rigorously, as national assimilation among the nationalities did not increase. Patrik Tátrai has supported this conclusion from his study on Szatmár County, since the linguistic border remained relatively intact and most Romanians did not assimilate as Magyars.

Based on his research on national indifference within the Hungarian-Romanian language frontier, Robert Nemes concluded that the liberal character of the Magyar and Romanian nationalist movements, as well as the local conditions of mutual understanding between the Magyar and Romanian elite, undermined the aim of Budapest’s Magyar leaders to nationalize the ethnic borderland.

Researchers have claimed that Hungarian nationalizing pressure created a reaction of Romanian economic nation-building with the establishment of ethnic-based co-operatives, banks and associations. Some historians have contended moreover that the Romanians aimed at creating their own ethnic-based national economy. Two local historians from Satu Mare, Viorel Ciubută and Sorin Hendea, have asserted that the Romanian elite established Romanian banks during the dualist Hungarian period with the aim to support Romanian education and cultural associations. Ciubută argued that the

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72 Tátrai, Az etnikai térszerkezet változásai a történeti szatmárban, 212-3.
76 Viorel Ciubută, ‘Cooperaţia şi sistemul bancar românesc în judeţul Satu Mare la sfârşitul secolului al XIX-lea şi începutul secolului al XX-lea’, Satu Mare: Studii și Comunicări, 1996,
Romanian banks ‘could not run their activity under optimum conditions’ because the Hungarian Government discriminated against the Romanians.\textsuperscript{77}

However, historian András Vári has been critical of using the concept of nation building before the First World War. He contended we should regard the co-operatives of the nationalities mainly as serving an economic function, and that concept of economic nationalism is valid only for the interwar period.\textsuperscript{78} Katherine Verdery’s view represents a middle position. She has claimed that bankers during the dualist period were combining business and nationalism and concluded that ‘No banker would do business solely on ethnic grounds’.\textsuperscript{79}

Some historians claimed that the Romanians faced economic discrimination from Hungarian authorities, which aimed at de-nationalizing their Romanian identity. They support their arguments by referring to Hungarian nationalizing plans, including inner colonization, and the fact that economic resources were unequally distributed.\textsuperscript{80} In addition, they claim that the aim was to weaken the Romanian minorities, i.e. the Hungarian authorities intentionally discriminated against the Romanians.\textsuperscript{81}

Historians supporting the Hungarian ethnic perspective deny this. Sándor Bíró, for example, claimed that the minorities enjoyed legal protection and civil rights. Bíró defended the Hungarian regime and wrote that ‘Thanks to these rights the Romanians grew stronger economically, culturally, and in their national consciousness during this period’. In addition, he concluded that ‘Their economic, cultural and social institutions flourished’ and ‘Their peasantry and middle class prospered’. In his view, all criticisms by the Romanian press and elites were solely propaganda with the ultimate aim of establishing a greater Romania.\textsuperscript{82}

Still, Hungarian historian András Gerő acknowledged that the Hungarian state excluded minorities from a number of fields. Gerő, points to the fact that Romanians, who lived in the ethnic borderlands, were the least developed and most underrepresented nationality, both financially and politically.\textsuperscript{83}

Verdery claimed that Magyar nationalism contaminated Transylvania’s development because of its ‘outright nationalist discrimination’ regarding
state employment and white-collar positions; otherwise ‘its economic effect [on Transylvania] was fairly subtle and non-deliberate in character’. Ágnes Pogány has denied that the Hungarian state discriminated against the nationalities or the ethnic borderlands, claiming instead that ‘Although the unevenness of growth [in Hungary] was not induced by a definite discrimination policy on the part of the Hungarian government, it contained elements of social tension’.

Janos has been more critical claiming the redistribution crisis was marked by a vicious circle of inadequate economics policies and exploitative politics. Janos attributes the economic and social problems of dualist Hungary to the Hungarian elite’s influence over, and mismanagement of, the state and its public sector, expanding the state’s role in the economy beyond economically sustainable levels. Janos contented that the Hungarian elite were inspired by an international demonstration effect and not in the first place nationalist policies and thereby assert the underdevelopment was caused primarily by economic and class factors.

1.2.3 Research on Interwar Romania 1919–1940

Regarding the Romanian interwar period, historians advocating an ethnic Hungarian stance like Biró claimed that the Romanianization of Hungarian companies in Transylvania started already in 1919, and that Hungarians there faced increasing economic discrimination throughout the interwar period. Biró wrote that ‘Indeed, Romanian economic policy did everything to force the Hungarian middle class into exile, into bankruptcy, or into death’. He argued that the Romanian central bank discriminated against Hungarian banks in a more direct and destructive way than the Hungarian central bank had done to the Romanian banks during the dualist period, which according to him never imposed any restrictions on the Romanian banks.

A more nuanced Hungarian interpretation by Attila Hunyadi pointed to the fact that during the interwar period the Hungarian minority, like the Romanian minority during the dualist period, established their own ethnic cooperatives, associations and banks, which divided the economy and society in the same fashion as during the dualist period. Bárdi Nándor has shown

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88 Ibid. 438.
89 Ibid. 417.
how the Hungarian minority in Romania received economic and political support from Hungary, with a clear revisionist aim.  

According to Hungarian historians supporting a Hungarian national narrative, the Romanian state also undertook a program of inner colonization together with a major land reform, which they claimed to be primarily ethnic and not social in its implementation.  

The Hungarian minority was discriminated against politically, as the centralizing Romanian state increased its power in the ethnic borderland, especially during the 1930s. In this process, employment in the state sector became a privilege of the Romanians. In addition, the private sector was Romanianized, as the Romanian state withdrew permits from and levied discriminative taxes on the ethnic minorities.

Some of these historians claim that the 1934 Law for protecting National Labor in Romania in imposed an ethnic quota system. Historian Ioan Scurtu, who sides with an ethnic Romanian interpretation, claimed that the law targeted only foreign citizens and did not discriminate against minorities. A third strand of historians claimed the law did not define the term ‘Romanian’ in ethnic or civil terms, but that this ambiguity created an informal social force that had an impact on the ethnic structure of the labor market.

The Romanian state’s policy of discrimination was also directed against Jews; in addition, Romanian civil society and some political parties campaigned for anti-Semitism. Anti-Semitism grew significantly during the 1930’s. Under both the Goga-Cuza government (Dec. 1937 to Feb. 1938) and King Carol II’s Royal Dictatorship (Feb. 1938 to Sept. 1940), the Romanian state became increasingly ultra-nationalistic and anti-Semitic. In both Romanian and Hungary the rights of minorities, especially the Jews, were drastically curtailed, as these states imposed anti-Jewish legislation in 1938 and 1940, respectively, with the aim of removing Jews from the public sector and reducing the Jewish influence in the economy.

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92 Bíró, The Nationalities Problem in Transylvania 1867–1940, 72, 396, 418, 427; Elemér Illyés, National Minorities in Romania: Change in Transylvania (Boulder, CO, 1982), 90
93 Illyés, National Minorities in Romania, 92.
94 Ibid. 91.
98 Ezra Mendelsohn, The Jews of East Central Europe between the World Wars (Bloomington, IA, 1987), 204-5.
Historian Mariana Hausleitner has investigated the Romanianization process in the Romanian context by applying a broad definition of Romanization in the ethnic borderland of the region Bukovina. She reached the conclusion that nationalism transformed itself from ‘means of modernization to a substitute for modernization’. Romanization did not achieve general prosperity but favored only a segment of the population, namely the Romanian elite. It was an attack against all minorities, who did not unify in common defense but instead survived on their own without support from the Romanian state, according to Hausleitner.

1.2.4 Research on Northern Transylvania 1940–1944 and the Holocaust

Research on the Holocaust in general has pointed to the importance of economic and national factors. Martin Dean has argued that the confiscation of Jewish property was linked to the physical process of destruction. Several historians have applied a functional approach to explaining the Holocaust in Hungary stressing the importance of economic and class factors. Historians Gábor Kádár and Zoltán Vági have described the looting of Jewish property as a ‘self-financing genocide’, as the Hungarian state used the property to pay for the deportations and the mass killing of Jews.

Krisztián Ungváry claimed that Hungarian authorities framed the solution of the Jewish question as a ‘major social transformation’ through the full-scale Hungarianization of Jewish property. Other historians have con-
cluded that economic anti-Semitism initially developed during the interwar period, alongside conflicting economic-occupational interests and social class competition between Jews and Christians over material resources.\textsuperscript{109}

Michael Mann contended that without Nazi-German power the Jewish genocide would not have been attempted in Hungary, even though almost all perpetrators were Hungarian. The Hungarian regime wanted the ethnic cleansing of Jews mainly for economic reasons but were divided over the means. Mann argues that the core perpetrators were ideologically motivated by nationalism, but when the cleansing took the form of violent deportation, it created massive opportunities for profit. Many Hungarians were thereby sucked in by materialist motives, legitimated by state agencies.\textsuperscript{110}

Regarding the expropriation of Jewish assets during the Second World War, Kádár and Vági have argued that the Hungarian government was successful in looting but failed almost completely in the organization of redistribution. Thus, the looting of the Jews could not help overcome the economic problems of the dominant Hungarian nation, even though this was one of the policy’s aims.\textsuperscript{111} Kádár and Vági believe, moreover, that this reallocation scheme of Jewish jobs and property, which included one-fifth of the national wealth, could have resulted in increased living standards and an economic upturn; however, because of the chaotic wartime conditions, the scheme had the opposite effect, further eroding the Hungarian economy and society.\textsuperscript{112}

Studies on the factors of economic anti-Semitism and nationalism have focused relatively little on the annexed territories such as Northern Transylvania in 1940–1944, despite the fact that the physical destruction of Jews was more thorough there than in the core areas of Hungary.\textsuperscript{113} One notable exception is the work of historian Franz Horváth, who pointed to the factors of social compensation, economic reparation and the politics of re-settlement in Northern Transylvania. He has claimed that the Hungarians aimed at retrieving the economic positions that the Jews had taken during the interwar period during the Romanian rule, i.e. economic re-Hungarianization.\textsuperscript{114} Horváth’s study included examples from Nagyvárad/Oradea and Kolozsvár/Cluj, but not Szatmár/Satu-Mare. Apart from Horváth’s article on the

\textsuperscript{110} Mann, \textit{The Dark Side of Democracy}, 302.
\textsuperscript{111} Kádár and Vági, \textit{Self-Financing Genocide}, 85.
\textsuperscript{112} Kádár and Vági, “‘Solving the Jewish Question’ versus the ‘Interests of the Production’”, 530.
\textsuperscript{113} For the Supcarpathian area, see Yeshayahu Jelinek, \textit{The Carpathian Diaspora: The Jews of Subcarpathian Rus’ and Mukachevo 1848–1948} (Boulder, CO, 2007).
topic, there is no study using official primary sources on the implementation of anti-Jewish legislation in Northern Transylvania for the period 1940-44.\textsuperscript{115}

For the period of the Second World War, local Romanian researchers from Satu Mare published a work in 2003 under the title \textit{Intoleranţă şti crîmă} (Intolerance and Crime). They claimed that Jews and Romanians suffered in the same way under the Hungarian ‘fascist’ regime in general, and in Szatmár/Satu-Mare in particular.\textsuperscript{116} This stance can be seen as a continuation of the official history writing from the Communist period, in which Romanian historians such as Mihai Fâtu and Mircea Muşat claimed that the Hungarian authorities implemented measures ‘to weaken the Romanians’ economic condition, to worsen their material and social situation with an aim to diminishing their resistance’.\textsuperscript{117}

Under Hungarian rule in Northern Transylvania during the Second World War, Romanians tried to survive in economic terms through establishing separate banks and co-operatives, even though the Hungarian state and central bank discriminated against them.\textsuperscript{118} As during the previous national regimes, state employment and political influence became a privilege for the members of the core nation, i.e. the Hungarians.\textsuperscript{119} The Hungarian state withdrew permits and levied discriminative taxes from Romanian craftsmen and tradesmen.\textsuperscript{120} In addition, the Hungarian state imposed regulations to reverse the Romanian land reform by redistributing the land from its Romanian owners to its former Hungarian owners.\textsuperscript{121}

\subsection*{1.3 Economic Development: Inclusion versus Exclusion}

In order to evaluate the economic impact of economic nationalizing, I will use institutional theory on economic development based on the framework elaborated by economic-historians Christer Gunnarsson and Mauricio Rojas. Their framework is supported with arguments from a team of economists led

\begin{footnotesize}
\begin{enumerate}
\item Fâtu and Muşat, eds, \textit{Horthyist-Fascist Terror in Northwestern Romania}, 147.
\item Ibid. 154.
\item Ibid. 136, 145-7.
\item Ibid. 155-7.
\item Ibid. 145-8, 161-2.
\end{enumerate}
\end{footnotesize}
by Daron Acemoglu. Acemoglu and James Robinson have recently pointed out the crucial role of creating inclusive institutions. They claim that exclusive institutions cause the failure and poverty of nations.

According to Acemoglu and his colleagues, economic institutions are important in explaining economic growth because they shape the incentives of key actors in society. Furthermore, they claim that ‘although cultural and geographical factors may also matter for economic performance, differences in economic institutions are the major source of cross-country differences in economic growth and prosperity’. They argue that political factors are crucial in understanding economic development and that inclusive political institutions tend to support inclusive economic institutions. The opposite is extractive political and economic institutions, in which power is in the hands of narrow elite that extract resources from the rest of the society.

A growth-promoting institution supports general rights, creates security for all actors in the economy, and facilitates large scale, long-term commitments and transactions. It enables impersonal and regular transactions based on economic liberalism for everyone, including minorities. It also provides stable property rights. Research shows a strong correlation between high risk of expropriation and low GDP per capita. Institutions that are detrimental for growth create insecurity and prohibit market signals from reaching most economic actors. This leads to irregular and short-term transactions on a small scale.

There are three important principles for creating a socio-political environment that promotes economic development, according to Gunnarsson and Rojas. The first one is equality. The state, including its legal system, should protect and provide equal rights for all its citizens, and not discriminate between people of different ethnicities. All citizens should also have relatively equal economic possibilities. The state should impose reforms to redistribute economic resources and property to create a relative equality.

The second principle is that the state needs be autonomous in order to impose general reforms. The state should protect property rights, contractual rights and business freedoms of all its citizens. It is important that the na-
tion’s ruling elite do not use the state for their own enrichment. State activity should be evaluated not from the degree of involvement, but rather from the kinds of reforms it undertakes and whether these reforms promote or impose equality in the economic and political fields.\textsuperscript{131}

The third principle is that the society should create and continuously support social and cultural unity. Cultural unity is necessary for informal institutions and organizations to keep individuals together and serve as a base for creating unified formal organizations and institutions. In a united and integrated economy the formal and informal institutions are complementary, while in an economy characterized by low integration, the informal institutions and networks are in conflict with each other. This means that a multi-ethnic society with several ethnic minorities or cultural traditions needs to create a superior national culture that unites the nation. One way to accomplish this is for one cultural tradition or ethnic category to take over and dominate the nation and the minorities. Another, and better, way of doing this is to create a civic nation based on cultural unification without oppression. Societies based on equal rights and equal possibilities usually promote loyalty towards the nation, which creates political stability, security and economic growth.\textsuperscript{132}

This theory points to the importance of equality and unification of society in order to achieve long-term economic development; however, it does not elaborate on the social mechanisms that are detrimental. I argue that it is necessary to develop a theory that explains how social mechanisms can reinforce each other into vicious circles. In addition, a more dynamic and contextual approach to ethnicity and nationhood needed to study how economic policy and national/ethnic identity is mutually reinforce each other.

1.3.1 Social Mechanisms and Ethnic Bifurcation

Economic nationalizing is defined here as an institution and a social force that is associated with a set of social mechanisms. These mechanisms should be regarded as ‘ideal-mechanisms’, which capture a characteristic process in a synonymous way to Max Weber’s concept of ‘ideal types’. They operate in systems of self-reinforcing mechanisms in which local positive feedback locks the system into a cumulative causation, whereby the cause and effect are interrelated and difficult to separate.\textsuperscript{133} Vicious circles can turn into sociological traps described as pathological and unwanted situations, which can

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\textsuperscript{131} Ibid. 22-6.

\textsuperscript{132} Ibid. 26-8.

\end{flushleft}
be difficult to escape because of path dependency and the self-reinforcing mechanisms.\textsuperscript{134}

Acemoglu and Robinson explain vicious circles as a ‘powerful process of negative feedback, with extractive political institutions forging extractive economic institutions’.\textsuperscript{135} Milica Bookman claims that a vicious circle of social division of society based on ethnicity – so-called ‘ethnic bifurcation’ – can result in growing economic inequality. Bookman characterizes ethnic bifurcation as a ‘circular and cumulative causation’, in which several social, economic, political and religious indicators point to the marginalization of ethnic minorities. She refers to social and religious indicators such as the mistreatment and intolerance of minority culture, religions, and languages.

According to Bookman, ethnic bifurcation can occur when the dominant nation promotes its own culture by suffocating and marginalizing those of the minorities. If similar patterns of oppression and discrimination are visible among economic and political indicators, then this might reinforce the state of ethnic bifurcation. Bookman argues that economic indicators, such as labor market policies, property rights and regional distribution of investments, can reveal the level of ethnic bifurcation. In a similar way, political factors such as the number of minority seats in parliament and the level of ethnic discrimination indicate ethnic bifurcation.\textsuperscript{136}

None of these factors, on their own, provides necessary or sufficient conditions for marginalization, but taken together they point to the likely existence of either marginalization or empowerment, according to Bookman. Conflicts, like war, exacerbate interethnic competition and ethnic bifurcation, and if the state connects economic policies with discriminatory policies, then the interethnic animosities will last longer and society can institutionalize ethnic bifurcation.\textsuperscript{137} Ethnic bifurcation is thus characterized by categorical ethnic economic inequality reinforced into a vicious circle.

Several researchers support the findings of Bookman about the negative effects of inequality and exclusion, not only for the minority, but also for society in general. In his research on America in the 1950s, Gunnar Myrdal claimed that there was a mechanism of circular causation in which the racial prejudice among whites and the low economic standards of blacks reinforced one another.\textsuperscript{138} Furthermore, he argued that the raising of the ethno-racial minority would not involve any net cost but instead result in social gains for society as a whole.\textsuperscript{139} Economist David Landes argued in a similar vein that

\textsuperscript{134} Bo Rothstein, Social Traps and the Problem of Trust (Cambridge, 2005), 18.
\textsuperscript{135} Acemoglu and Robinson, Why Nations Fail, 365.
\textsuperscript{136} Milica Bookman, Ethnic Groups in Motion: Economic Competition and Migration in Multiethnic States (London, 2002), 33-42.
\textsuperscript{137} Ibid. 42, 65, 71-2.
\textsuperscript{139} Ibid. 20.
discrimination involves a less obvious cost to the economy and to the oppressors.\textsuperscript{140}

Anthony Smith, a leading scholar of nationalism, contends the fate of a nation-state dominated by one ethnic group at the expense of ethnic minorities is doomed to chronic poverty.\textsuperscript{141} Recently Richard Wilkinson and Kate Pickett have stressed the importance of equality for everyone in society. They argue that racial prejudice reinforces the marginalization of minorities and excludes them from job opportunities and education. This creates a vicious circle. ‘The ethnic divide increases prejudice and so widens income differences’, and ‘the result is that both [the majority and the minority] communities suffer’.\textsuperscript{142}

Andreas Wimmer argues that ‘modern forms of institutions of inclusion (citizenship, democracy and welfare) are systematically tied to ethnic and national forms of exclusion’.\textsuperscript{143} Based on a study of Switzerland – which is generally regarded as having one the most republican and most democratic, as well as the least ethnically hostile and least authoritarian, experiences of state-building in the world – Wimmer concludes that those who were not regarded as ‘truly’ Swiss, such as the Jews, travelling people and foreigners, have been excluded and have received less support and protection from the state.\textsuperscript{144} According to Wimmer, therefore, even Switzerland is a nationalizing nation that resembles an ethnocracy.\textsuperscript{145}

1.3.2 Mechanisms Supporting Vicious Circles of Ethnic Bifurcation

Based on these theoretical conclusions and empirical results, I have formulated two theories on how social mechanisms explain the creation of either vicious or virtuous circles of social and economic development. The first theory claims that when the state or society applies methods of economic nationalizing in an ethno-national context to redistribute or to discriminate against ethnic minority members, this will induce social mechanisms that conjointly create vicious circles. This society will be divided along ethnic lines (ethnic bifurcation), and this division will be marked by economic inequality and unfavorable conditions for economic development. However, certain parts of society, usually the ruling nation’s elite, will prosper from an

\textsuperscript{141} Anthony Smith, ‘Ethnic Nationalism and the Plight of Minorities’, Myths and Memories of the Nation (Oxford, 1999), 187-202 (199).
\textsuperscript{142} Wilkinson and Pickett, The Spirit Level: Why Equality is Better for Everyone, 185-6.
\textsuperscript{143} Andreas Wimmer, Nationalist Exclusion and Ethnic Conflict: Shadows of Modernity (Cambridge, 2002), 5.
\textsuperscript{144} Ibid. 267.
\textsuperscript{145} Ibid. 222.
ethnic favoritism in society, which will reinforce this circle. In this situation, the state will become a rent-seeking state used by the core nation’s elite, who will adopt policies of ethnic discrimination or inequality to support an ethnic division of society.

The theory implies that discrimination against ethnic minorities or significant ethnic inequality induces a set of social mechanisms that support the creation of vicious circles of ethnic bifurcation. The number and strength of these social mechanisms depend on the initial level of ethnic division, the level and duration of discrimination, as well as the strength of the reinforcement mechanism.

The social mechanisms are divided between three collective fields (and their corresponding institutions): the core nation, including the nationalizing state and the ruling elite; the national minority; and the external national homeland of the minority (see figure below).\footnote{Brubaker, \textit{Nationalism Reframed}, 55-76.}

\textit{Figure 1 Mechanisms supporting vicious circles of ethnic bifurcation}

These fields reinforce the ethnic principle via social mechanisms, which induces a vicious circle of ethnic bifurcation. Usually the members of the ruling elite take control over the state and political institutions and establish an ethnocracy, which undermines the civic identity and civil rights of all citizens. They use the state to redistribute public resources for their own
enrichment. Thus, ethnicity becomes an important merit for upward social mobility, especially for state employment. The importance of ethnicity reduces general qualifications and excludes the minority from state employment. The members of the minority elite react to this exclusion by establishing their own economic institutions and by receiving support from their external homeland. Thus, distrust emerges between the state and the minority elite. The ruling elite and the minority elite perceive economic development in ethnically relative terms as a zero-sum game. A reduction of the minority share in both the public and the private economic sectors is viewed as gain for the core nation, and vice versa. No one takes responsibility for promoting the economic development of all citizens.

### 1.3.2.1 Mechanisms initiated by the state

Economic nationalizing is usually associated with a general mechanism and process of increasing state involvement, in what can be called a state-involvement mechanism. This mechanism is connected to other social mechanisms, namely ethnocratic, redistribution and reciprocity mechanisms.\(^{147}\) The state and its representatives have political and economic interests to increase its share of and control over the economy, which they justify doing in the name of the nation; when this imposition occurs in an ethno-national context, it is usually made at the expense of the minorities. The state is the primary institution, as it has the exclusive power to impose laws on the national territory, i.e. it can legalize ethnic favoritism. The state can also use its informal pressure to coerce minorities into a certain behaviors by merely threatening them with legal acts. In an ethno-national context, the members of the ruling nation usually regard the state as their main protector. Moreover, members of the ruling nation expect the state to protect their interests above the interests of the minorities. In this way, the state and its institutions turn into a force of ethnic division.

Usually the national elite uses increased state involvement to exclude the minority’s political influence over the state by establishing a *de facto* ethnocracy.\(^{148}\) The ethnocratic state can claim that it is *de jure* democratic, despite the fact that ethnicity is the main determinant for allocating rights, powers and resources. An ethnocratic regime has a severely ruptured notion of demos because borders and political boundaries are blurred. The ethnocratic state does not treat all its members equally, and moreover prevents the integration of certain minorities into the demos; the identities of these excluded

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minorities are well marked and their position structurally marginalized. This leads to constant political and economic instability, affecting in the first place the minorities, and then, eventually, the whole society.

A state influenced by the policy of ethnic protection will redistribute resources and incomes based on ethnic identity. This redistribution mechanism utilizes the state to promote members of the core nation at the expense of its non-members. The state uses public money for supporting the core nation, for example by providing them with well-paid jobs, by giving their companies support or by undertaking land reform.

When the state makes ethnicity an important merit in receiving interests, the whole economy will be affected. The more important the core national identity is within the economy, the higher the incentives will be to invest in this identity. This means that individuals who have the possibility will accommodate or assimilate by acquiring the core nation’s national and ethnic attributes by learning the nation’s predominant language or converting to its predominant religion. This accommodation can be a first step in creating cultural unity and inclusive institutions. However, if the these attributes are applied to exclude and encourage dissimilation using racial definitions, then the economic opportunities of minorities will be restricted, which will be detrimental for everyone in the long run. In these circumstances, minorities will try to establish their own economic institutions using a similar mechanism, in which financial resources are redistributed to promote their own community and ethnic category.

When a national regime takes over an ethnically mixed area, it might undertake economic nationalizing as a way to offset the policies implemented by the previous national regime. A former ethnic minority might become a national majority and implement policies of economic nationalizing similar to the previous regimes. This might induce a reciprocity mechanism aiming at restoring property and jobs to their ‘rightful’ ethnic owners. Economic nationalizing can therefore turn into a vicious circle of ‘over-adjusting’ the wrongs of a previous regime, which eventually creates even more instances discrimination. Previous research has shown that this occurred in Transylvania under Romanian rule during the interwar period and, subsequently, in Northern Transylvania under Hungarian rule during the Second World War, at which time Hungarian authorities imposed reforms to restore property to its ‘rightful’ Hungarian owners.

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151 Breton, ‘The Economics of Nationalism’, 376.
1.3.2.2 Mechanisms initiated by the elite

The prime agents dividing society on ethnic grounds are usually the core nation’s elite. However, the minority’s elite can also play an important role in maintaining an ethnically divided society. Elites can live off and for a certain ethnic stance; moreover, they can become a driving force in maintaining and creating an ethnic division of society. 154 Members of the elite and the middle class have economic and political incentives to invest in ethnicity and nationhood because they are most likely to receive economic benefits in the form of well-paid jobs, political positions and contracts in which their ethnicity is regarded an important asset and merit.

The elite are usually trusted as leaders because of their ethnic merits. They represent the ethnic minority or the nation, which gives them an extra degree of freedom of action, which can be (ab)used for their own enrichment. 155 State or private employers that reward ethnicity in political or economic terms will incentivize the elite to invest in ethnicity, which in turn creates an elite mechanism.

Ethno-nationalism has an inbuilt mechanism of exploitation and opportunity-hoarding mechanisms. This reinforces a vicious circle of durable inequality, which defines a so-called exploitation mechanism, according to Charles Tilly. 156 He claims that nationalism provides a type case of categorical inequality, as it ‘asserts and creates paired and unequal categories, either as rival aspirants to nationhood or members of the authentic nation versus others [minorities]’. 157 The core nation uses its exclusive access to the state to reinforce the prestige of the members of the core nation’s shared identity, and then to turn state policy toward their own enrichment. The elite’s use of economic and political power for its own enrichment at the expense of the minorities creates an exploitation mechanism.

The difference between an elite mechanism and an exploitation mechanism is that the elite mechanism uses positive discrimination to promote the core nation, while in the exploitation mechanism the core nation enriches itself at the expense of the minorities. This means that the core nation discriminates directly, on the one hand, by reducing the economic resources and the political power of the minorities, and, on the other, by increasing these resources and power for the core nation. This is a more direct and destructive method from the perspective of the minority.

Coinciding ethnic and geographic divisions might induce a mechanism of internal exploitation, in which the core dominates the periphery politically.

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154 Brubaker, Ethnicity without Groups, 18.
156 Charles Tilly, Durable Inequality (Berkeley, CA, 1998), 9-10, 172-3.
and exploits it materially.\footnote{158} This contributes to the development of distinct ethnic identification with a cultural division of labor that will persist as long as there is a political and economic difference between the core and periphery.\footnote{159}

In a context of ethno-nationalism, there is a mechanism of framing unequal economic distribution as an interethnic competition and to view socioeconomic policies as a zero-sum game. From this perspective, any loss from the minority is perceived as a gain for the core nation, and vice versa.\footnote{160} As long as there is a perceived correlation between ethnic and socioeconomic categories, there will be mechanism of politicizing ethnicity.\footnote{161} Ethnic elites compete not only for who gets what, but also for who gets more and who gets less. Interethnic competition occurs therefore not only for absolute economic and political power, but also for changes in the perceived relative power between ethnic categories.\footnote{162} This kind of beggar-thy-neighbor policy between ethnic elites usually leads to a negative outcome for both sides, even if one side improves its situation in relative terms. During economic decline, interethnic competition usually increases, while during periods of growth, it decreases.\footnote{163}

There is also an in-built mechanism for vernacular mobilization, as ethnic nationalism might categorize minorities as aliens or as ‘outsiders within’, which creates low trust and ethnic division within society.\footnote{164} When members of the core nation reserve jobs and property for themselves, and when aliens become politically suspect and vulnerable, partly because of their connections to the external homeland, this can induce a low trust mechanism.\footnote{165} Low trust is associated with increased transaction costs, authoritarian regimes, high corruption and a high degree of economic inequality.\footnote{166}

During economic and political crises, such as economic decline, threat of war, or war itself, there is usually an increased demand for economic nationalizing by the elite.\footnote{167} When the nation faces severe political or economic problems, it tends to apply short-term policies in order to improve the economic situation of its elite by increasing its political and economic power at

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159 Ibid. 9, 342.
162 Bookman, \textit{Ethnic Groups in Motion}, 33.
163 Ibid. xi.
164 Smith, ‘Ethnic Nationalism and the Plight of Minorities’, 197.
165 Ibid. 198.
the expense of minorities. The majority society might accuse minorities of causing the crises; minorities then become scapegoats in order to justify a radicalization of economic nationalizing and the further marginalization of minorities.

The elite and society can radicalize economic nationalizing depending on the ideological context and the results of previous efforts. Nationalism can authorize agents of the nation to subordinate, segregate, stigmatize, expel or even exterminate others in the nation’s name.\textsuperscript{168} The transformation of ethnicity from cultural and linguistic definitions into biological and racial definitions is triggered by a separation of ‘us’ and ‘them’ in ways that are permanent and unbridgeable in a certain period of time. The sense of difference provides a rationale for using the power to treat others unjustly.\textsuperscript{169} Ethnicity, defined along racial terms can use dissimilation whereby the others are forced into subordination and subject to unequal treatment – turned into so called ‘pariah people’ – or else totally excluded from society, e.g. through forced expulsion or genocide.\textsuperscript{170}

1.3.2.3 Mechanisms initiated by the minority

When the core nation implements economic nationalizing, this can induce a mechanism of chain-reaction between the members of the minority. In response to economic marginalization, minorities might increase their ethnic and national consciousness and establish their own ethnic economic institutions instead of assimilating. Eventually, they might aim at establishing their own ethnic-based economy and institutions in order to become self-sustaining, as a kind of state within a state.\textsuperscript{171}

Minority members can occupy certain intermediating positions in a cultural division of labor, which institutionalize their minority identity in what we can call an intermediary mechanism. This theory, based on the experience of Jews, among others, claims that minorities concentrate in trade and commerce and often act as intermediaries between producer and consumer, employer and employee, owner and renter, elite and masses.\textsuperscript{172} Intermediary minorities arrive as immigrants and sojourners and remain as a category of strangers to their host societies, but nevertheless succeed in establishing themselves in important economic positions in society.\textsuperscript{173} The relative economic success creates economic tensions and conflicts with competing

\textsuperscript{168} Tilly, \textit{Durable Inequality}, 172, Smith, ‘Ethnic Nationalism and the Plight of Minorities’, 198.
\textsuperscript{169} Gregory, ‘Economic Nationalism’, 290-1.
\textsuperscript{173} Ibid. 584.
members of the core nation. Consequently, and because of their intermediary position, the minorities can easily become scapegoats for all kinds of problems. Society can view these economic conflicts, especially during periods of economic decline, in racial terms, which eventually can threaten the very existence of the minorities, an extreme example of which is the Holocaust.\textsuperscript{174}

1.3.2.4 Mechanisms initiated by the external homeland

Economic nationalizing can trigger a transborder mechanism if there is ethno-national kinship between the ethnic minority and the external national homeland. The external homeland can perceive the nationalizing policies of the country in which homeland’s ethnic kin resides as threatening; the external homeland can then engage in the situation by providing political or economic support to the ethnic minority.\textsuperscript{175} This might provoke a radicalization of the host state and increase its effort to economically nationalize at the expense of the minorities. This triadic nexus of an ethnic minority, the external homeland and the host state might create a vicious circle with blurred national and ethnic identities. The ethnic minority might be associated with its national external homeland – which can be a revisionist and hostile neighbor – because of its political and economic connections. This might reduce the status of the minorities to ‘foreigners’ and ‘unwanted’ by the core nation. This means that in a transborder mechanism all three categories are acting in a reinforcing way that establishes and promotes the transborder contacts.

1.3.3 Mechanisms Supporting Virtuous Circles of Inclusion

Methods of economic nationalizing that are based on egalitarian principles – which support the principles of cultural and social unification and do not discriminate against minorities – might induce social mechanisms supporting virtuous circles of inclusion with favorable conditions for achieving economic growth. State promotion of a common civic culture with the inclusion of minorities might induce a mechanism of cultural and social homogenization, emancipation and integration. This requires the state to be relatively autonomous and to impose economic policies based on inclusive and egalitarian principles. It also requires that the minorities themselves support the creation of civic and inclusive culture by a certain degree of accommodation. International organizations can facilitate and monitor minority protection and improve the level of equality.

An equality mechanism will support the inclusion of all citizens in the national economy and create favorable conditions for economic growth, as all citizens are emancipated and able to take part in the economy. It is especially

\textsuperscript{174} Ibid. 593.
\textsuperscript{175} Brubaker, \textit{Nationalism Reframed}, 5.
important that the minority elite take part in the political and economic life of the state. If the state and institutions in society provide equal socio-economic and political opportunities to all its citizens, then loyalty to the state and economic growth will increase. When the state undertakes social re-distribution of political power and economic resources, it emancipates the citizen, who will in turn become important agents for prosperity and stability. This will promote competition in society in general and in the economy in particular.

1.4 Research Questions

This study will analyze economic nationalizing in the ethnic borderland using a historical and local case study of Szatmár/Satu-Mare during three different national regimes: dualist Hungary, 1867–1919, including the two Hungarian republics 1918–1919; interwar Romania, 1919–40, and Hungary during the Second World War 1940–1944. This analysis will include two research questions. The first question is: What forms, methods and practices of economic nationalizing were visible during the three different periods? This question also concerns how national and ethnic categories were defined in relation to economic and political factors and interests.

The second question is: Based on the forms, methods and practice of economic nationalizing, what kinds of social mechanisms were operating? Related to this question is whether these social mechanisms contributed to create either a vicious or a virtuous circle of social and economic development. Did society, the state and the ruling elite create inclusion of minorities and equality or did it show signs of ethnic bifurcation? The answer to this question concerns how economic nationalizing, as one factor among others, can explain economic development. The theories described previously will serve as an analytical platform for discussing this second question.

1.5 Methodology

The methodology in this study is inspired by microhistory, which is defined as an aspiration to search for answers to large questions in small places. I subscribe to Geertz’s observation that ‘the locus of study is not the object of study’. This means that this is not a study about Szatmár/Satu-Mare, but a study on economic nationalizing in Szatmár/Satu-Mare. I share the con-

177 Clifford Geertz, The Interpretation of Cultures (New York, 1973), 22.
viction among microhistorians that by reducing the scale of observation it is possible to detect processes that are not visible on the macro level.\textsuperscript{178} I believe that by using Szatmár/Satu-Mare as a case of ‘typical exception’\textsuperscript{179} we are able to search for methods, forms and mechanisms that are present in other parts of society but are much more visible in the ethnic borderland because of its ethnic constitution of a relative majority of minorities. The logic behind this approach is that all-important social forces should be detectable in all places, but that those connected to ethnicity should be easiest to detect in the borderland, where ethnic and national categories compete.

Fundamental to Carlo Ginzburg’s micro-historical approach is the rejection of ethnocentrism.\textsuperscript{180} The importance of including different perspectives is also shared by Michael Werner and Bénédicte Zimmermann’s approach to history writing, known as \textit{histoire croisée}.\textsuperscript{181} \textit{Histoire croisée} emphasizes the reflexivity of the researcher and his position towards the object.\textsuperscript{182} This has guided me to reflect continuously on ethnic stances, as well as my own perspectives as a researcher and historian. Regarding my relation to the object, I consider myself an outsider within, as I was born and raised outside any of the ethnic categories involved in this study. On the other hand, I have had the opportunity to live in Satu Mare and in Hungary and Romania for long periods and to learn the languages. This position made me especially observant not only of the different ethnic and national claims, but also of the intersections. My aim with this study is to focus on the entanglement of the local history and to provide a general understanding of the connections between nationalist policies and the conditions for economic development, coupled with a deep knowledge of local circumstances. This is part of a general endeavor, shared by other historians, to go beyond Hungarian and Romanian national narratives and to re-narrate East-Central European history from an entangled and integrated transnational perspective.\textsuperscript{183}


\textsuperscript{180} Ginzburg, ‘Microhistoire’, 22.


\textsuperscript{182} Ibid.

1.6 Method

For each period under a different national regime, I have taken the perspective of the minorities and looked at their historiography in order to find out what they regarded as discriminatory against them. Then sources were gathered to check and verify these claims for the local case study. However, I have also searched openly for methods and forms that historians have not used. Special interest has been devoted to examining not only how the majority acted against the minority and why but also how the minority reacted to the policies of the majority. By going back and forth between periods and perspectives, as advocated by *histoire croisée*, I have been able to detect new insights in sources that at first glance seemed extraneous or unimportant.

Researching economic nationalizing requires the application of a certain ethnic perspective – a set of ethnic glasses – on events in order to understand the ethnic consequences. In most cases, the majority and minority agree on the basic facts, but disagree on the outcomes and motivations. Therefore, I have taken special interest in studying the arguments of minority and majority elites, particularly in newspaper articles and pamphlets. The perspective of agent is important in understanding economic nationalizing and in analyzing social indicators, which can show how social mechanisms operated and influenced the actors.

In measuring the consequences of economic nationalizing, I have calculated ethnic shares of specific sectors of the economy in order to investigate whether a certain ethnic category was under- or overrepresented. The ethnic categorizations were initially created and defined by the core nation. However, this study also explores other forms and methods of ethnic categorization, namely those created and defined by the minorities.

This study uses an inductive method to search systematically for methods and forms of economic nationalizing in a variety of primary and secondary sources. This part is based on classic methods within the field of history. In my analysis of economic development, I used a deductive method by applying the theory of social mechanisms and economic development.

Angus Maddison has suggested that economic development can be explained either by ultimate elements, such as institutions, ideologies or pressures from socio-economic groups, or by proximate elements, such as capital, technological progress or natural resources. The ultimate elements determine the proximate but are ‘virtually impossible to quantify and thus there is always legitimate scope for disagreement on what is important’.184 My approach is to focus on economic nationalizing as one ultimate element in explaining economic development, while at the same time acknowledging the importance of other elements.

Though this study builds on previous research and is limited in the sense that it focuses on just one part of the ethnic borderland, it is nevertheless explorative and innovative in the way it applies new forms of analysis to historical problems, using an array of newly uncovered local primary sources. In doing so, this study challenges assumptions about economic nationalism and proposes new ways of understanding the complicated social and economic problems that typify the borderlands. This study can also serve as a springboard for other, much-needed studies in order to fully investigate the methods of economic nationalizing and their connected social mechanisms.

1.7 Sources and Concepts

Sources on economic nationalizing can be found in the most public of sources – in newspapers and journals – as well as in the most confidential and secret personal files of leading local politicians, such as prefects and mayors. Therefore, I have read more or less all available newspapers and journals published in the city between 1867 and 1944. Most of these sources were published in either Hungarian or Romanian, with a few in either Hebrew or German. Newspapers and journals were censored during certain periods, restricting the minority’s ability to complain about its situation; instead, the core nation’s elite usually reported on the progress of nationalizing and how they solved the ‘minority questions’. The press therefore covered minority issues at all times, even though the perspectives differed from one period to the next.

I have also used official material from authorities at the local, regional and national levels, and focused on minority issues and economic policies in the ethnic borderland. This includes all official company files of the city that are available. Most of the material is comprised of written sources, though I have also used oral testimonies of Jewish survivors.

At the discursive level there are great differences in interpretation and perspectives; however, regarding statistics the Hungarian and Romanian sources are usually complementary. For example, Hungarian and Romanian official reports generally relied on the official statistics from the other country.  

Minority questions can easily turn into international issues. Thus, in addition to Hungarian and Romanian archives, I researched British archives.

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containing material on the post-First World War peace negotiations, as well as general reports on interwar Romania. For the interwar period, I used sources from the League of Nation’s archive and publications. Regarding the Second World War period, I used German archives for researching the Romanian complaints to the German-Italian Officer’s Commission.

The primary sources do not use the term ‘economic nationalizing’ in the same way that I have defined it. Rather, the term, as I have used it, should be understood foremost as an analytical concept depicting an institutionalized social force. However, both Hungarians and Romanians at the time used terms for nationalizing, which included economic aspects, mainly regarding minority questions. Ethnic and national factors were also present in economic policies, but these factors were more implicit.

I will use the term ‘Magyarizing’ to denote a nationalizing based on a wider ethno-linguistic definition, which was mainly applied in the dualist period. Thus, I will use the term ‘Magyar’ for someone who declared Hungarian as their mother tongue irrespective of to religious belonging, whether Christian or Jew. I use the term ‘Hungarian’ to denote a Christian person declaring Hungarian as mother tongue, but also for the civic and political broader meaning, like a Hungarian institution, i.e. an institution from Hungary. This means that these ethnic categories are partly overlapping.

However, I argue they are necessary to use in order to stress the difference between Hungarianness in dualist Hungary and Hungarianness during the Second World War. Using the term Hungarian for both definitions would make it more difficult to challenge the Hungarian national narrative, which never defines Hungarianness; instead it only assumes Hungarians of being one homogenous group of individuals today and in the past. Another reason is that the instrumentalization of ethnicity will be easier to follow if there are separate words for the two main definitions of Hungarian ethnicity.

The term re-Hungarianizing will be used for the Second World War period, when the Hungarian authorities aimed at re-nationalizing Northern Transylvania, including Szatmár, in order to establish Christian Hungarian hegemony. For the Second World War period, researchers have used the terms of Aryanization and de-Jewification to capture the same process.

The term ‘Romanianizing’ will refer to the Romanian nationalizing during the interwar period and the promotion of Romanian ethnicity as defined by religious belonging to the Romanian national churches, namely the Orthodox and Greek Catholic churches. These three ethnic categories – Magyar in the dualist period, Romanian in the interwar period and Hungarian in the Second World War period – defined the core of the nation for each period, respectively.

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186 Courtesy of Miklós Zeidler.
1.8 Place Names

The use of place names is a sensitive issue and a delicate problem when there is no accepted English version of a place name. The name is the most important symbol of a place because its people frequently repeat it and because it is connected to ethnic stances and national narratives. My strategy is to use the official name in a specific period in order to show that the name changed and that this was part of the nationalizing policies. As this study involves three national regimes, this gives a certain balance between Hungarian and Romanian names; most importantly, it will reflect the correct official and historical name of the city used in the historical documentation of a specific period. Using any other name would be anachronistic.

Still, in practice, the existence of different ways of spelling the name complicates this principle, and thus I had to make choices. This means that for the dualist period this study will use the official Hungarian name, Szatmár-Németi. For the Romanian interwar period I used just one of the official names, Satu-Mare, which separates it from the present day spelling of Satu Mare and from Satu Mare County. In 1940 the Hungarian Government reintroduced the former Hungarian name, Szatmárnémeti, which I will use for the Second World War. Thus the names of the city are the following: Szatmár-Németi (1867–1919), Satu-Mare (1919–1940) and Szatmárnémeti (1940–1944).

When I speak about the city in general, covering the whole period of 1867–1944, I will use the Hungarian short form Szatmár followed by Romanian, thus Szatmár/Satu-Mare. Other names of the city are the German Sathmar, the Yiddish Satmar, and the older Romanian form Sătmar; these names are pronounced in the same way as the Hungarian short form, Szatmár. Today, the Jews belonging to the Hasidic movement originating from the city are called Satmar Jews. The usage of Satmar can therefore be

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190 Officials used both Szatmár-Németi and Szatmárnémeti. See ‘Hogyan kell írni városok neveit?’, Szatmári Friss Újság, 16 Oct. 1902, 5; DANIC, Comisia Heraldica, dos. 57, 14. However, the official name during the dualist period was Szatmár-Németi. See MKKSH, Helységnévtara (Budapest, 1913), 164; idem (Budapest, 1873), 1213.
191 Officially it was spelled ‘Satu-Mare’ by the local authorities, but the form ‘Satu Mare’ was also used, see DANIC, Comisia Consultativa Heraldica, dos. 57, 4.
192 Even during this period the form of ‘Szatmár-Németi’ was used, but most official records tend to use ‘Szatmárnémeti.’
193 The Hungarian letter ‘sz’ is pronounced as the English letter ‘s’.

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regarded as an accepted English form. Still, during this historical period up to the Second World War, English sources rarely used this form, but instead use either the Hungarian or the Romanian name.\footnote{See NA FO 608/16-18, 608/49-50.}

1.9 Outline

The second part and chapters two and three cover Magyarizing in Szatmár County during the Hungarian national regime under the Austro-Hungarian Monarchy. Chapter four concerns the re-definition of nationalizing during the First World War, and the two Hungarian republics that lasted until the Romanian takeover in 1919. In the third part of the study, which covers the Romanian interwar period, the geographical focus moves from the regional to the city level. Thus chapters five to eight focus on the Romanianization of the city Satu-Mare in interwar Romania, 1919–1940. The fourth part of the study, starting with chapter nine, examines the re-Hungarianization of the city under Hungarian rule during the Second World War from 1940 until March 1944. Chapter ten analyses the Final Solution implemented on Hungarian-controlled territory and re-Hungarianization effort from the summer of 1944 until the Romanian takeover in October 1944. Finally, the last part with chapter eleven provides conclusions.
Part II: Magyarizing Hungary 1867–1919
2. Magyarizing Szatmár County 1867–1900

Hungary was an independent kingdom in medieval times, but after the defeat of Hungary by the Ottoman Empire at Mohács in 1526 the Ottoman Empire and the Habsburg Empire divided the country, making the Transylvanian part semi-independent under Ottoman rule. In 1699 the Habsburgs defeated the Ottoman Empire and occupied the Hungarian Crown Lands, including Transylvania. The last Hungarian attempt to achieve independence ended with the Treaty of Szatmár in 1711. The Treaty included a compromise between the Hungarian nobility and the Habsburg Emperor, which reinforced the local dominance of the Hungarian nobility in exchange for Habsburg political rule of Hungary and Transylvania.

During the eighteenth and nineteenth centuries, Hungarian national aspirations increased, culminating in the Hungarian Revolution of 1848. In the famous ‘12 points’, inspired by the ‘12 points of Szatmár’ from 1841, the Hungarians demanded modern civil rights and political independence, including the reunion of Hungary and Transylvania. In addition, they requested the establishment of independent economic institutions and a Hungarian national bank, which was one of the first signs of economic nationalism.¹

The Hungarian nationalist demand for political independence also included demands for economic independence, as Hungarian leaders aimed at eliminating Habsburg economic dominance. Friedrich List influenced the leading Hungarian politician Lajos Kossuth, who declared that ‘Without industry, a nation is one-armed giant’.² Even though List did not consider Hungary a historic nation, Hungarian leaders like Kossuth nevertheless aimed at reviving the medieval Hungarian Kingdom and establishing Hungary as an independent nation. In 1844 the Hungarian nationalists established a National Protective Association, whose members committed themselves of buying only Hungarian goods and to boycotting foreign ones, including Austrian, goods.³ This institution was one of the first institutions promoting Hungarian economic nationalism.

² Ivan Berend, History Derailed: Central and Eastern Europe in the Long Nineteenth Century (Berkeley, 2003), 140.
³ Ibid.
The Hungarian demands of 1848 resulted in the April Laws, which removed feudal institutions and established the essential rights of civil society. The Hungarian language became the official language gradually from 1836–1848, and in 1848 the Hungarian leaders formed an independent Hungarian government even though the Habsburg Emperor remained king of Hungary. The Hungarian government aimed at solving the question of the nationalities by liberating the serfs and providing civil rights. In addition, the Jews were now emancipated. The so-called ‘tolerance tax’ a discriminating tax imposed on the Jewish community alone, was also lifted.

Some Hungarian leaders regarded Jews as a threat to an independent Hungarian economic development. In his famous speech ‘On the state of Taxpaying people of Szatmár’ in 1830 Ferenc Kölcsey (1790–1838), a Hungarian poet and politician who also wrote the Hungarian national anthem in 1823 (Himnusz) and served as notary in Szatmár County, argued that ‘There can be no more dangerous source of poverty [for us] than the Jews, whose numbers are increasing’. Thus, he referred to the increased immigration of Jews from Galicia and other neighboring areas into Hungary. This kind of economic anti-Semitism soon became a component of ethnic Hungarian economic nationalism.

The Romanian-speaking population of Hungary and Transylvania had been inhabitants of the Kingdom of Hungary since its foundation. These Romanian speakers mainly belonged to the Orthodox Church. However, the western part of Orthodox Church split and joined Catholicism by accepting the leadership of the Pope. This new Church, the Greek Catholic Church, was established at the end of the seventeenth century.

Romanian intellectuals belonging to the so-called Transylvanian School during the eighteenth and nineteenth centuries traced the Latin roots of the Romanian people and formulated historical and philological arguments that the Transylvanian Romanians were descendants of Roman colonists brought into the region after the Roman conquest of Dacia in the second century AD (see map 4). This movement and the historical context of nationalism in the nineteenth century fostered the national awakening of Romanians. The Hungarian and the Romanian national revival were therefore based on a historic past of great glory in which Transylvania became an overlapping national territory.

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7 Petru Maior, Istoria pentru începutul românilor in Dachia (Buda, 1812); Keith Hitchins, A Nation Discovered: Romanian Intellectuals in Transylvania and the Idea of Nation, 1700–1848 (Bucharest, 1999); idem, A Nation Affirmed: The Romanian National Movement in Transylvania, 1860–1914 (Bucharest, 1999).
In 1848, after the declaration of the April Laws, a Romanian assembly at Balázsfalva/Blaj demanded a Romanian national parliament, Romanian representation in the Diet, Romanian schools and a Romanian militia. The Hungarian Government under Kossuth refused the Romanians’ and other nationalities’ demands as he aimed at creating a unified country with one official language (Hungarian) and one parliament.

Nonetheless, the Romanians formed, like the Serbs and Croats, executive committees and national guards in order to promote their national ambitions. The Habsburg Emperor took advantage of this and used the national guards to fight against the Hungarians when the war broke out in the fall of 1848. Despite the fact that Hungarian leaders acknowledged the Romanian nationality in Transylvania, it was too late, as the Hungarian army was defeated by the joint forces of the Austrian army, the Russian army and the national guards formed by the nationalities, including the Romanians.\(^8\)

The Habsburg Emperor imposed neo-absolutism and a wave of Germanization after the civil war. The German language replaced Hungarian as the language of government, local administration and education above primary school. However, after the defeat at the hands of Prussia in 1866, the Austrian Emperor Franz Joseph consolidated his political power and invited the Hungarians to a compromise, known as the Compromise of 1867, or simply the ‘Ausgleich’. This compromise established the Dual Monarchy of Austro-Hungary in 1867, which gave the Hungarians full internal control of the Hungarian part of the monarchy.

This gave Hungary its own parliament and government, though foreign affairs and the army remained under the control of the Emperor. Austro-Hungary constituted one economic zone with a common tariff union and a central bank. The monarchy imposed protective tariffs in 1874, which were more effectively implemented in 1887 and 1906. Romania imposed similar tariffs in 1886 and a tariff war between the two countries broke out that reduced the trade. This had detrimental effects on the economy of Transylvania as trade and production were reduced.

For Hungary, the common economic union gave a large market for its agricultural products, but Hungarian industry faced strong competition from the Austrian and Czech industries. The Hungarian state therefore imposed laws promoting Hungarian industry by providing companies with subsidies for establishing factories. These subsidies became a substitute for an independent tariff policy as way of promoting Hungarian industry and strengthening its competitiveness internally.\(^9\)

The Hungarian constitution defined the Hungarian state as a unitary nation-state, but in reality it was a multiethnic state with a majority population comprised of non-Magyar nationalities. Still, the Magyars, defined as those

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\(^8\) Cartledge, *The Will to Survive*, 206-7, 223-4.
\(^9\) Berend, *History Derailed*, 141-2, 175.
declaring Hungarian as their maternal language, constituted the single largest ethnic category. The Magyars dominated the core part of the country and the nationalities the ethnic borderlands. The dominant Magyars categorized the nationalities according to an ethno-linguistic criterion; everyone declaring non-Hungarian languages as their mother tongue or preferred language was defined as either Romanian, Slovak, German, etc., as the case may be.

Map 3 Nationalities of Austria-Hungary, Szatmár-Németi City

The problem concerning the large share of non-Magyars was framed as the ‘the nationality question’. This question involved to the nationalities’ ability and motivation to learn the Hungarian language and to become Magyars. In addition, it included their resistance, national movements and national ties with their external homelands, as in the case of the Romanians of Hungary with the Romanian Kingdom, which was established in 1881. The nationality question was hence one of the most fundamental and challenging social issues that the Hungarian state and society faced during the dualist period.

The nationality question included several sub-questions, such as the Romanian question. Leading Magyars believed that it was possible to assimilate and Magyarize the Romanians. In line with this, and in contrast to the Croatian question, the Hungarian constitution did not provide the Romanians with any collective political rights or autonomy. Instead, Transylvania was united with Hungary in 1868 and the ancient Transylvanian diet was dissolved.

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10 ‘A nemzetiségi kérdés’ in Hungarian.
On the local level Szatmár County was a miniature of Hungary, with Magyars dominating in the central parts on the plain, in the cities, in politics and in the economy. The Romanians, on the other hand, lived predominantly in the mountainous areas in the eastern part of the county beyond the so-called linguistic frontier (see maps 5-6). Romanians were in general more rural and agrarian by comparison to the rest of society. Jews started to immigrate in large numbers into Hungary during the mid-nineteenth century and they were emancipated in 1867.

In this chapter, I will concentrate on the economic mechanisms connected to nationalism and assimilation in Szatmár County up to 1918. The focus will be on how the Magyar leaders implemented and used economic incentives to force non-Magyars to assimilate. The general question analyzed in this chapter is whether public institutions in Szatmár were inclusive institutions serving the needs of all Hungarian citizens or else exclusive institutions primarily serving the interests of the Magyars and promoting ethnic bifurcation.

In addition, I analyze how economic factors influenced national identities and how the definition of ethnic and national identities shaped economic and political policies. Finally, I will investigate the Jewish, Romanian and ‘Gypsy’ questions; the strategies for solving these questions in Szatmár County; and some of the reactions among the Magyar ruling elite and the minorities’ elite.

Note in this chapter a ‘Magyar’ is defined in an ethno-linguistic sense, i.e. someone who declared Hungarian as mother tongue. The term ‘Hungarian’ refers either to a wider civil term (like Hungarian authorities or someone who is a Hungarian citizen).

2.1 Nationalities Law

Some Hungarian historians argue that the Hungarian state implemented a liberal system with legal protections against discrimination. Other researchers, such as the contemporary British historians R.W. Seton-Watson and Geoffrey Drage, claimed that the state violated these provisions on purpose. In addition, some Romanian historians claim that the Hungarian state did its utmost to ‘denationalize’ the Romanians. I will focus mainly on position represented by Seton-Watson and Drage that the Hungarian state indeed discriminated against the nationalities; I will support this position by providing empirical examples from Szatmár County.

Hungarian political leaders such as Ferenc Deák (1803–1876) and József Eötvös (1813–1871) addressed the issue of the national minorities during the 1860’s. Both stressed that the state should not be used as an instrument in
Magyarizing the nationalities.\textsuperscript{11} Eötvös argued in 1865 that ‘following the Revolution of 1848 the rights of national minorities in historic Hungary must be guaranteed by the Hungarian constitution as a matter of prudent national policy’.\textsuperscript{12} Deák believed that assimilation should be encouraged and not forced, and claimed moreover that ‘… if we wish to win over the nationalities, we must not seek at all costs to Magyarize them; this can only happen if we create in them love and attachment for Hungarian conditions’.\textsuperscript{13} Thus, both supported a voluntary form of assimilation and an inclusive strategy in which the nationalities should be attracted to become Magyars.

A complete Magyarization, in which half of the population should assimilate the other half, was according to them an ‘unrealizable folly’. Instead, their ambition was to turn the various peoples not into Magyars but into loyal subjects of the Hungarian state.\textsuperscript{14} Using the same motivation, both Deák and Eötvös encouraged the emancipation of the Jews, who received civil rights in 1867.\textsuperscript{15} These inclusive principles were indeed based on the experience of the failed revolution in 1848-9.

Eötvös’s report the ‘Bill on Nationality Rights (1861)’ was discussed in the parliament in 1867. The bill created a storm of protests, especially since it proposed that each county assembly decide its official language. Eventually, the Hungarian parliament accepted a reformed bill, based on Eötvös’s and Deák’s proposals, which imposed in 1868 the Law of Equality among Nationalities.\textsuperscript{16} The nationalities, including the Romanian leaders, were disappointed because even if they received extensive linguistic rights, the Law of Nationalities did not provide them with any collective political representation, something they had demanded since 1792 and which had been stressed in 1848. The Romanians had aimed for an independent Transylvania and strove for a Croatian solution.\textsuperscript{17}

The constitution provided that ‘all citizens of Hungary formed from a political point of view one nation – the indivisible unitary Hungarian nation – of which every citizen of the fatherland is a member, no matter what nationality he belongs to’. Furthermore, the Law provided that ‘Since by reason of the political unity of the nation, the state language of Hungary is the Hun-

\textsuperscript{12} József Eötvös,\textit{ A nemzetiségi kér dés} (Pest, 1865), ctd in Pál Bődy, ‘József Eötvös’,\textit{ Hungarian Statesmen of Destiny} (New York, 1989), 37.
\textsuperscript{14} Geoffrey Drage,\textit{ Austria-Hungary} (London, 1909), 564.
\textsuperscript{17} Keith Hitchins,\textit{ Rumania 1866–1947} (Oxford, 1994), 204.
garian language’.\textsuperscript{18} These provisions aimed at creating a unified Hungarian political entity based on the Hungarian culture and language.

Even if the language of the state was Hungarian, county and communal assemblies could keep minutes in another language if at least one-fifth of the members required this.\textsuperscript{19} The Nationalities Law gave the right to individuals to use their mother tongue not only in county assemblies and in courts, but also in writing memoranda to the local administration, ecclesiastical authorities and government.\textsuperscript{20} In addition, the Law protected the nationalities’ languages within Church and non-political associations. Thus, it gave relatively strong legal protections for the use of non-Hungarian languages.

The Law provided the state to ‘ensure the citizens living together in considerable numbers, of whatever nationality’ to ‘obtain instruction...in their mother-tongue’. The motivation for this was the state’s interest in providing a successful public education to promote the ‘general culture and well-being’.\textsuperscript{21}

Moreover, it gave the nationalities the right to establish their own institutes of primary, secondary and higher education.\textsuperscript{22} Finally, it explicitly regulated against ethnic discrimination regarding employment, and stipulated that ‘personal capacity will be a decisive factor in the filling of offices, and a person’s nationality cannot be regarded as an obstacle to an office or dignity in the country’.\textsuperscript{23} It was obvious that the Law was a result of the previous experience of Germanizing, and thus its purpose was to balance against forced Magyarizing.

The Law of Equality among the Nationalities was indeed promising and very modern, even in a European context, as only Switzerland had something similar at this time. The provision against discrimination gave hopes that Hungary would foster ethnic inclusion. Furthermore, the provision for education in minority languages could have stimulated a mechanism of cultural homogenization promoting civic unity and loyal citizens in line with the intentions of the Law. However, the Hungarian leaders soon abandoned the conciliatory policy of Deák and Eötvös, as the new generation of politicians believed that the constitution was incompatible with the Law of Nationalities. One of the reasons for this was that the word ‘Hungarian (Magyar)’ used in the constitution could be understood in two different ways: either in civic terms, involving everyone on Hungary’s territory and including all its citizens; or else in the ethnic and more narrow meaning of Mag-

\textsuperscript{18} § 1 Law of Nationalities, XLIV 1868.
\textsuperscript{19} § 2, 20 Law of Nationalities, XLIV 1868.
\textsuperscript{20} § 3, 4, 7 and 23 Law of Nationalities, XLIV 1868.
\textsuperscript{21} § 17 Law of Nationalities, XLIV 1868.
\textsuperscript{22} § 26 Law of Nationalities, XLIV 1868.
\textsuperscript{23} § 27 Law of Nationalities, XLIV 1868.
yars, defined by their Hungarian maternal language, which excluded all non-Magyar nationalities.\textsuperscript{24}

The Magyar leaders gave the latter, ethnically exclusive definition pre-eminence, as the state and society favored the Magyars at the expense of the nationalities. Under the leadership of Kálmán Tisza (1830–1902), Hungary’s Prime Minister 1875–1890, the Hungarian government gradually implemented the ethnic and more exclusivist interpretation.\textsuperscript{25} Tisza and other Magyar leaders thus argued that they belonged to the ruling nation of the Magyars, while the non-Magyar nationalities were defined and labelled as ‘foreigners’.\textsuperscript{26}

The leaders in Hungary regarded this as a zero-sum game in which either the Magyars would assimilate the nationalities or the nationalities would destroy the Hungarian state. Therefore, they regarded forced Magyarization as crucial for the survival of the nation, especially from the 1880s onwards, when members of the nationalities, including the Romanians, launched irredentist movements and opposed Magyarizing.\textsuperscript{27} This ethnic interpretation induced an inter-ethnic competition mechanism in which it was either the survival of ‘us’ or ‘them’.

Members of the Magyar elite did not regard Magyarizing as oppression; on the contrary, they believed that the state had granted too much freedom and privileges to ‘inferior’ peoples.\textsuperscript{28} The Magyar elite therefore refused to implement the Law and deliberately violated it. The Law remained mainly a dead letter, according to Seton-Watson and Oszkár Jászi, a famous Hungarian sociologist and politician, born and raised in Szatmár County.\textsuperscript{29}

In the case of Szatmár County the violation of the Law was evidenced by the fact that the number of Romanians working in the public administration was only 19 out of 615 (2 per cent) by 1910, despite the fact that Romanians constituted 30 per cent of the county’s population according to official Hungarian statistics. The share of the Magyars employed in public administration was 96 per cent, a clear overrepresentation considering they constituted 59 per cent of the county’s population in 1910.\textsuperscript{30} The average for the county administration in Hungary and state institutions were similar (93 and 96 per cent, respectively), thus making the Hungarian state an ethnically dominated

\textsuperscript{24} Seton-Watson, \textit{Racial Problems in Hungary}, 148.
\textsuperscript{25} Ibid. 149.
\textsuperscript{26} R. W. Seton-Watson, \textit{A History of the Roumanians} (Cambridge, 1934), 397.
\textsuperscript{27} Oscar Jászi, \textit{The Dissolution of the Habsburg Monarchy} (Chicago, 1929), 320.
\textsuperscript{28} Paul Lendvai, \textit{The Hungarians: A Thousand Years of Victory in Defeat} (London, 1999), 301.
\textsuperscript{30} MKKSH, \textit{A Magyar Szent Korona Országainak 1910. évi népszámlálása}, vol. iv (Budapest, 1913), 713-29.
Magyar institution.  Thus, ethnic identity played an important role in state employment, despite the fact that the Law of Nationalities explicitly declared that the state sector should not discriminate between nationalities. This was a clear sign of ethnic exclusion and the operation of an exploitation mechanism in which Magyar ethnicity and social standing was used to enrich the Magyar elite at the expense of non-Magyars.

Another proof of discrimination was that not a single state school in Szatmár County used Romanian as the language of instruction. Instead, all 65 state schools used Hungarian as the language of instruction in 1910, even in areas with a majority of Romanians, despite the fact that the Law called on authorities to arrange education in the language of the nationalities. This was part of an outspoken aim to Magyarize the ethnic borderlands; the government even formalized the Magyarizing provisions in the infamous elementary school law of 1907 Lex Apponyi, named after Albert Apponyi (1846–1933) Minister of Religion and Education 1906–1910.  

In 1908 Kálmán Széll (1845–1915), Hungary’s Prime Minister 1899–1903, confirmed the ethnic exclusiveness of the state by stating that ‘the Magyars have conquered this country for the Magyars and not for others. The supremacy and the hegemony of the Magyars are fully justified’. Furthermore, he urged that the only political imperative should be ‘the Magyar state-idea’: ‘we must demand that every citizen should acknowledge it and subject himself unconditionally to it’. Hungary was thus a nationalizing state in which the state served the interests of the ethnic Magyars at the expense of the nationalities. A contemporary English observer confirmed this by claiming that ‘there never has been any recognized citizenship in Hungary but Magyar citizenship’ and that ‘this, no doubt, is the excuse for the fact that the nationalities law is broken in almost every detail at the present time’.  

The violation of the Law and the discrimination against the Romanians regarding education and employment in the public sector was a consequence of Magyarizing. Despite the formal provisions in the Law of Nationalities supporting inclusive mechanisms of equality and cultural homogenization, policies of economic Magyarizing were in reality discriminating and provided ethnic Magyars with economic and political favors at the expense of the Romanians. This shows that an elite mechanism supporting investments in Magyar identity was operating.

The economic importance of Magyar identity for state employment was reinforced by a mechanism of income redistribution as public money was used to pay Magyars. The economic promotion of the Hungarian language at

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32 György Bodnár, *Szatmár vármegye népoktatása az 1905-10. években* (Szatmár, 1910), 4-5.
the expense of minority languages through primary education induced a state-involving mechanism strengthening Magyar identity and the Magyar elite at the expense of the nationalities.

2.2 Structural Differences

Historians have pointed to the fact that regional and economic differences overlapped with ethnic differences. I will support this result by showing how ethnic, regional, political and economic factors coincided and how the Magyars dominated over the nationalities in Szatmár County.

Szatmár County was divided into ten local administrative districts (járás) and four municipalities. Five of the districts had a Magyar majority and were situated in the plains in the west, while the other five districts – divided along the linguistic frontier – had a Romanian majority and were situated in the eastern and mountainous part of the county, in proximity to the Carpathians. Magyars dominated all four municipal cities, Nagy-Károly, Szatmár-Németi, Nagy-Bánya and Felső-Bánya. The Magyars were also a majority in eight out of nine local centers of the administrative districts (járás) in 1880, and by 1910 they were a majority in all ten. In the 1905 monograph on Szatmár vármegye (Szatmár County), the local Magyar elite confirmed the Magyar dominance and explained that the politicians of the county represented true ‘Hungarian blood’. This means that they regarded the dominant positions as being not merely in the hands of Magyars, but more precisely in the hands of members of genuine Hungarian descent, i.e. Christian Hungarian.

The only district center in 1880 with a Romanian majority was the district of Nagysomkut. In 1876 the Hungarian authorities had incorporated the city and the surrounding villages into Szatmár County from Szolnok-Doboka County, which was a strategic decision to divide and rule the Romanian minority with a Magyarizing aim. Nagysomkut had a history of Romanian resistance during the 1848 revolution and the authorities believed that they could control it better if it was integrated into a Magyar dominated county.

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35 Brubaker et al., Nationalist Politics and Everyday Ethnicity in a Transylvanian Town, 45-6.
36 In 1880 there were nine districts; the tenth district, Avas, was organized in 1904.
39 István Bársny, ‘Előszó’, in S. Borovszky et al., eds, Szatmár vármegye (Budapest, 1908), xiii.
such as Szatmár. The leaders of the Teleki noble family most probably influenced this decision, as they regarded the district to be their private domain.

Members of the Károlyi noble family were the largest landowners and most powerful in Szatmár County. They possessed 95,000 cadastral yokes of land, which represented about 9 per cent of all land in the county. Under István Károlyi’s influence the administrative center of the county remained in the city of Nagy-Károly (Great Károly), despite the fact that several suggestions were made to transfer it to Szatmár-Németi. One of the arguments was that Szatmár-Németi was twice as large as Nagy-Károly. According to an influential Hungarian politician, Szatmár-Németi was ‘the true commercial and cultural center of the county’.

Nonetheless, the center remained in Nagy-Károly partly because the Károlyi family had its residence in there (see front page), but also because Szatmár-Németi was regarded to be more Jewish according to inhabitants of Nagy-Károly who called Szatmár-Németi ‘little Israel’. The city had indeed a higher share of Jews than Nagy-Károly, and several of the leading Magyar politicians there were of Jewish origin, such as Kelemen Samu, who was an MP. This indicates that ethnic factors played a role in the regional distribution of power.

Oszkár Jászi, a famous Magyar sociologist and politician who was born and raised in Szatmár County, told how his father, a physician and bank manager in Nagy-Károly, took him ‘on shaky peasant wagons to rich Swabian villages and decadent and backward Romanian villages’. Jászi wrote the fundamental work, The Dissolution of the Habsburg Monarchy, in exile in 1929 and dedicated his book to his father by these words: ‘A physician on the Magyar-Romanian border, who convinced me in my early childhood that any public policy not directed by moral principles is only a form of exploitation’.

Jászi described the division of Hungarian society and claimed that
‘the national minorities lived mostly in an almost ghetto-like seclusion, isolated in language, in customs, and very often in religion from the ruling [Magyar] society’. 49

Indeed, there were significant differences between the areas populated by Magyars and Romanians in Szatmár County; one important cultural indicator was that the Romanian villages had a significantly lower level of literacy compared to the Magyar ones. 50 This was visible in the statistics on the regional level, as the Romanian-inhabited districts had lower rates of literacy, ranging from 8 to 22 per cent, compared to the Magyar ones, ranging from 28 to 46 per cent. 51

Jászí explained this difference mainly as a result of the Magyarizing of education, but the Magyar authors of Szatmár vármegye claimed that the difference was cultural and ethnic: the ‘Wallachians [Romanians]…are calm, peaceful, good-hearted, but to tell the truth, they are underdeveloped, non-civilized and do not like to work’. Furthermore, they claimed that ‘it is not even possible to compare them with the level of the Magyars’ strength, courage and capacity for work’. 52

This view was shared by a British contemporary observer, Geoffre Drage, who argued that ‘the Magyar looks down upon the Wallachian [Romanian] with an amused contempt’. 53 Drage claimed that this awareness of ‘racial’ domination was apparent also among peasants: ‘the Magyar peasant never forgets that he is of the dominant race, and treats the peasants of other nationalities with good-humored insolence’. 54

Another sign of structural difference between Magyars and Romanians in the county concerned the possession of land. Land was mainly concentrated in the hands of Magyar magnates, as 1.45 per cent of all owners possessed 53 per cent of all the land. 55 This means that social and ethnic factors overlapped, but also that there were large structural differences within the Magyar category between rich and poor. Hungarian official statistics showed that Magyars owned 77 per cent of all land in the county in 1895, but constituted only 60 per cent of the population earning their living from the agricultural sector. The Romanians constituted 38 per cent of the population earning a living in the agricultural sector yet owned only 21 per cent of all land; Ro-

49 Ibid. 216.
50 Only 7 out 152 villages had a rate under 7 per cent, while 111 out of 130 Romanian villages were under 7 per cent, Szatmár és videke, 24 Nov. 1885, 1-2.
51 Sarmaságh, Szatmár vármegye, 2-25; Szatmár és videke, 17 Nov. 1885, 1.
52 Bársóny, ‘Előszó’, xiii.
53 Drage, Austria-Hungary, 280.
54 Ibid. 284.
manians were thus underrepresented to the same extent that the Magyars were overrepresented.56

Statistical reports indicate that the Romanian share of land increased at the expense of the Magyars after the turn of the century in Szatmár County because of the expansion of Romanian banks. However, this relative improvement, around 1-2 per cent, did not change the structural difference of Magyar dominance regarding land possession in either the county or in the country at large.57

This ethnic and socio-economic overlapping was also visible in agricultural salaries, since these were lower in the Romanian populated areas, ranging from 184 to 200 fillér58 per day, compared with the salaries in the Magyar populated areas, which ranged from 228 to 250 fillérs per day.59 The difference in salaries was also visible on the national level, as non-Magyar industrial workers received on average 20-25 per cent lower wages than Magyar workers. One explanation for this was that the Magyar category included skilled workers, and that there was a higher concentration of these workers in more profitable industries in the center of Hungary.60 Ethnicity was indeed playing an important role in the economy.

The Romanian-populated areas in Szatmár County had important natural resources in the form of mines and forests.61 Nagy-Bánya was the largest city situated on the Romanian side of the linguistic border in Szatmár County and was famous for its large gold and silver mines.62 The mines were an important source of income for the city, and taxes here were the lowest in the county.63 However, even among the miners the ethnic difference was apparent, as there were 1184 Romanian miners by 1910, but not a single Romanian manager. Instead, almost all 65 managers were Magyars, apart from a few Germans.64

57 Gusztáv Beksics, A román kérdés és fajok harcza: Európaban és Magyarországon (Budapest, 1895), 184.
58 100 fillér = 1 Austro-Hungarian corona.
60 Iván Berend and György Ránki, The Development of the Manufacturing Industry in Hungary (1900–1914) (Budapest, 1960), 39
61 Lajos Ferentzy, Szatmár vármegye erdőgazdaságának leírása (Debreczen, 1911), 13-31.
63 In 1900 Szatmár-Németi levied a surtax of 88 per cent and Nagy-Károly levied a surtax 71 percent, while Nagy-Bánya had none. See Sándor Gálanthai Nagy, Magyar Compass 1900/1901, vol. ii (Budapest, 1901), 79, 89.
There was also a Magyar dominance in public administration. In 1895 the local Magyar elite of the city of Nagy-Bánya proudly wrote that there was ‘no place in Hungary where the Magyars dominate the administration as in Nagy-Bánya’. The authors acknowledged the ‘racial’ dominance of the Hungarians, but warned against the ‘cultural and economic development’ of the Romanians. They called the city a ‘Magyar bastion’ because it was regarded as a Magyar stronghold on the inner ethnic front. However, in 1906 the Romanian elite ‘attacked’ it by establishing a Romanian bank (Aurora) and thereby succeeded in Romanianizing part of the local banking sector.

Another sign of regional and ethnic differences was that the Magyar dominated cities and companies exploited the natural resources from the Romanian populated areas. The development of the railways also emerged from the western part, dominated by Magyars, and the earliest connections running through Nagy-Károly and Szatmár-Németi were built in 1871. The expansion of the railway system to the east, to Romanian dominated areas, was motivated by the need to transport natural resources and grain.

The city of Szatmár-Németi, for example, possessed extensive forestland in the Romanian populated area of Avas. Beginning in 1896 the city’s largest company exploited this forestland. In general, Romanians were employed as workers, while owners and managers were almost exclusively Magyars. The only exception was in the financial sector were a few Romanian banks were established.

These indicators of structural differences in Szatmár County support the conclusions by other researchers that ethno-regional and socio-economic differences overlapped. Indicators of ethnic inequality regarding land possession, salaries, employment and political power reveal that a mechanism of categorical exploitation operated within an ethnic and regional division of labor. The Magyar elite explained their dominance in racial terms, but evidence supports Jászi’s observation and my contention that the ethnic and social inequality was a consequence of Magyarizing. The mechanism of categorical exploitation favored the Magyars at the expense of the non-Magyars, most notably the Romanians, and the ethnic borderland was a colony for the ruling nation of Magyars, as the case of Szatmár clearly shows.

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65 Palmer, ed., Nagybánya és környéke, 111.
66 Ibid. i-iii.
67 ‘A vármegye és a bányavárosok’, Szatmárvármegye, 1 Sept. 1906.
69 Ferentzy, Szatmár vármegye erdőgazdaságánk leírása, 33.
2.3 The census of 1880

In the census of 1880, the Hungarian authorities re-defined ethnic categories compared with the previous census of 1869. A religiously defined nationality was replaced with an ethno-linguistic definition, in which declared mother tongue defined nationality.\(^{71}\) This change was a reflection of conscious way of defining ethnicity to serve the political interests of the leading Magyars; it was not merely a way of counting individuals but also a deliberate instrument to increase the assimilation of Magyars.

Progressive and assimilating Jews voluntarily declared themselves as Magyars. Orthodox Jews, on the other hand, were compelled to declare themselves either as Magyars or Germans. Hungarian authorities did not regard Yiddish, which was the spoken language among many Jews of Szatmár, as a separate language, but viewed it as a kind of ‘kitchen’ or ‘bad’ German.\(^{72}\) This categorization served the purpose to force Jews to assimilate as Magyars and was clear sign on how ethnicity was politically defined and instrumentalized.

The result of the census was that Magyars represented 59 per cent and Romanians 34 per cent of the population in the county.\(^{73}\) The census also recorded denominational belonging among which Judaism was 7 per cent. Even if the religious criterion did not define nationality, it nevertheless played a certain role in society, as the ideal Magyar was Christian. The re-definition of nationality based on the ethno-linguistic criterion resulted in a significant increase of Magyars and similar reduction of Jewish and Romanian categories compared to the previous census of 1869.\(^{74}\)

A Romanian newspaper complained in 1885 that the new ethno-linguistic definition was a ‘falsification’ of reality as it reduced the number of Romanians with 26,593 in the county, providing a Romanian share of 34 instead of 43 per cent.\(^{75}\) One reason was that those who declared Hungarian as their mother tongue but belonged to the Romanian Greek Catholic Church were categorized by the census as Magyars. The Romanian elite, on the other hand, regarded them as Romanians, because of their presumed Romanian origin.

\(^{71}\) ‘Nemzeti nyelvünk érdekében’, Szatmár, 31 Mar. 1883, 1-2.
\(^{72}\) Tomasz Kamusella, \textit{The Politics of Language and Nationalism in Modern Central Europe} (New York, 2009), 313.
\(^{73}\) Sarmaságh, \textit{Szatmár vármegye}, 24-5.
\(^{74}\) For the city of Szatmárnémeti, between 1867 and 1880, the Romanian share was reduced from 18 per cent to 3 per cent, and the Jewish from 7 per cent to zero. Ferenc Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’ (Budapest, 1953), 198.
The local Magyar newspaper framed the publication of the census in 1882 as a report from the ‘continuous racial struggle’ of ‘Magyarizing’. The result of the census showed that only 123 village districts had a Magyar majority while 167 village districts was either mixed or had a majority Romanian-speaking population. The region of Nagysomkut was deemed especially precarious as 39 out of 41 districts were exclusively Romanian-speaking districts, and ‘two nests of the Daco-Romanians’ had been found there during the census, according to the newspaper.

Still, the struggle would continue until the whole countryside was ‘Magyarized’. One Magyar intellectual urged the state to increase its involvement in the society, as ‘Hungary will only be Magyar if the state paid the price for a complete Magyarizing’. Another Magyar intellectual from Szatmár-Németi launched a movement of economic Magyarizing of the commercial and industrial fields and encouraged all Magyars to take on this ‘patriotic duty’, urging everyone to use only Hungarian language in business. This was mainly directed against Jews who were using German and Yiddish languages.

The conclusion is that the census was not merely measuring and monitoring Magyarizing, but was also used as an important instrument to force individuals into predefined categories with the aim to Magyarize as many as possible. This is, admittedly, a re-interpretation of the national census, which most researchers use as source merely to report the ethnic composition.

The result and the context of the census gave incentives for a continued Magyarizing with the help of the state. This induced a state-involvement mechanism that enabled Hungarian authorities to monitor large shares of non-Magyars during and after the census taking, which further inspired the Magyar leaders to invent instruments and methods to Magyarize.

77 Szamos, 3 Dec. 1882, 1-2.
78 'A magyarosodás utján’ Szatmár, 30 Jan. 1882, 1.
81 Despite their constructive approach, even Brubaker and his co-authors merely report the figures in Nationalist Politics and Everyday Ethnicity in a Transylvanian Town. For a similar approach on census, see David I. Kertzer and Dominique Arel, Census and Identity: The Politics of Race, Ethnicity and Language in National Censuses (Cambridge, 2002). Kertzer and Arel erroneously claim in their introduction that ‘Austria and Hungary...were only interested in ascertaining citizenship’, p. 11.
2.4 Strategies for Magyarizing

During the reign of Prime Minister Kálmán Tisza (1875–1890) Magyarizing became one of the main political aims. Gusztáv Beksics, who published a book on Magyarization in 1883, was an adviser of Tisza and influenced his policies. Beksics argued for using voluntarily Magyarizing (magyarosodás) and claimed that the forced form of Magyarizing (magyarositás) was detrimental. He advised the Magyar authorities to concentrate their efforts on Magyarizing the ethnically mixed areas and the cities where Magyars were in daily contact with the nationalities, such as at the linguistic frontier in Szatmár County. He suggested that the state should Magyarize public administration and education. The Hungarian authorities followed his advice, as evidenced by the case of Szatmár, whose local administration was almost totally Magyarized by 1910. In addition, leading statesmen such as Dezső Bánffy (1843–1911, Prime Minister 1895–1899) argued that the public sector was an important instrument for Magyarizing the other nationalities. Magyarization through economic rewards was connected to upward social mobility.

Beksics also regarded industry and commerce as crucial areas in which the Jews could be helpful in serving the purpose of the ‘national aim’. He regarded the role of the Jews as instrumental not only in Magyarizing commerce and industry but also in solving the question of the nationalities. Jews played a significant role in commerce and were quickly Magyarizing, according to Beksics. If Jews and the economic sectors were Magyarized, this would compel the nationalities to follow automatically. In reality this meant that the nationalities, including Romanians, should be excluded and marginalized in economic terms until they were willing to Magyarize. Beksics suggested the implementation of economic incentives to encourage the nationalities to assimilate, i.e. to employ an economic mechanism of assimilation. The social and economic situation of the nationalities was more vulnerable compared to the ruling Magyars, and Beksics aimed at using the non-Magyars subordinated economic situation for national purposes.

János Márk, the Romanian Greek-Catholic dean from Szatmár County, agreed that Magyarizing was the most influential political trend of his time. However, he viewed Jewish progress as a threat to Hungarian-Romanian

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82 Gusztáv Beksics, Magyarosodás és magyarositás (Budapest, 1883); János Márk, A magyar és román (Szatmár, 1881), 64.
83 Beksics, Magyarosodás és magyarositás, 3.
84 Ibid. 8, 19, 27, 47
85 Ibid. 54-5.
86 Dezső Bánffy, Magyar nemzetiségi politika (Budapest, 1903), 140-8.
87 Beksics, Magyarosodás és magyarositás, 57.
88 Ibid. 56-61.
89 His Magyarized name.
relations. He claimed that the Jews, who were taking over politically and economically, had ruined the Magyars.\textsuperscript{90} He argued that Magyarizing in reality was promoting the economic interest of the Jews and claimed that ‘In 30 years the Jews will be the masters in the counties and they will govern Magyars and us Romanians’.\textsuperscript{91}

Márk contended that Magyarizing within education, like the compulsory teaching of the Hungarian language, imposed in 1879, and the Magyarizing of names, including his own name, compelled everybody to declare themselves as either ‘Magyar or German’.\textsuperscript{92} He also brought up the Romanian question, and complained about exclusion of the Romanians in the Hungarian parliament and how the Hungarian authorities organized elections against the Romanians.\textsuperscript{93} This means that Márk criticized the Hungarian state for being ethnocratic and excluding non-Magyars, which the official Hungarian statistics showed.

Márk stressed his national ties with the external homeland, the newly established Romanian Kingdom, when he wrote that ‘We Romanians are 12.5 million’.\textsuperscript{94} In addition, he found it insulting that the Magyar intellectual Pál Hunfalvy claimed that ‘the Romanians moved here in the twelfth and thirteenth centuries…like the Gypsies’.\textsuperscript{95} Márk hereby implicitly claimed that the Romanians had arrived before Magyars and that they were the autochthonous population and absolutely not on the same level as the ‘Gypsies’, which were regarded as the lowest of the low.

Jászí similarly observed that Magyars used the pejorative expression ‘Wallachian’ instead of Romanian ‘in order to repudiate the Romanian hypothesis of the Roman origin of the Romanian people’. Jászí claimed that ‘this derogatory denomination caused more hatred and suspicion among the two nations than many administrative or cultural grievances’.\textsuperscript{96} Indeed, the Magyars in Szatmár County used the expression of ‘Wallachians’ instead of ‘Romanians’ regularly, which reduced the trust in Hungarian authorities and Magyar leaders.\textsuperscript{97} The Romanians on the other hand wanted to stress their ties with the Romans and preferred to be called Romanians.

Márk complained that the good sons of the homeland were called Magyars and the rest were called ‘foreigners’. He asked rhetorically, ‘Are you expecting us to deny our [Romanian] origin and to declare ourselves all as Magyars?’ Instead, he claimed that ‘everyone should be accepted as they were born and thereby they will automatically be loyal to their homeland.’

\textsuperscript{90} Márk, \textit{A magyar és román}, 21, 27.
\textsuperscript{91} Ibid. 31.
\textsuperscript{92} Ibid. 44-5.
\textsuperscript{93} Ibid. 37-8.
\textsuperscript{94} Ibid. 44.
\textsuperscript{95} Ibid. 42.
\textsuperscript{96} Jászí, \textit{The Dissolution of the Habsburg Monarchy}, 300.
\textsuperscript{97} Bársány, ‘Elősző’, xiii.
Furthermore, he argued that ‘the way they showed this loyalty and patriotism was of nobody’s businesses or interest, apart from their own’.  

Márk argued that he was a Magyar patriot and supporter of the Magyar state by stressing his civic Magyar identity. He argued the importance of keeping together and working for mutual civic interests. However, he was skeptical of the policy of Magyarizing and requested that both ‘races’ should understand and respect each other; otherwise they might regret this later and think ‘now it is too late’.

We can conclude that Beksics suggested that Jews should be instrumental in economic Magyarizing through their inclusion into a re-defined Magyar category. The motivation for this was the Jewish willingness to Magyarize and their perceived high economic capacity. In addition, Hungarian authorities should force the nationalities to Magyarize by using economic pressure. The Magyar elite, like Beksics, regarded this indirect form of Magyarization as a voluntary form of Magyarizing, while members of the Romanian elite, like Márk, perceived this as a forced form of Magyarizing and detrimental to Magyar-Romanian relations.

The Romanian elite, including Márk, claimed that they wanted to remain Romanians and loyal to the Hungarian state. However, Magyar leaders, like Beksics, denied them this opportunity, as they regarded Romanian national identity by definition incompatible with Magyar patriotism. The exclusion of the Romanians from the Magyar ethnic, political and economic nation deteriorated Hungarian-Romanian relations and induced a mechanism of low trust among the members of the Romanian elite towards the Magyar society and state. It was obvious that the ethnic orientation of the term ‘Magyar’ excluded the self-inclusion of Romanians in any civic definition of ‘the Magyars’. While Romanian leaders wanted to be included and, to a certain extent, were prepared to assimilate, Magyar leaders demanded a deeper form of assimilation, using a strategy of ethnic and economic exclusion.

2.5 The Jewish Question

Both Beksics and Márk had regarded the role of the Jews as crucial in economic Magyarizing. While Beksics regarded Jews as instrumental in economic Magyarizing, Márk viewed them as a threat to Hungarian-Romanian relations. The Jews represented a minor part of the population in numbers, but their role in certain economic sectors was significant, especially in trade. Jews were thus instrumental for the Magyars in nationalizing the economy.

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98 Márk, A magyar és román, 45-6.
100 Márk, A magyar és román, 51, 58-9.
Jews were emancipated in 1867, but by 1873 they had already become scapegoats for economic crises. In 1883 an anti-Semitic party under the leadership of Győző Istócy was founded. The party demanded the elimination of Jewish political, economic and social power; defined Magyar identity in racial terms: and accepted only Magyars of the Hungarian race. Support for the party increased because of anti-Semitic agitation in connection to the ritual blood libel in Tiszaeszlár in 1882–1883, where some Jews were accused of killing a young Hungarian girl in neighboring Szabolcs County. The trial was widely discussed in Szatmár County and a debate on the Jewish question followed.

One stance in the debate in 1882 in Szatmár centered on an ethnicist and more exclusivist Hungarian point of view that stressed Jewish difference and denied assimilation as a solution. One intellectual argued that Jews were increasingly buying land, claiming ‘here lies the danger for Hungarian society’ because ‘they will not have the same patriotic feelings’ as ethnic Hungarians. The same author claimed that 25 per cent of the highest taxpayers (virilists) were Jews and that ‘all commerce’ was in Jewish hands, as ‘shopping without Jews does not make much sense’.

In response to the charge that Jews were buying land from ethnic Hungarians, one Jew replied that other nationalities posed a much greater problem than the Jews, as the ‘Wallachians [Romanians] are dreaming about a Daco-Romania’ (see map 4). He remarked moreover that ‘this is not just a different society, but represents the aspirations of a country to the east’ (i.e. the Kingdom of Romania). He thus implied that even if Jews constituted a separate community, they were at least not irredentist, like the Romanians, who aimed at the dissolution of Austria-Hungary. Furthermore, he advised that the Hungarian authorities and society should apply forced Magyarizing against the Romanians and not against Jews, who were voluntarily Magyarizing. This meant that Romanian leaders, like Márk described above, and Jewish leaders accused other ethnic categories of being a threat to the country, despite the fact both these categories were mainly threatened by the Hungarians.

A second stance in the debate was centered on an inclusivist Magyar point of view, which argued that the authorities and society should and could solve the Jewish question through assimilation. One Magyar urged Jews to Magyarize, because ‘Jews here, with a few exceptions, are not Magyars’. The author also demanded a boycott of Jewish shops until they had

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101 Drage, Austria-Hungary, 587.
103 Ibid. 353-4.
104 Ibid. 349, 355; Drage, Austria-Hungary, 589.
Magyarized their ‘names, language and emotions’ and ‘embraced the Magyar nation’, thereby becoming true patriots. He suggested that assimilation should be encouraged by introducing civil marriage.\(^{108}\) Another Magyar advised Magyars to learn from the Jews, because ‘if Jews are only interested in getting richer for themselves, we should do the same’ by ‘establishing cooperatives in every village and city with a compulsory share of Magyar trade’.\(^{109}\) Furthermore, he argued that the Magyars offered Jews a homeland in exchange for their willingness to Magyarize.\(^{110}\)

One Jew was critical of assimilation of Jews in the economic field because he believed that it would only increase anti-Semitism.\(^{111}\) Magyarizing should be resisted because ‘the ruling nation [Magyars] will distance itself from the whole Jewish race’. The introduction of civil marriage would not make any difference because ‘The reformed Jew will make “gseft [business]” out of it’.\(^{112}\) This critical stance was represented by Orthodox Jews, who were afraid that the image of Jews would be associated with greed, and that this would in turn fuel anti-Semitism.

However, most Jews, especially progressive ones, were willing to assimilate, and as a sign of this they Magyarized their names.\(^{113}\) One example of this trend was Oszkár Jászi’s father, Dr Ferenc Jakubovits, who requested in 1881 to change his name to Jászy. However, the vice prefect changed the spelling to ‘i’, because the letter ‘y’ was reserved for certain historic and noble Hungarian names, which showed that they were only accepted as Magyars within certain limits. Jászi’s father not only changed his name but also converted to Calvinism, as did many other Jews.\(^{114}\)

Some Jews however did receive noble titles. Salómon Mayer, one of the largest Jewish landowners in Szatmár, whose family was also among the 346 Jewish families in Hungary that converted to Christianity during this period, received in 1876 a noble title of ‘Csengeri’ (from Csenger, in Szatmár County).\(^{115}\) He became one of the leaders among the more progressive and Magyarizing Jews in Szatmár-Németi and belonged to one of the richest landowning families in the county.\(^{116}\)

\(^{113}\) Szatmár, 22 Jan. 1881, 2; Szamos, 9 July 1882, 1; 16 July 1882, 2.
\(^{115}\) MOL K 27 (1876 9 June) 4R/26; Paul Lendvai, The Hungarians: A Thousand Years of Victory in Defeat (London, 1999), 339.
\(^{116}\) Szamos, 23 Aug., 1900.
Magyarizing their names was relatively high, but after the fee became considerably lower in 1881 the large-scale Magyarizing of Jewish names began.\textsuperscript{117}

Anti-Semitic agitation peaked in 1885 and then declined gradually as the anti-Semitic party split in 1887 into two factions, one radical and one moderate. By 1895, political anti-Semitism had practically vanished for the time being. In this year, Judaism became an official and legally recognized religion, and the Hungarian government introduced civil marriage and legalized marriages between Jews and gentiles.\textsuperscript{118} The provisions of the law that officially recognized the Jewish religion in 1895 made Jewish congregations eligible for state economic support provided the rabbi was a Hungarian citizen.\textsuperscript{119} This revealed a kind of assimilation contract in which the Jews were given recognition in exchange for their assimilation and support of the Magyarizing policy.\textsuperscript{120}

From 1882 the Jewish synagogue service in Szatmár-Németi was held in Hungarian every second Saturday in order to satisfy the requests of more progressive Jews.\textsuperscript{121} However, in 1898 the two factions of progressive and the Orthodox Jews split into two congregations. One reason was that the newly elected rabbi did not speak Hungarian well enough, according to the progressive Jews. Another reason was that the newly elected president, who was a bank director, did not satisfy the Orthodox Jews’ demands of religious purity.\textsuperscript{122} The solution was that Mayer and other progressive Jews founded in 1898 their own congregation, the so-called ‘Status quo ante congregation’.\textsuperscript{123} Actually, this Jewish split had already been institutionalized in most parts of Hungary by the end of the 1860s, but the Jews of Szatmár-Németi had resisted this division. However, it seems the pressure of Magyarizing in the mid-1890s had become the decisive factor in splitting Jewish unity in the city.

The Hungarian authorities in Szatmár-Németi rewarded the members of the ‘Status quo ante congregation’ for their readiness to Magyarize and for their use of the Hungarian language in the synagogue service by giving the congregation financial supports on the same level as other officially recognized churches. The city administration offered the same support to Ortho-
dox congregation in 1905, but the Orthodox rabbi declared that they would continue with services in Hebrew.\textsuperscript{124} Still, the rabbi confirmed that the members of Orthodox congregation were willing to Magyarize in other parts of life.\textsuperscript{125} The Magyarizing among Jews, even Orthodox Jews, proved successful, as 91 per cent of all Jews declared themselves as Magyars by 1910.\textsuperscript{126}

To sum up, the initial phase of economic anti-Semitic campaigns and boycotts were replaced with increased assimilation in which Hungarians and Jews intermingled as Magyars. In this process, Magyar politicians were less liable to question Hungarian-Jewish economic institutions and undertakings as unpatriotic, or to label them as ‘foreign’. Moreover, Jews themselves became instrumental in economic Magyarizing, as Beksics and others had suggested.

The conclusion is that the anti-Semitic movement was sparked by economic crises and ethnic prejudices, but lost its importance when Jews became instrumental in economic Magyarizing. Jews assimilated as Magyars because they received recognition and economic opportunities in return. However, even though Jews and Hungarians intermingled as Magyars, religious differences remained an ethnic marker throughout the period.\textsuperscript{127} Jews specialized in certain liberal professions and trade, which indicate that an intermediary mechanism was in operation. This institutionalized a stereotypical image of Jewish identity that would persist within Hungarian society.

2.6 The ‘Gypsy’ Question

The second ethnically and ‘racially’ orientated question in Hungarian society concerned the Roma, or ‘Gypsies’ as they were called. Some believe that the Hungarian ethnonym of ‘cigány’ for gypsy derives from Kurdish for ‘blacksmiths’ or else a Byzantine Greek word for a heretic sect, and by extension it became a synonym of ‘heretic’, ‘foreigner’ or ‘stranger’.\textsuperscript{128} In any case, and as in many other societies, the Hungarians had always treated them as unwanted foreigners. Even if a majority of Roma in Szatmár County spoke Hungarian and a majority of them were Christian, they were not integrated and recognized, but instead marginalized.

Hungarian authorities conducted a special ‘Gypsy census’ in 1893, and reported that 2.4 per cent of the population in Szatmár County were ‘Gypsies’, of whom 97 per cent knew Hungarian, 34 per cent knew Romani, and

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  \item \textsuperscript{124} ‘Az izrealita egyházak segélye’, \textit{Szatmár}, 21 Oct. 1905, 1.
  \item \textsuperscript{125} Csirák, ed., \textit{Szatmári zsidó emlékek}, 189.
  \item \textsuperscript{126} MKKSH, \textit{A Magyar Szent Korona Orságainak 1910. évi népszámlálása}, vol. v (Budapest, 1916), 470-1.
  \item \textsuperscript{127} Drage, \textit{Austria-Hungary}, 590.
  \item \textsuperscript{128} Kamusella, \textit{The Politics of Language and Nationalism}, 329.
\end{itemize}
15 per cent declared Romanian as their mother tongue.\textsuperscript{129} This means that the Roma were more Magyarized in Szatmár County than in Hungary in general.\textsuperscript{130}

One indicator of the social exclusion of Roma was that only one third of their children attended school.\textsuperscript{131} Still, the Roman Catholic bishop of Szatmár János Hám established one of the first schools for ‘Gypsies’ in 1857 in the city of Szatmár-Németi. The city had one of the highest shares of the ‘Gypsy’ population in the country, even though they constituted only 2.3 per cent of the city’s population.\textsuperscript{132}

One sign of the suspicion among Hungarian authorities was that the Hungarian police closely supervised ‘gypsies’, and in the city of Szatmár-Németi the ‘Gypsy’ neighborhood was called ‘Gyehenna’ (Gehenna, being a biblical term for Hell).\textsuperscript{133} This pejorative name clearly indicates the Hungarian view on the Roma and their status in the city. Still, half the Roma in Szatmár County worked in industry (42 per cent) or were musicians (7 per cent).\textsuperscript{134} In the city of Szatmár-Németi most Roma industrial workers were employed in brick factories (an estimated 263 Roma worked in these factories), and carried out heavy physical work.\textsuperscript{135} In other parts of the county and in Hungary in general, Roma were mainly employed as agricultural workers.\textsuperscript{136}

However, Hungarian national leaders consistently looked down at the Roma. In a speech in 1907 Count István Bethlen appealed to landowners not to hire day laborers from among the Romanian and ‘Gypsy’ populations.\textsuperscript{137} Romanians, for their part, regarded it as insult to be placed on the same level as the ‘Gypsies’, even if they were also excluded from dominant nation. A member of the Károlyi family, who had their residency in Szatmár County, said that ‘Just as we keep the gypsies so that to play for us, we keep Jews to work instead of us’. This clearly expressed a patronizing tone of exploitation.\textsuperscript{138}

\textsuperscript{129} MKKSH, A Magyarországban 1893 január 31-én végrehajtott czigányösszeírás eredményei (Budapest, 1895), 13, 50-1.
\textsuperscript{131} Szász, ed., History of Transylvania, vol. iii, 595-6.
\textsuperscript{132} MKKSH, A Magyarországban 1893 január 31-én végrehajtott czigányösszeírás eredményei, 13; Achim, The Roma in Romanian History, 157.
\textsuperscript{133} Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 196.
\textsuperscript{134} MKKSH, A Magyarországban 1893 január 31-én végrehajtott czigányösszeírás eredményei, 61, 76, 79.
\textsuperscript{135} Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 201.
\textsuperscript{136} Achim, The Roma in Romanian History, 136.
\textsuperscript{138} Cartledge, The Will to Survive, 272
The ‘Gypsy question’ in Szatmár County and Hungary show how ethnic exclusion and socio-economic exclusion overlapped. The Hungarian racial prejudices against and low economic standards of the Roma were mutually reinforcing, in much the same as Gunnar Myrdal had described the relationship between whites and blacks in the American context. The Roma were marginalized because of their low socio-economic standards and despite linguistic and religious accommodation they could never become true Magyars. This also meant that the lack of trust of ‘Gypsies’ further excluded them from Hungarian society and the economy. Szatmár County, and for that matter all of Hungary, was not an exception in Europe at this time, as the exclusion of Roma was widespread.

2.7 The Romanian Question

Romanians resisted Magyarizing more than Jews, who showed a higher willingness to Magyarize. While Jews were participating in the Magyar political life on an individual level, the Romanian elite demanded collective political rights and autonomy, especially in the predominately Romanian-speaking areas, such as the eastern parts of Szatmár County and other parts of Transylvania.

The Romanian leaders formed the Romanian National Party (RNP) and in 1881. In their party program, which followed the traditions from 1791, 1848 and 1872, they demanded that Transylvania should regain its political autonomy and that Romanians should be accepted as a political nation. They requested a revision and ‘genuine and loyal execution’ of the Law of Nationalities regarding use of the Romanian language. In addition, they demanded that Hungarian authorities employ Romanians in the public sector in predominately Romanian-speaking areas in accordance with the Law. Finally, they requested autonomy for schools and churches and the implementation of universal suffrage with a secret ballot.

Members of the party were landowners, lawyers, priests and teachers from the Romanian middle and upper classes. They used the party primarily for protecting their own interests, even if they claimed to represent ‘the Romanian nation in Hungary’. The leaders did not trust the Hungarian state, including those few Romanians employed in the public sector.

In 1861 the Romanians of Hungary established their own cultural association (Astra) to promote Romanian culture. In 1881 the Kingdom of Roma-

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139 1791 Supplex Libellus Valachorum, the proclamation of Blaj 1848 and the memorandum of 1872, G. Kemény, ed., *Iratok a nemzetiségi kérdés történetéhez magyarországon a dualizmus korában*, vol. i, 1867–1892 (Budapest, 1952) 300-4.
140 Seton-Watson, *Racial Problems in Hungary*, 470-1
nia became an independent state. That same year the Carpathian Society was established to promote the cultural unity of Romanians from all countries. Ethnic Romanians lived not only in the Hungarian part of Austria-Hungary but also in the Austrian part, in the province of Bucovina, as well as in other countries neighboring the Kingdom of Romania. Astra and the Romanian churches (Orthodox and Greek Catholic) in Hungary received financial support from Romania. One of the Romanian national leaders, Ioan Slavici, who completed his secondary-school examinations in Szatmár-Németi in 1868, wrote in the Romanian newspaper, Tribuna, that ‘For the Romanians the sun rises in Bucharest’. These transborder ties with the external homeland created suspicions among the Magyar leaders and induced a mechanism of low trust for the Romanians in general.

The Romanian Orthodox Church and the Greek Catholic Church (attended mainly by Romanians) in Hungary received religious autonomy in the 1860s by the Hungarian state. These churches organized their own elementary schools using the Romanian language. However, in 1879 the Hungarian government imposed a law making the Hungarian language a compulsory subject in all elementary schools as part of the aim to Magyarize the non-Magyars. The Romanians protested against this, with the Romanian deputy in the Hungarian parliament claimed that the law was an instrument to ‘Magyarize the non-Magyar races at all costs with iron and fire’.

The Romanian language was taught in the secondary schools as an optional subject four hours per week in Szatmár-Németi and Nagy-Bánya. The Romanian leaders in Szatmár planned to establish a Romanian high school in Nagysomkút and Szinyérváralja in the 1860s, but the Hungarian authorities denied this. They regarded the Romanian churches and schools as dangerous to Magyars because they believed that these institutions were placing the Magyar minority living in Romanian-populated areas at risk of being Romanianized. The Hungarian authorities’ solution was to establish Magyar states schools in order to Magyarize the Romanians and to avoid the Romanianization of Hungarians. One Magyar newspaper reported that some Romanians protested against this; the newspaper labelled them as ‘irredentists’ merely for doing so.

During the 1880s several Romanian leaders supported a rapprochement between Hungarians and Romanians. During the RNP conference in 1881 Vincențiu Babeș called for solidarity between the two peoples and said that

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143 Seton-Watson, Racial Problems in Hungary, 217.
146 Szatmár és vidéke, 30 Dec. 1884, 1-2.
'As brothers …what progress, what happiness we could achieve for all the nationalities'. Dániel Irányi (born Halbschuh, 1822–1892), a Magyar politician and member of the opposition in the Hungarian parliament, supported this view. Irányi claimed in a debate on the Romanian question that ‘You are afraid of the Romanians because you believe that they crave a Daco-Romania’, but ‘I fear that the [Romanian] dislike of the Hungarian nation…will not go away merely as result of a fairer treatment. I am, however, convinced that a continuation of the policy of unfair treatment would only aggravate this dislike’. Irányi therefore supported the idea that it was necessary to create inclusive institutions to improve the situation for everyone.

Still, Magyarizing continued in Szatmár County through the establishment of Hungarian churches. Some Magyar intellectuals launched a campaign in 1884 to build a Roman Catholic Church in Nagysomkut, which had a Romanian majority. The motivation was because Hungarians had to attend a service in Greek Catholic Church with preaching in Romanian and were therefore at risk of being Romanianized. The argument was that the Hungarian church would function as ‘a lighthouse in the Romanian sea’. The protest by ‘ultra Romanian prophets’ was a sign of their ‘hatred of Hungarians’, as ‘the priests had put Daco-Romanism into their followers’ hearts’.

Vasile Lucaciu was one of the leading Romanian intellectuals in the Romanian movement in Szatmár as well as in Hungary. He was employed as a Romanian-language teacher at a Catholic Hungarian high school in Szatmár-Németi, but in 1885 he lost his position because Hungarian authorities charged him with spreading Daco-Romanian maps and irredentism among his students (see map 4). After this, he became a Greek-Catholic priest in Lacfalú (Şişeşti). There he arranged the building of a church in 1890 with the inscription ‘For the union of all Romans’, which referred to the irredentist idea of re-establishing Dacia. The Hungarian authorities obviously regarded this as a political provocation because this would imply the disintegration of Hungary.

Lucaciu founded the Romanian religious journal Revista Catolică in 1885 using the Romanian place name ‘Satu Mare’ instead of the Hungarian ‘Szatmár-Németi’. This was aimed as political statement and served to support the theory that the Romanians had arrived before the Magyars. A Magyar intellectual claimed that the Romanians ‘have started to call themselves Romanians instead of “Wallachians” and argue that the name of Satu Mare

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149 Szatmár és vidéke, 2 Sept. 1884, 1-2; Szatmár és vidéke, 23 June 1885, 1-2; Szatmár, 5 Sept. 1885, 1.
150 Ioan Cornea and Vasile Moiș, Părintele dr. Vasile Lucaciu: un apostol al Unirii Neamului Românesc (Satu Mare, 1999), 32-4.
[great village in Romanian]’ proved that the city was a Roman settlement and that they ‘are the autochthonous population’ of the region, but this is ‘of course, all a myth’. Furthermore, he wrote that ‘we know that in the city of Szatmár the Greek Catholics [having a presumed Romanian origin] live together with the Magyars and not with the Romanians and therefore the Romanian elite should not be allowed to make a couple of “Satumare” out of them’, i.e. to Romanianize them. The author thereby claimed that the city of Szatmár-Németi was Magyarized as even Greek-Catholic followers with Romanian origin had become Magyars.

Lucaciu asked in a meeting in 1887: ‘Don’t you see how oppressed we Romanians are by the Magyars’? He proclaimed moreover that there ‘is no reason to turn to [the Hungarian government] with our complaints, because we are only “stinking Wallachians” [bűdös oláhok]’. This pejorative expression referred to the Hungarian image of Romanians as shepherds coming from the Balkans, but it also implicitly denounced the claim that the Romanian descended from Roman period and civilization. The result of Lucaciu’s provocation was that the Hungarian authorities arrested Lucaciu and sentenced him to 35 days in prison for ‘agitation against the Hungarian state’. The Hungarian authorities and Magyar press regarded all protests and agitation from Lucaciu, no matter if they concerned the violation of the Law of Nationalities, as irredentism and they labeled him a ‘Daco-Romanian agitator’.

The conclusion is that the attempts to Magyarize the Romanians created a chain-reaction mechanism among the Romanians with increased ethnic consciousness and resistance to the Hungarian state, especially among certain members of the Romanian elite. The development of the Romanian question in the 1880s alongside the increasing ethno-national ties of Hungary’s Romanians to the Kingdom of Romania induced a transborder mechanism, which reinforced mutual low trust between the ethnic Hungarian and Romanian elites, as leading members of the Magyar elite regarded Romanians as inherently irredentist and unpatriotic.

The Hungarian state became a tool for the Magyar elite to retaliate against the Romanian political betrayal, i.e. the perceived irredentism and complaints of discrimination, even if the Hungarian authorities were responsible for the economic and political marginalization of the Romanians in the first place. This induced not only a mechanism of state-involvement to support the Magyars against Romanian irredentism but also a mechanism of inter-ethnic competition, as members of the Magyar elite regarded this as a zero-

151 ‘Satu-mare (Nagy falu)’, Szatmár, 22 Oct. 1885, 1.
152 Szatmármegeyi Közlöny, 18 Oct. 1885, 2.
154 Corneanu and Moiş, Părintele dr. Vasile Lucaciu, 47.
155 Szamos, 25 July 1886; Szamos, 6 Aug. 1886.
sum game of either ‘us’ (Magyarizing) or ‘them’ (Romanianizing). In other words, it was more important that forced Magyarizing was made at the expense of Romanians rather than a large scale voluntary Magyarizing that allowed for a minor degree of Romanianizing.

2.8 Magyarizing Institutionalized: The Széchenyi Society

During the 1880s the elite in Hungary launched a campaign to establish cultural and educational societies as in other parts of Europe.156 As a response to the establishment of the Romanian cultural associations, the Magyar elite also established cultural and educational societies with Magyarizing ambitions inside the ethnic borderland. The Magyar elite regarded the Carpathian Society, established by Romanians in 1881, with much suspicion, viewing it as an irredentist political institution disseminating Daco-Romanism among the Romanians. The establishment of societies should therefore be regarded as sign of wave of increased nationalizing and additional instrument of the state to reach the citizens living in the ethnic borderland.

The Magyar elite had been discussing the need for a cultural society in Szatmár County since the beginning of 1880.157 One motivation to establish the society was the census of 1880, which revealed that out of the 307 villages in the county only 152, less than half, had a Magyar majority. Another issue was the underground work of Romanians against the Magyars, even in the ‘pure Hungarian blooded city of Szatmár-Németi’, where a ‘secret society’ worked against the Magyarizing of the Romanian Greek Catholic Church. Members of the society taught, like Vasile Lucaciu, about the Daco-Romanian borders and clandestinely brought in books and maps from the Romanian kingdom. These maps showed how the County of Szatmár would be part of Modern Dacia and included ‘Romanian Territories’ (see map 4).

The result of this ‘secret society’ and its underground work was that the former Hungarian-speaking areas were Romanianized and anti-patriotic actions were implemented. These claims were the background and rationale for establishing a Magyarizing society, according to the society’s own memorial book published in 1907 and written by Marosán Kornél, a Magyarized Romanian.158

156 Cultural and educational associations were established in Sáros, Arad, Pozsony and in the Banat during 1881 and 1882. See, Szamos, 9 July 1882, 1.
In June 1882 the Széchenyi Society, the third such society founded in the ethnic borderlands of Hungary, held its inaugural meeting. All of these societies were founded as response to increased irredentist movements of Pan-slavism and Daco-Romanism.\textsuperscript{159} The Magyar newspaper Szatmár reported that ‘earlier the [national] struggle went with swords’, referring to the 1848 revolution and the war in 1849, but that now ‘it will be undertaken with peaceful means by the Society’. In addition, it wrote that Szatmár County would struggle to Magyarize and establish a ‘Magyar bastion’ because ‘there was a time when the German song had to be sung, but Szatmár remained Hungarian and always will’.\textsuperscript{160}

The initiative came from the leading Magyar elite, including the Szatmár County’s Prefect Ferencz Domahidy, a Hungarian noble-man and magnate; the Roman Catholic Bishop Lőrincz Schlauch, a Magyarized Swabian; and, as honorary president Count István Károlyi.\textsuperscript{161} The aim of the Society was to

\textsuperscript{159} József Pákéi Sándor, \textit{Jelentés az EMKE 25 éves életéről} (Kolozsvár, 1911), 1-3.
\textsuperscript{160} \textit{Szatmár}, 10 June 1882, 1.
\textsuperscript{161} \textit{Szatmár}, 17 June 1882, 1.
turn all citizens into supporters of the Hungarian state and to spread the knowledge of Hungarian language with the objective that everyone should be able to speak it fluently. It aimed at supporting a ‘gradual Magyarizing’ with a ‘voluntarily adoption of Magyar ways, customs, habits and language’.

The name of the Society was taken from the illustrious Hungarian politician, reformer, and writer Count István Széchenyi (1791–1860), who was inspired by List’s ideas to create a national economy. Széchenyi’s vision was that ‘the positive aspects of the Magyar community must become predominant’ in order attract voluntary Magyarizing, because according to him true patriotism was incompatible with forced Magyarizing. The society therefore stressed that it did not aim to force anyone to become Magyar, but that they could ‘remain Romanians as long as they became true Magyar patriots’.

In an article from a Magyar newspaper in Budapest the author claimed that in the countryside many people were under the threat of Romanianization in Szatmár County, as in many other parts of the ethnic borderland. The author regarded the establishment of the Széchenyi Society as an important step to Magyarize Szatmár County and the country at large. Szatmár was in this respect a model for other counties to follow.

Despite the reassurances of the Society’s leaders regarding its voluntary form of Magyarizing, the leader of the local Romanian movement, Vasile Lucaciu, wrote in a letter to a Romanian newspaper in 1882 that the Magyars have started ‘to fight us on all fronts’ with the establishment of the Széchenyi Society. He responded by publishing his view in a Romanian magazine in which he wrote that ‘their [Magyar elite] intention [with the Széchenyi Society] is the complete Magyarization’ and that the Society was based on ‘the idea that Romanians are enemies of the state’. He denied that Magyarization would be the ‘bliss of our country’ and instead demanded the equal rights of all nationalities. Lucaciu urged the Romanians to die rather than to be denationalized.

One local Magyar newspaper responded to Lucaciu and other Romanians by urging them ‘wake up for once our Romanian brothers’ and ‘let us all be Magyar patriots’ because ‘how can a Hungarian citizen be against the spreading of the Hungarian word?’

162 Szamos, 15 June 1882.
164 Szamos, 23 Jul 1882, 1-2
166 [Vasile Lucaciu], ‘Reflexiiuni la insultele unor corifei maghiari şi la încercările lor de maghiarizare în comitatul Satumarului’, Observatarul, 10-22 July 1882.
167 Szatmár és vidéke, 9 Sept. 1884, 1
The main result of the Széchenyi Society was that it mobilized the increased resistance among the Romanian elite. However, the Magyar press accused the Romanians of having started ‘racial hatred’ between Magyars and Romanians and that the ‘Daco-Romanian propaganda had succeeded to spread throughout the [Romanian] religious network’. 168

The conclusion is that because of its fear of perceived Romanian irredentism the Magyar elite aimed to Magyarize the ethnic borderland of Szatmár by establishing an educational Society. This stressed the importance of ethnic identity, as Romanian identity in Hungary became stigmatized. The establishment of the Society reinforced the lack of trust between the Magyar and Romanian elites and induced a mechanism of chain-reaction among the Romanians. The Society aimed at cultural homogenization through education, but members of the Romanian elite, like Lucaciu, perceived the Magyarizing in nationalistic terms and as a threat to Romanian cultural survival. Leading members of the Magyar and the Romanian elite framed education as a zero-sum game between Magyar and Romanian identity, which indicates a mechanism of interethnic competition in operation.

2.9 Economic Methods Institutionalized

The Széchenyi Society took advantage of the economic domination of the Magyars and the subordination of the nationalities in their effort to Magyarize the ethnic borderland. One method was to award Romanian teachers who, as ‘patriotic missionaries’, succeeded in teaching the Hungarian language and spreading Magyar patriotism. In 1884 eleven teachers were awarded, among them Kornél Marosán, who later became the secretary of the Széchenyi Society and the author of Society’s memorial book. 169 Lucaciu tried to convince teachers like Marosán to donate the money to the Romanian national movement, but they refused. 170 Marosán wrote that those Romanians ‘who wanted to learn Hungarian were always at risk to meet a crowd of people outside their door’, which shows that resistance against Magyarizing was supported not only by the elite but also by ordinary Romanian peasants. The Magyarized Romanians who received economic benefits from the Society were called traitors and ‘Judases’ by Lucaciu, who claimed that they sold their Romanian nationality for money. 171

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169 Sztamár és vidéke, 21 Oct. 1884, 1-2; Marosán, A szatmármegeyi Széchenyi Társulat.
171 Sztamár és vidéke, 14 Oct. 1884, 1; Marosán, A szatmármegeyi Széchenyi Társulat, 26-7, 29.
Count István Károlyi, a member of the most influential Hungarian noble families in Szatmár County and the honorary president of the Society, started a campaign in 1884 with the help of the Magyar press to raise funding for the Society. A circular was addressed to Magyar banks and associations in exclusively Magyar-inhabited counties in the name of the ‘interests of the Hungarian culture and race’. Banks and associations from five counties, including Szatmár County, supported the movement and donated money. However, this funding was not enough for the great aspirations of the Society, and in 1885 Károlyi proposed to impose a cultural and educational sur-tax of one per cent levied in Szatmár County for the benefit of the Society.

The county assembly approved the tax in 1885 with the support of 119 votes, but one Romanian priest, Emil Pelle, together with three other Romanians opposed it. They claimed that the Society applied a form of forced Magyarizing, which discriminated against the Romanians. Pelle said, ‘let me speak as a Romanian and for the Romanians’, that if the aim of the Széchenyi Society is ‘to spread the Hungarian language and patriotic feelings’ we accept it. However, ‘the newspaper wrote that the real aim is to Magyarize the non-Magyars’ and that ‘in ten years everyone has to be Magyar’ which ‘we do not accept’. He urged the audience: ‘Please think back on the times [1849–1867] when the Germans [Austrians] wanted to Germanize you; then you did everything to resist that’. At this point the Magyars, who were in majority in the assembly, shouted: ‘then we had the right to do so!’ Obviously they thought that Romanians in Hungary were not entitled to this right.

The chain-reaction mechanisms operated within a hierarchical system of ethnic categories in Austria-Hungary. In the same way as Romanians were subordinated and targets of the nationalizing ambitions of the Magyars, the Magyars had been subordinated and targets of Germanization by the Austrians. The Magyars had aimed in 1848 to become independent from the Austrians, in the same way as the Romanians aimed at achieving local independence within Hungary. The Austrians had included the Magyars in 1867 in order to consolidate the monarchy’s domestic power. The Magyars used a similar strategy with the Jews to include one of the strongest ethnic categories in economic terms. Still, the Magyars believed that the large share of Romanians could be Magyarized.

172 Szatmármegyei Közlöny, 4 Oct. 1885, 1; Szatmármegyei Közlöny, 20 Sept. 1885, 2; ‘A magyar közömvédelési egyetinkről’ Szatmár, 20 June 1885, 1; József Pákéi Sándor, Az EMKE megalapítása és negyedszázados működése 1885–1910 (Kolozsvár, 1910), 485.
173 Szatmár és vidéke, 21 Oct. 1884, 1–2; Marosán, A szatmármegyei Széchenyi Társulat emlékkönyve, 57.
174 Szamos, 11 Oct. 1885, 1; Szatmármegyei Közlöny, 30 Aug. 1885, 1–2; Szatmármegyei Közlöny, 11 Oct. 1885, 2; Szatmár és vidéke, 13 Oct. 1885, 1.
175 Szatmármegyei Közlöny, 11 Oct. 1885, 2.
Domahidy, the county prefect and one of the founders of the Society, denied that it had any Magyarizing aims and claimed that the surtax would be used for cultural and educational purposes. He turned to the Romanians and said ‘the only thing we want is to understand you in the same language’. Pelle said that he supported ‘the teaching of the Hungarian language as a priest, Romanian and a patriot’, but did ‘not accept forced Magyarizing’ and therefore he voted against the surtax. One Magyar newspaper argued that resistance by Romanians, like Pelle, was as unpatriotic as if the ‘Romanian state had established itself in our [Magyar] county’ and assigned the Romanian elite the responsibility for establishing ‘racial hatred’ between Romanians and Hungarians.

Nonetheless, the surtax was implemented and Károlyi regarded it as a success. This encouraged him to launch a new campaign encouraging other counties to establish societies financed by surtaxes in a similar way as the Széchenyi Society. Szatmár had a history of taking important initiatives. In 1841 in the very same place the county assembly voted for a national and liberal program of modernization and reforms, the so-called ‘Szatmár twelve points’, which was later proposed and implemented in the 1848 revolution as the ‘Twelve points’. A large conference was arranged in Nagy-Károly for Károlyi’s initiative in 1885, and the Roman Catholic Bishop of Szatmár held a speech to promote the educational and cultural surtax ‘in support of Magyar supremacy’ and for ‘the unitary Magyar state’ in order to keep the ‘Eastern Barbarian away’.

This campaign made an impact, as similar societies were established, in Transylvania and in other areas along Hungary’s ethnic borderlands. This initiative was appreciated and supported by the Hungarian government. However, the nationalities in some counties reacted with outrage at the idea that their tax money would finance Magyarization.

Their criticism was supported by Lajos Mocsáry (1826–1916), a Magyar member of the Hungarian Parliament, who in his pamphlet on the topic asked rhetorically: ‘What is the ground for Szatmár that all sons of the country should be Magyar?’ He continued: ‘Is it because only Magyars can be real patriots?’ He claimed that it was impossible to foster patriotic feelings through societies or to teach it in schools; instead the Hungarian state should

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176 Ibid.
180 ‘Dr. Schlauch Lőrinc püspök beszéde as 1%-os kultur-pótadó megszavazása tárgyában’, ctd in Marosán, A szatmármegyei Széchenyi Társulat, 33-4.
181 Szatmár és vidéke, 29 Sept. 1885, 1-2
182 Kis-Küküllő County imposed a two per cent surtax, Szatmár és vidéke, 9 Nov. 1886, 1-2.
support the freedom and prosperity of all nationalities. His argument thus supported a civic orientation of the state promoting the development of all citizens on equal terms regardless of mother tongue, which was in contrast to main trend of the ethnic orientation of the term Magyar.

Mocsáry also debated the issue in parliament in 1886 when he claimed that the cultural surtaxes and establishment of educational societies were a kind of aggressive Magyarizing with the aim to Magyarize at all costs, no matter consequences. Prime Minister Kálmán Tisza thought differently, and said that Mocsáry had become a ‘prophet of all those…who are filled with hatred against the Magyar race and the Hungarian state’. The Prime Minister regarded the initiative by Károlyi as clever method of Magyarizing and introduced a decree that all counties annually determine the amount for such cultural and educational purposes. It turned out that only a few really implemented the cultural surtax, all of which were situated in the ethnic borderland, Szatmár did so every year until 1918.

In 1886 the tax was levied in Szatmár County and the main contributors were the Magyar middle and large landowners, as they paid the highest taxes. One Magyar newspaper noted that the Romanians, constituting around one-third of the population, ‘contributed almost nothing, only around ten per cent’. However, Lucaciu continued to protest against the surtax, as the tax was used ‘to buy teachers with economic rewards with the purpose of taking away our children’s religion, language and nationality’.

Hence the Government supported the application of economic methods to force non-Magyars to assimilate. One method used was to increase state support for cultural societies, and in the case of the Széchenyi Society state funding rose from 10 to 40 per cent of its total income. The use of economic methods for Magyarizing purposes was also copied in educational reforms. In 1891 a law was introduced for the compulsory construction of kindergartens, which provided care for young children (3-6 years old)

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183 Lajos Mocsáry, A közművelődési egyletek és a nemzetiségi kérdés (Pest, 1886), 3-5; repr. in Gábor G. Kemény, ed., Mocsáry Lajos válogatott írásai (Budapest, 1958), 153-4.
186 Szatmár és vidéke, 9 Nov. 1886, 1-2; Pákéi Sándor, Az EMKE megalapítása és negyedszázados működése 1885–1910, 486.
188 Szatmármegeyi Közlöny, 4 Sept. 1887, 1-2.
189 State support in 1907 was 10,000 crowns and the surtax gave 15,000 crowns of income. See Szatmár-Németi, 20 May 1908, 1-2.
190 Seton-Watson refers to these as 'infant homes', by which he means kindergartens or asiles (asylums). The law provided for the construction of both kindergartens (kisdedóvás) and infant homes or asylums (gyermek-menedékházak). However, it is unclear from the context whether these institutions were in fact orphanages or kindergartens, or both. What is clear, is that the Hungarian authorities used them for Magyarizing purposes.
whose parents were unable to look after them. The provisions of the law were based on Magyarizing, as it took into account the lower economic standards among the non-Magyars. The state only supported Magyar kindergartens. Thereby many non-Magyars sent their children to Hungarian speaking kindergartens. The Romanian leaders in Szatmár County reacted to this law by arranging a meeting to discuss the implications and how they could organize a resistance for the support of Romanian children. 

The Szatmár system of educational and cultural surtaxes was adopted in order to finance the kindergartens in areas populated by non-Magyars throughout Hungary. In many counties in Transylvania the administration imposed a surtax of two to three per cent; in Szatmár it was set at three per cent and levied by the community in each village. A large share of the income of the Széchenyi Society was used for kindergartens and kindergartens, some of which were owned and managed by the village communities, some others by the Society itself; regardless, all of them were established with the aim of ‘giving bread in Hungarian’. At the end of 1880 there numbered 20 kindergartens, but with the help of the law of 1891 and the surtax, by 1905 the number increased to 105.

During its first 25 years the Society supported and raised 250,000 children (counted on annual basis) living on the Romanian-Hungarian language border of Szatmár County. The majority of these children, around 75 per cent, were Hungarian, and only around 20 per cent were Romanian, while a much smaller number (around 5 per cent) were German or Jewish. Hungarian parents were obviously much easier to motivate than Romanian ones, as some of them protested against such measures. The secretary of the Society claimed that ‘the Hungarians were a more culturally advanced element, who better understand the need for kindergarten and appreciate its human side’.

The society reported in 1908 that it aimed to continue its operation at the language border, as they had ‘their natural supporters there’, and that it had ‘placed its foot in pure Romanian inhabited areas’ as well. They claimed that the surtax had been crucial for their activities. Apart from kindergartens and kindergartens, the Society arranged summer schools for children and

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192 Kemény, Iratok a nemzetségi kérdés történetéhez magyarországon a dualizmus korában, vol. i, 793; Marosán, A szatmármegyei Széchenyi Társulat emlékkönyve, 156; 4.
193 Ibid. 52.
194 Ibid. 51-3, 183, 198-200.
195 These cannot be categorized as Magyars because they separated between Jews and Christian Hungarians.
196 Ibid. 205.
197 Ibid.
evening courses in Hungarian for adults and established public libraries.\textsuperscript{198} These results support previous research by Joachim von Puttkamer that societies like the Széchenyi Society and EMKE focused on Magyarizing Hungarian speakers in the ethnic borderland because the Magyar elite believed them to be threatened by assimilation via the Romanian majority.\textsuperscript{199}

The result of the Society varied. Some critics remarked that the Magyarized Romanian teachers had not yielded any results over the 20 years since the measures were enacted, and that they were mainly interested in receiving the extra money.\textsuperscript{200} Even if the activities of the Society resulted in Magyarizing some Romanians on the linguistic border it surely did not succeed in Magyarizing the majority of the Romanians in the eastern part of the county.\textsuperscript{201}

The economic method of Magyarizing education was regarded as a fundamental tool and applied in the reform of 1893 to fix the minimum salary of elementary school teachers. This raised the salary of teachers, but compelled non-Magyar denominational schools to meet certain requirements in return for state support, as a first step towards Magyarization.\textsuperscript{202} These requirements were extended in the 1907 law (Lex Apponyi), which provided that all teachers, even in denominational schools, become state officials with a minimum salary. Moreover, they were thenceforth legally bound to strengthen the Magyar patriotic spirit of the children. The teachers’ responsibility was that all children should be able to express their thoughts in speech and writing in Hungarian by the fourth grade.\textsuperscript{203} If the teachers failed to implement Hungarian patriotism, or if the children failed to learn Hungarian well enough, the state would withdraw its financial support.\textsuperscript{204}

Romanian leaders and teachers in Szatmár opposed this and obstructed the implementation of the law.\textsuperscript{205} Hungarian authorities ignored these protests and established several state schools deliberately on the linguistic frontier and in the Romanian populated-areas as part of an outspoken aim to

\textsuperscript{198} Ibid. 218-21, 110, 157.
\textsuperscript{201} Tátrai, \textit{Az etnikai térszerkezet változásai a történeti szatmárban}, 212-13.
\textsuperscript{204} §17 of Law XXVII of 1907, in S. Balogh, ed., \textit{A magyar állam és a nemzetiségek: A magyarországi nemzetiségi kérdés történetének jogforrásai 1848–1993} (Budapest, 2002), 191.
Magyarize the populace. This included Vasile Lucaciu’s parish and village Lacfalu/Şişeşti, which had an overwhelming majority of Romanians (98 per cent). A state school was established there and the Romanian denominational school had to close down. In 1908 Lucaciu raised this issue in the Hungarian Parliament under his Magyarized name László Lukács:

L Lukács: …nothing illegal could have been charged against the [Romanian denominational] school. What happened? 46,000 crowns of expenses were used to build a state school…

The crowd in the Hungarian parliament: That was right!

LL: …and thereby they destroyed and closed the denominational school and removed the opportunity for the Romanian people to learn their own mother tongue in the school.

One voice: Anti-state spirit was taught there!

LL: As long as I will be the director of the school then I will not tolerate any anti-state directions…

The Crowd: [raised voices]

LL: …but with right it could have been expected from the Educational Ministry that from this 46,000 crowns they could have established elementary schools in up to 10 locations for those who have less demanding needs [Romanians]. Several hundreds of villages do not have any school at all, but in Lacfalu they destroyed the fancy flourishing denominational school. After this it is fully natural that it is impossible to have confidence in the affairs of the Educational Ministry.206

The state school in Lacfalu was therefore one of several examples of how the Law of Nationalities was violated by Hungarian authorities in the ethnic borderland. It was obviously more important to establish a state school in a village where there already existed a Romanian school, and moreover to force the Romanian school to close rather than to establish it in a place that lacked a school. In 1895 Prime Minister Dezső Bánffy launched a campaign to Magyarize the schools. He requested that 400 new Magyar state elementary schools be erected, primarily in the ethnic borderlands along the linguistic border, including Szatmár County.207

The Law of Nationalities provided that minorities should have schools with teaching in their own language, but leading politicians refused to respect this provision, arguing that Magyarization was more important. The Romanian elite protested and tried to find ways to support Romanian denominational schools, partly by supporting them from Romanian banks, but also by receiving support from the Romanian Kingdom. Members of the Romanian elite encouraged parents to send their children to Romanian denominational schools instead of Magyar state schools. However, the new educational law’s provision for increasing teachers’ salaries represented a

207 Seton-Watson, Racial Problems in Hungary, 184.
heavy burden for many Romanian schools, and thus several of them had to close.\textsuperscript{208}

The Hungarians state did not have the economic means to nationalize all non-Magyar denominational schools at once, so the nationalization of the schools took place gradually. In this way, the number of Romanian schools was reduced from 2,760 in 1907 to 2,301 in 1911.\textsuperscript{209} In Szatmár County the number of Magyar elementary schools increased, and by 1910 they represented 75 per cent of all schools, despite the fact that the Magyars made up just 59 per cent of the population. This clearly demonstrates the overrepresentation of Magyar schools and the underrepresentation of Romanian ones.\textsuperscript{210}

These new findings, based on original primary sources, show that an innovative economic method of Magyarization was developed and institutionalized in Szatmár County during the 1880s. It was spread to other parts of the ethnic borderland through legislation and support from the Hungarian state. It was an indirect method to promote and compel minorities to assimilate by using economic means. It shows how important the conditions of the ethnic borderland were for developing national political strategies.

Initially, a cultural and educational surtax was imposed in Szatmár. Later, the state implemented educational reforms using the same economic methods for promoting Magyarizing. These methods induced a state-involvement mechanism supporting Magyar identity and discriminating against the teaching of non-Hungarian languages such as Romanian. This was reinforced by an income redistribution mechanism in which the state and county administrations used public money for promoting Magyar schools and Magyarizing institutions, notably the Széchenyi Society. Everyone supporting Magyarizing could receive political and economic returns. The Hungarian elite and state denied the Romanians their rights by using arguments of state security. The social cost of this was an ethnically divided society, as the Romanian elite put up resistance and nurtured transborder contacts with their external homeland. These mechanisms of ethnic bifurcation reinforced each other.

2.10 The Results of Magyarizing 1880–1910

The efforts to Magyarize Szatmár County indeed produced result. If we compare the situations in 1880 and 1910, then we see that the share of Mag-

\textsuperscript{208} György Bodnár, Szatmár vármegye népoktatása az 1905-10. években (Szatmár, 1910), 7, 70; ‘Periculul scoalelor noastre romane’, Revista Catholică, 6/5 (1904), 65-7.
\textsuperscript{210} Bodnár, Szatmár vármegye népoktatás, 4-5.
yars increased from 57 to 68 per cent, while the Romanian share was reduced from 34 to 30 per cent. The main method in achieving this result was to use economic methods and the capacity of state, as well as to redefine ethnic categorization. Magyarizing had mainly been successful in relation to other ethnic categories apart from Romanians, such as the Germans and some other small ethnic categories, such as the Slovaks (see table 1, maps 5-6).

Table 1 Population of Szatmár County according to declared mother tongue 1880–1910

<table>
<thead>
<tr>
<th>Year</th>
<th>Hung. %</th>
<th>Rom. %</th>
<th>German %</th>
<th>Other %</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>167,284</td>
<td>57%</td>
<td>99,093</td>
<td>34%</td>
<td>12,767</td>
</tr>
<tr>
<td>1910</td>
<td>268,385</td>
<td>68%</td>
<td>119,760</td>
<td>30%</td>
<td>6,670</td>
</tr>
<tr>
<td>Diff.</td>
<td>60%</td>
<td>21%</td>
<td>-52%</td>
<td>-86%</td>
<td>35%</td>
</tr>
</tbody>
</table>


Still, the results were far from the goal of turning Hungary into country of 30 million Magyars. About this the famous Hungarian poet, Endre Ady, who lived in the ethnic borderlands in the neighboring county of Szilágy, wrote:

Shh, now we should keep silent for some time. We should cast our eye on a book. On a cruel, official statistical book. The fools of the Hungarian empire and of the thirty million Hungarians should be mute…What happened? Nothing happened, nothing new. Simply some figures stood up in front of us. Close to eleven million people don’t know Hungarian in this country. And in this same country close to eleven million people are illiterate. Why should we beat each other, when we are so terribly beaten anyway? 211

Ady’s lines point not only to the problem of forced Magyarizing and how illiteracy was connected to the minorities, but also to the policy of ‘beating’, i.e. discrimination, which only brought misery to everyone. It clearly points to the interethnic competition mechanism and the use of negative methods to promote Magyarizing, i.e. to use economic incentives to force non-Magyar denominational schools to close by establishing Magyar state schools at the same place.

The Hungarian census taken in 1900 showed that almost 300 villages had been Romanianized in the ethnic borderland since 1850. This meant that these villages had a non-Romanian speaking majority in 1850, and that over the previous 50 years knowledge of Romanian had increased to such an extent that a majority of the inhabitants had declared Romanian as their ‘preferred language’. The same census showed that 10 village districts had been Magyarized in Szatmár County and 4 Romanianized since 1850, which indicated a minor Magyarizing of the county in general.

However, the problem was that the Romanianized villages had been Magyar in 1850, while the Magyarized villages had mainly been non-Romanian, e.g. Slovak, German and Ruthenian speaking. Therefore some Magyars argued that the county was actually Romanianizing. Despite some successes, Magyarizing in general in Szatmár was disappointing, as the linguistic frontier of the county had more or less remained intact, despite the efforts to Magyarize the Romanians. Leading Magyars in Szatmár argued that the trend of ‘Wallachizing’ [Romanianizing] was a sign of how the Magyars were perishing; they demanded more economic support from the state in order for the Magyars to not lose this ‘racial struggle’.

Against this backdrop we know that in the Romanian-dominated areas in the eastern part of the Szatmár County the Magyar share had increased by 1910 and the Romanian share was reduced. Thus the impact can be viewed in the statistics and on the map (see maps 5-6). However, the Romanian speakers were still in a relative majority in five out of ten districts in the eastern part of the county (see map 5).

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213 Pál Balogh, Népfajok magyarországon (Budapest, 1902), 858, 881-9.
214 Szamos, 3 Oct. 1907, 8.
Map 5 Ethno-Linguistic distribution of relative or absolute majority in Szatmár County in 1880.\textsuperscript{216}

Map 6 Ethno-Linguistic Distribution of Relative or Absolute Majority in Szatmár County in 1910.\textsuperscript{217}

\textsuperscript{216} Patrik Tátrai, \textit{Az etnikai t\'erszerkezet változásai a történeti Szatmárban} (Budapest, 2010), 212. (Courtesy of Patrik Tátrai).
\textsuperscript{217} Ibid.
In terms of religion, the Jewish share of the population remained 7 per cent between 1880 and 1910, even if the numbers of Jews increased as result of immigration. The Greek Catholic Church had the largest relative share of the population with 43 per cent (see table 2).

Table 2 Population of Szatmár County According to Religious Affiliation 1880–1910

<table>
<thead>
<tr>
<th>Year</th>
<th>Rom. Cath</th>
<th>%</th>
<th>Greek Cath.</th>
<th>%</th>
<th>Ref.</th>
<th>%</th>
<th>Jewish</th>
<th>%</th>
<th>Other</th>
<th>%</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>47,953</td>
<td>16%</td>
<td>125,686</td>
<td>43%</td>
<td>95,803</td>
<td>33%</td>
<td>20,891</td>
<td>7%</td>
<td>2,759</td>
<td>1%</td>
<td>293,092</td>
</tr>
<tr>
<td>1910</td>
<td>67,924</td>
<td>17%</td>
<td>168,870</td>
<td>43%</td>
<td>126,826</td>
<td>32%</td>
<td>29,468</td>
<td>7%</td>
<td>3,544</td>
<td>1%</td>
<td>396,632</td>
</tr>
<tr>
<td>Diff.</td>
<td>42%</td>
<td></td>
<td>34%</td>
<td></td>
<td>32%</td>
<td></td>
<td>41%</td>
<td></td>
<td>28%</td>
<td></td>
<td>35%</td>
</tr>
</tbody>
</table>


From a Romanian perspective all Greek Catholics were regarded as Romanians because of their assumed Romanian origin, including those Greek Catholics who declared themselves as Magyars. Followers of the Roman Catholic Church were either declaring German or Hungarian as their mother tongue, while almost all followers of the Reformed (Calvinist) Church were Magyars. The Magyarizing of German speakers was implemented mainly through the Roman Catholic Church and through the Hungarian schools during this period, which explains the reduction of German speakers from 5 to 2 per cent in Szatmár County between 1880 and 1910 (see table 1 and reduction of green area in maps 5-6). The conclusion is that the denominational categories remained stable over the period.

The literacy rate during this period increased from 29 to 48 per cent. However, the figures for Romanian dominated districts were still significantly lower, ranging from 23 to 42 per cent, compared to the figures for the Magyar dominated districts, which ranged from 51 to 71 per cent.\(^{218}\) Oszkár Jászsi claimed that the lower level of education among the nationalities was caused by the policies of Magyarizing, i.e. the deliberative promotion of Hungarian language at the expense of non-Hungarian languages in the general education. He argued that cultural societies, such as the Széchenyi Society were more destructive than helpful in this respect.\(^{219}\) The conclusion is

\(^{218}\) MKKSH, A Magyar Szent Korona Országainak 1910. évi Népszámlálása, vol. i (Budapest, 1912), 310-21.

\(^{219}\) Oszkár Jászsi, A nemzeti államok kialakulása és a nemzetiségi kérdés (Budapest, 1912, repr. 1986), 232
that use of discriminatory methods in the educational system clearly favored Magyar ethnicity.

Jászi’s argument was supported by Vasile Goldiș (1862–1934), the chief theorist on the nationality question in the Romanian National Party. Goldiș regarded ‘the ethnic Hungarian state as a utopia’, since Romanians could not be Magyarized by depriving them their Romanian language.\(^\text{220}\) Instead he claimed that ‘it would very useful for the country [Hungary] not only in a political way, but also more importantly, in an economic way, if the Romanians of Hungary would be strengthened in their cultural and economic fields’\(^\text{221}\). This means that both Jászi and Goldiș supported a civic and inclusive orientation of state policy in which education would be provided in both Hungarian and Romanian. Goldiș’s view clearly pointed at the importance of education as way of improving human capital.

Jászi argued that the policies of forced assimilation and Magyarizing had resulted in relatively weak linguistic achievements, which did not compensate for the cultural and economic damages it had caused.\(^\text{222}\) According to him, Magyarizing had lowered the general standard and turned education into a ‘chauvinistic nursery’.\(^\text{223}\) The problem with forced assimilation was that it made a real and spontaneous assimilation ‘based on mutual exchange of spiritual and economic values’ impossible.\(^\text{224}\) Forced assimilation also demoralized the ruling nation, ‘who could shoot from well-guarded positions, protected by the whole state power, on unarmed, poorly equipped masses’, Jászi argued.\(^\text{225}\)

Furthermore, he claimed that the drive for an ethnically exclusive national state had led to a policy of a forced Magyarizing in which the oppressed people strengthened their own ethno-national feelings and aspirations.\(^\text{226}\) The oppressed nationality regarded all problems as ethnic oppression, which retarded the general economic and social development\(^\text{227}\). Goldiș supported this, and claimed that if the Romanians received protection and economic support of their culture and economy, then ‘this would make Romanians support the Hungarian state’.\(^\text{228}\)

The conclusion is that even if Magyarizing made some progress it came at the high cost of an ethnically divided society. Instead of relying on voluntarily assimilation the Hungarian state and society used methods that members of the Romanian elite perceived as forced and as a threat to their language.

\(^{221}\) Ibid. 92.
\(^{222}\) Jászi, A nemzeti államok kialakulása, 233.
\(^{223}\) Ibid. 237-8.
\(^{224}\) Ibid. 238-9.
\(^{225}\) Ibid. 235-6.
\(^{226}\) Ibid. 234-5.
\(^{227}\) Ibid. 236-7.
\(^{228}\) Goldiș, A nemzetiségi kérdésről, 92, 142.
and culture. The use of education for Magyarizing purposes turned education into a nationalizing tool instead of inclusive instrument to create a common culture in a civic way. This was revealed by the fact that the Hungarian state schools were established in areas with mainly Romanian speakers and provided education exclusively in Hungarian, despite the fact that this violated the Law of Nationalities. In theory some Magyar leaders supported the creation of more inclusive institutions, but in practice the Magyar authorities maintained a system of ethnic exclusion at the expense of the minorities.

2.11 Conclusions

This chapter shows that economic factors played an important role in nationalizing Hungary, particularly its ethnic borderlands, such as Szatmár County. An example of this during the dualist period was the inclusion of the Jewish category into the Magyar category for economic reasons. Also, Romanians were encouraged to assimilate and yet excluded by Hungarian authorities and society by using economic pressure. Economic nationalizing was visible in several fields, as the Magyar elite and state used different methods to maintain, strengthen and promote Magyar hegemony.

Several Magyar leaders and intellectuals, especially the generation of Magyars that experienced the 1848 revolution and how Habsburg rulers mobilized the nationalities against the Magyars, were aware of the need to create cultural unity in order to consolidate domestic support. The Habsburg rulers had consolidated its strength by dividing domestic power with the Hungarians through the compromise of 1867.

Moreover, in accordance with the theory of creating virtuous circles of loyal citizens many Magyar leaders understood the importance of avoiding forced methods of assimilating the nationalities. However, in reality, the social mechanisms in operation promoted Magyar ethnicity, and the nationalities regarded the methods as forced and destructive against them, even if the Jews acquiesced to them and assimilated in large numbers.

One method to Magyarize was to use national censuses and to compel individuals into predefined categorizes that served the ethnic aim of increasing the number of Magyars. One important example was that the census and the constitution did not define Jews as a nationality; instead, Jews were compelled to declare themselves as either German or Magyar. The inclusion of Jews into the Magyar category aimed at taking advantage of the Jewish economic capacity in order to Magyarize the economic sector and thereby compel other non-Magyars to assimilate. This was one way of using an economic method for assimilation and nationalizing.

A second way to Magyarize was to establish Hungarian churches and state schools in the ethnic borderland, especially in the Romanian dominated
areas. Hungarian state schools replaced at certain places Romanian schools, which was a sign of ethnic exclusion. In addition, the Hungarian government imposed laws making the teaching of Hungarian language mandatory as part of the Magyarizing ambitions. These educational reforms utilized economic mechanisms to encourage and force non-Magyars to learn the Hungarian language. One of the reforms in 1907 raised the teachers’ salaries in non-Magyar schools, made teachers state officials and provided teachers state support in exchange for Magyarizing. Thereby the state gradually Magyarized education by crowding out non-Magyar schools, something that the case of Szatmár County clearly shows, as the Romanian denominational schools there decreased. In addition, Hungarian state schools, using only the Hungarian language, were established, forcing Romanian-language denominational schools (Orthodox and Greek Catholic) to close down.

These educational reforms could have promoted cultural and linguistic unity that could have modernized and made the Hungarian society more equal and inclusive. One of the prerequisite to create favorable conditions for economic growth is to establish institutions promoting cultural and social unity. However, the promotion of the Hungarian language was made at the expense of the Romanian language. The language of instruction shifted from Romanian, the mother tongue of the Romanian inhabitants of the ethnic borderland, to Hungarian. Some of the leading Romanians protested against this and regarded the Magyarizing of the schools as a form of forced assimilation. Education therefore lost its role as promoter of unity and instead became a divisive force contributing to ethnic bifurcation. The Magyar leaders aimed at colonizing the nationalities of the ethnic borderland instead of promoting voluntary assimilation. This forced and open aim of Magyarizing was regarded as an offensive strategy by the nationalities.

There were several indicators showing that ethnic and socio-economic differences overlapped. One important indicator was that literacy rates correlated with ethno-linguistic belonging. Another indicator revealed that differences regarding landed property and salaries also coincided with ethnicity. A third indicator was that almost all civil servants in the public sector were Magyars. These indicators implied the existence of a categorical exploitation mechanism and cultural division of labor, which promoted the Magyar category at the expense of non-Magyar categories, such as the Romanian and the Roma. The case of the Roma clearly indicates that discrimination was not only religious and linguistic but also ethno-racial, because Roma were excluded despite the fact that many of them spoke Hungarian and belonged to the same religions as other Magyars.

This structural difference was a result of the initial conditions in 1867, in which the Magyars maintained social and political dominance, and the subsequent policies during the dualist period. During this time, the Magyar elite aimed at maintaining their hegemony at the expense of the nationalities by using the economic differences to force the minorities to assimilate. Social
inequality overlapped with ethnic inequality, and these two factors reinforced each other as the Magyar elite took advantage of the minorities’ vulnerable social and economic situation.

One of the most important ways to Magyarize Szatmár County was the establishment of an educational and cultural society, namely the Széchenyi Society, by leading members of the Magyar elite. The motivation for establishing the Society was to counter Romanian nationalist and assumed irredentist activities, mainly those of the Romanian leader Vasile Lucaciu. Another reason was that the census showed a majority of the villages in the countryside were dominated by non-Magyars. The establishment of the Society induced an elite mechanism promoting Magyar identity and culture among the population.

The Széchenyi Society institutionalized Magyarizing and exploited the lower economic standing of the Romanians. It utilized an income redistribution mechanism whereby the Hungarian authorities used public money to promote Magyar nationalistic education. Hungarian politicians supported the Szatmár initiative with an educational and cultural surtax as a clever method of Magyarizing. With the help of the state, this innovative reform spread along the ethnic borderlands of Hungary. The initiative had come from the county level (Szatmár County) and moved up to the state level. It induced a state-involvement mechanism as the Hungarian state institutionalized economic methods in other educational reforms by increasing state regulations. The state used civil society as an instrument to Magyarize areas the state was unable to reach, such as the ethnic borderlands.

This chapter has contributed with new results to the field of nationalism by revealing how an economic method to promote assimilation was institutionalized. It is based on new and original research in the ethnic borderlands and brings understanding on how ethnic politics was conducted. It clearly reveals how the ethnic circumstances in the borderlands became decisive in national reforms, and how a process of learning brought the use of economic methods into other areas of state policy. Instead of a top-down process, the ethno-national politics seemed to be inspired by local initiatives in a bottom-up process.

The establishment of the Széchenyi Society shows the importance of civil society for economic nationalizing. These findings support the redefinition of economic nationalizing in wider terms, to include not only the policies of the state but also the policies and activities of the elite and civil society, as Helleiner and Pickel have advocated. This means that economic nationalizing was an important social force already during the dualist period.

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The contextual and constructivist approach to ethnicity and nationhood has revealed interesting findings about how, as a matter of expediency, the Hungarian nation-building elite defined the Jews as Magyars. The ethnic borders of the Magyars were reconfigured during this period for economic and national reasons. One important example is how the census of 1900 expanded assimilation by redefining mother tongue as ‘preferred language’. Another example is the motivation for including Jews as Magyars in order to use the economic methods to compel non-Magyars to assimilate.

Regarding the nationalities question leading members of the Magyar elite believed that the Law of Nationalities had given the minorities too many rights. Therefore the Hungarian authorities did not respect the Law and instead discriminated against the Romanians by purposely violating it. They supported the idea of an ethnically based Magyar citizenship and a Magyar ethnocracy that *de facto* excluded the minorities.

The Magyar elite supported the use of methods to encourage voluntary assimilation and agreed that forced assimilation was detrimental, at least in theory. Several methods were implemented to encourage assimilation, but the nationalities perceived them as forced and resisted them. Romanian leaders regarded for example the establishment of the Széchenyi Society as a threat to their ethnic and cultural survival. This increased the ethnic consciousness among the Romanians and thereby their resistance to Magyarizing, which reinforced ethnic bifurcation.

Both the Magyar and Romanian elite perceived the ethnic and ‘racial’ struggle as zero-sum game in which it was either ‘us’ or ‘them’, which induced an interethnic mechanism. The result was that Romanian identity became stigmatized, and by default associated with irredentism, even though some Romanian intellectuals claimed that they wanted to remain ethnic Romanians and Hungarian citizens loyal to the state. However, Magyar nationalists regarded this as impossible, believing that only ethnic Magyars could express genuine loyalty and patriotism toward the Hungarian state. In this respect, a civic definition of Magyar identity was excluded in Hungary, and those Romanians otherwise faithful to the Hungarian state lost hope of being accepted as equal citizens in Hungary. This induced a mechanism of low trust and a search for other, transborder contacts.

The outcome of these mechanisms was a society divided in social, ethnic and even ‘racial’ terms between the Magyars and the nationalities. The elite, the state and the civil society institutionalized ethnic inequality. The driving force was the Magyar elite, even if Romanian leaders such as Vasile Lucaciu also contributed to this division by his irredentist and nationalist propaganda. Hungarian and Romanian national projects were thus defined in opposition to one another, using a common borderland and regarding the minorities as lower standing in cultural terms.

This entangled and relational perspective on Magyar and Romanian identity construction reinforces Sorin Mitu’s conclusions that Magyar leaders
during the nineteenth century attributed to themselves the mission to ‘civi-
lize’ Romanians; by contrast, the Romanian elite regarded themselves as
more developed and Western because of their Latin roots, and moreover
claimed the Magyars were ‘inferior’ and ‘barbarians’ due to their Asian
roots.  

Dualist Hungary succeeded in integrating Jews in large numbers, but the
nationalities were not automatically assimilated. However, from a Jewish
perspective the period was indeed a success, as Jews were formally granted
civil rights and accepted as Magyars, even though an informal ethnic dis-

tinction remained together with ideas of economic anti-Semitism. The
overrepresentation of Jews in commerce and as middlemen induced an in-

termediary mechanism that preserved a stereotypical image of the Jews.
Still, the possibility for Jews to assimilate and become Magyars on individ-
ual basis gave them the chance to receive powerful positions within society,
in both the economic and political fields.

The implementation of Magyarizing within civil society, such as that ac-

complished by the Széchenyi Society, and within the educational system
institutionalized an ever wider and deeper ethnic division. The stress of the
Magyarizing ambitions in the educational system alongside the open dis-


crimination against non-Magyars created social and ethnic inequality and
exclusion. Education was not primarily a tool for improving human capital,
the general level of education or creating inclusion, but rather served the
Magyarizing political ambitions to forcibly assimilate minorities.

The discrimination within the educational field and the use of public
money at the expense of Romanian education clearly shows that money was
used to fight Romanian ambitions rather than to promote general education
and cultural unity. This indicates an interethnic competition mechanism that
had detrimental effects on the general economic development of the country
and its ethnic borderlands. In the area of education, the financial resources
coming from the state, on the one hand, and the financial resources coming
from the nationalities, on the other, were not complementary; instead, state
resources were used in an ethno-national struggle to promote Magyar educa-
tion at the expense of Romanian education. A clear example was the Hun-
garian state school that was established in Lucaciú’s village, which forced
the Romanian denominational school to close. Instead of including the Ro-
manian school within the general school system, the Hungarian state used its
power to replace Romanian schools with Hungarian state schools. This was a
sign of destructive ethno-national politics that violated the Law of National-
ities. It also increased the ethnic consciousness and resistance of the Roma-
nians.

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Even if Magyarizing produced some results, it failed to attract the bulk of Romanians and their leaders. Historian Robert Nemes attributed this to the liberal character of the Romanian and Hungarian national movement and to the local conditions of mutual understanding. Even if there existed a liberal tolerance at the local level, which could either be interpreted as true tolerance or just mere power balance, the failure of Magyarizing large numbers of Romanians was caused by its exclusive character, in which Magyar ethnicity was defined in opposition to the other nationalities. If the Magyar elite would had created a civic Magyar identity stressing voluntarily assimilation and including minority languages, the chances of Magyarizing large shares of Romanians would have increased substantially. The case of Jews proved that a large-scale assimilation was possible if both sides were willing to accept the terms. The key for success would have been to attract the Romanian elite and turn them into Magyar patriots, in line with what János Márd and others Romanians wanted. In this respect, the Magyar elite failed, as strong Romanian personalities, personified by Vasile Lucaciu, put up resistance and developed a political agenda in opposition to the core idea of Magyarizing.

Ethnicity became a merit in professional life, and the Magyar system encouraged people to invest in Magyar ethnicity in order to maximize returns. The ethnically based Magyar nationalism promoted opportunity hoarding and induced an exploitation mechanism, in which political and economic opportunities became linked to Magyar ethnicity. Social upward mobility demanded assimilation to Magyar ethnicity, as non-Magyar identity became stigmatized as foreign, distrusted and unwanted.

If the Hungarian state had respected the Law of Nationalities and supported the nationalities by giving them employment in the public sector and supported their schools, perhaps the nationalities’ loyalties to the Hungarian state would have increased. This is what contemporary critics such as Goldiş and Jászi claimed. Instead, the low trust between the Magyar and Romanian elites opened up for a transborder mechanism between the Kingdom of Romania and the Romanians of Hungary. The Romanian leaders in Hungary lacked trust in the Hungarian authorities and Magyar elite, and thus united their political ambitions with their external homeland. Nationalistic and Romania irredentist propaganda provoked the Magyar leaders who associated non-Magyar identity with suspicion and treason.

Magyar society was unable to attract important members of the Romanian elite to assimilate as Magyars; it was also unable to impose inclusive educational reforms. The Romanian leaders believed that the real intention of the Magyarizing ambitions was not to include Romanians as Romanians, but rather to transform them into Magyars. The Magyar elite’s unwillingness to implement the Law of Nationalities and its discriminatory policies targeting

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Romanian schools were perceived by Romanians as threats to their own cultural existence. The Magyar elite had shortsighted political and economic reasons for maintaining large differences between Magyars and Romanians, mainly in terms of class and ethnicity; however this reduced the long-term possibilities for achieving general prosperity.

If we analyze the conditions for promoting growth as has been elaborated in chapter 1 then we can conclude that the case of Szatmár indicates that the Hungarian state was not promoting institutions that supported general rights for all its citizens; instead, it deliberately violated the Law of Nationalities in order to promote Magyar ethnicity. Thus, Hungary was unable to protect and provide equal rights for all its citizens, which was the first criterion.

Regarding the second criterion, state autonomy, Hungary showed unfavorable conditions as the Magyar elite used the public sector and the state to promote Magyar ethnicity and enrich itself. The ethnocratic political system made the Hungarian state a nationalizing instrument for the benefit of the Magyars. The definition of Magyarness did not include the vibrant Romanian culture, as Romanian ethnicity was defined as competing with Magyar ethnicity.

From an institutional perspective, the formal legal framework for protecting the nationalities was not implemented because the informal institution promoting ethnic Magyar nationalization was much stronger. In other words, the informal social force of Magyarizing was a stronger social force than the legal protection of the nationalities. The fact that the informal and formal institutions were not complementary indicates the inadequate social conditions for creating sustainable economic growth. Consequently, Hungarian society was unable to establish institutions that promoted cultural unity and inclusion de facto, which was the third important criterion for promoting economic growth.

While integrating the Romanians remained an irresolvable issue, the inclusion of the Jews into the Magyar category proved successful. The Jews assimilated in large numbers and took important political and economic positions in society. However, the adverse effects of ethnic discrimination against the large numbers of non-Magyars, who perceived Magyarizing as forced and oppressive, outweighed the gains achieved through the assimilation of the Jews.

This chapter added important insights into how the circumstance of the ethnic borderland used as testing area for finding methods to assimilate non-Magyars. In relation to previous research, this chapter has given important conclusions on how ethnicity was not only constructed, but also politically determined to serve ethno-national and economic interests. In this respect, I believe researchers, especially those who downplay the importance of the nationality question in dualist Hungary, are mistaken if they overlook the strong ethnic element and intentions behind the Magyarizing policy, even
though it was hidden behind non-discriminative legislation and claims of being ‘liberal’.

Romanian Ethnicity was complex, and Romanians assimilated voluntarily or else were nationally indifferent. We can assume that parts of the Magyar elite most probably believed that they had a civilizing mission, like other ‘Herrenvolk’ during this period, and that forcing Romanians to become Magyars was a way of developing the country. However, prominent researchers such as Ágnes Pogány have nevertheless argued that the Hungarian authorities did not impose ‘a definite discriminatory policy, but that it contained elements of social tension’. 233 While it is true that social and ethnic tensions overlapped, it also true that discrimination and exclusion had an important ethnic dimension, which needs to be acknowledged. My standpoint support Katherine Verdery’s conclusion that ‘Magyar nationalism overtly influenced access to opportunity through outright nationalist discrimination’. 234

Both the ethnic and the economic dimensions of the Magyar elite’s nationalization policy make it understandable why the Romanian side protested. This multi-dimensional understanding of the policy also helps explain why the Magyar elite resisted undertaking any real reforms, since meaningful reforms would have undermined Magyar hegemony. Research in other ethnic borderlands in Europe supports the notion that conflicts emerge when ethnic and socio-economic tensions are interwoven. 235

Several social indicators – including disparities along ethnic lines in literacy, salaries, distribution of power and resources – indicate that the society in Szatmár County was ethnically bifurcated, as defined and discussed in chapter 1. The zeal for promoting Magyar national identity served short-term interests of the elite but induced several social mechanisms that were detrimental for achieving sustainable economic development and mutually reinforcing a vicious circle of ethnic bifurcation.

234 Verdery, Transylvanian Villagers, 225
235 Sven Tägil, ed, Regions in Upheaval (Lund 1984), 252.
3. The Political Economy of Magyarizing: Szatmár County 1890–1914

The previous chapter focused on how Magyarizing and economic methods were institutionalized up to the 1880s. This chapter will focus on the political economy of nationalism as well as the economic impact of nationalizing during later part of the dualist period. The topic involves the Romanian resistance in the political and economic fields and how the banking sector became the economic backbone of the Romanian elite. Furthermore, it will analyze the process of Jewish assimilation and its role in economic Magyarizing. Finally, this chapter will discuss the economic impact of this policy for the minorities in Szatmár and for dualist Hungary in general. This chapter will therefore focus on the methods of and resistance to nationalizing as well as the social mechanisms in the economic and political sectors.

From the 1880s onwards Magyarizing was radicalized. However, members of the Romanian elite increased their political resistance by formulating complaints and by establishing their own financial institutions in order to become more independent. The Romanians of Hungary also received support from the Kingdom of Romania. Jews on the other hand were emancipated and Magyarized in large numbers. Jews possessed an important role in the Hungarian economy and were overrepresented in many free professions and in trade.

The Hungarian economy was developing at a moderate level during this period and even if Hungary remained mainly an agrarian economy, it had already achieved a semi-successful industrialization. The socio-economic structure was marked by large inequalities between large landowners and agricultural workers. Still, the middle class developed with modern professions. The foreign borders were stable, but the struggle on the ‘inner front’ continued between leading nationalists and was marked by economic and political crises as well as overlapping social and ethnic tensions.
3.1 Establishing Romanian Economic Institutions: The Chain-Reaction Mechanism

As discussed in the first chapter one strand of researchers regarded the minority banks in functional terms and not as an integrated part of nation-building. Other researchers claimed that these banks indeed were sign of economic nationalism (see section 1.2.2). I will argue that the establishment of minority banks was a chain-reaction among the minority elite against the economic methods used by the Hungarian state and Magyar society to promote assimilation. This chain-reaction was therefore driven by a learning process in which the minority elites realized they needed economic support in the struggle for their ethnic existence.

Albina, the first Romanian bank in the ethnic borderlands of Hungary, was established in 1872 in Nagyszeben (Sibiu, Hermannstadt) in the ethnic borderland of Transylvania. In the city of Nagyszeben the German-speaking minority Saxon minority had already established the first ethnic bank a couple decades earlier. The creation of minority banks in the ethnic borderlands increased during the second part of the dualist period; in addition to Saxon and Romanian banks, Slovak and Serbian ethnic banks were established.1

The founders of the Romanian bank Albina sent a circular to the members of the Romanian religious network (the Romanian Greek-Catholic and Orthodox churches), including members in Szatmár County, encouraging them to buy shares for the benefit of ‘Romanian people’ and their ‘prosperity and existence’.2 This became a relative success as several Romanians supported the initiative and bought shares. During the dualist period the bank became the largest and most prosperous Romanian bank in Austria-Hungary and functioned as a driving force in the establishment of other Romanian banks in the monarchy. It also provided knowhow and capital to the Romanian banks in Szatmár County.

The first Romanian financial institution in Szatmár County was the credit co-operative named ‘Perşeiu’ (in Romanian) or ‘Persely’ (in Hungarian) in Szinérváralja/Seini, situated in the Romanian-dominated area in the eastern part of the County. It was founded in 1886 by Vasile Lucaciu and some other Romanian priests, indicating the involvement of the Romanian Church. Regarding the role played by the religious leaders, one priest explained this, as ‘for the Romanian people only the priest can be the leader both in spiritual and material matters’. The Romanian priests constituted the main intellectual profession for Romanians in general, as it was the only profession where

they were overrepresented. Furthermore, he claimed that a prosperous Romanian community would enable the foundation of more Romanian churches. Therefore it was in the interests of ‘our [Romanian] priests’ to take a leading role in the founding of such economic associations. This demonstrates that the material side of the struggle was indeed important for the Romanian communities in order to protect their identity and to promote Romanianizing.

In order to fulfill its mission to support the Romanian community the co-operative donated 21 per cent of its profit for Romanian cultural purposes. Even if the Romanian community received this support, the main part (79 per cent) of the profit was divided among the shareholders. The establishment of Romanian financial institutions should therefore be regarded as combination of individual and collective interests as well as combination of economic and national aims. From a functional perspective we can argue that the reason for establishing Romanian banks were merely a response to the local circumstances and the need to have banks operating in the Romanian language. However, as the motivation for the establishment of these banks took place in a context of ethno-nationalism, and because the founders were members of the Romanian national movement, these institutions were not regarded as ordinary banks by the leading Magyar elite.

As a sign of its initial success, the Perșeiu/Persely co-operative turned into the Sătmăreana Credit and Savings Bank in 1892. The Hungarian local authorities kept Lucaciu under surveillance and knew in advance that he and other Romanian ‘provocateurs’ aimed at establishing a bank ‘devoted to Wallachian [Romanian] nationality incitement’. Indeed, Lucaciu claimed that ‘the Romanians from Szatmár are the most exposed, the most persecuted, the most hindered and stopped in their cultural, economic and national development’. Therefore he appealed to the national consciousness of all Romanians in Szatmár County to buy shares in the Sătmăreana bank for the material support of ‘our [Romanian] progress and culture’. This clearly shows that the establishment of the bank was driven in part as a way to resist Magyarizing and in part as a chain-reaction mechanism. By establishing an

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4 DJSM TJSM Dosare de firme, Satu Mare, dos. 43, 18.
6 Official name: ‘Sătmăreana’ takarék és hitelintézet r.t.
exclusively Romanian bank this induced an elite mechanism making investments in Romanian identity profitable.

The bank was Romanian in the sense that it had a Romanian name (Sătmăreana), which referred to the Romanian name of the county, Sătmar; it operated using the Romanian language in business; and its shareholders were exclusively ethnic Romanians. One Magyar intellectual argued banks like Sătmăreana were ‘pure Romanian’ because they used ‘Romanian money’, employed Romanian managers and used the Romanian language for bookkeeping.\(^9\)

The bank had 369 shareholders, the largest shareholders of which were Romanian Greek-Catholic congregations, owning in total 5 per cent of the shares. The large number of shareholders shows that the bank was indeed a community owned, even though members of the elite were dominating among the shareholders and in the management of the bank.\(^10\)

The bank supported Romanian peasants in their acquiring land from large Magyar landowners by providing them with relatively cheap credits, which the bank borrowed from the Austrian-Hungarian central bank.\(^11\) Sătmăreana supported Romanian cultural and educational activities with around 3-4 per cent of its yearly profit, which was on par with similar Magyar banks at the time but less than Perşeiu/Persely and other Hungarian financial institutions donated during the previous period.\(^12\) Sătmăreana’s reduced financial support for Romanian cultural and education activities can be interpreted in one of two ways: either the economic profile of the bank increased, with a consequent reduction of its collective and national profile; or else the Romanian shareholders only accommodated the rate to the Magyar average in order avoid accusations from the Magyar society and attention from Hungarian authorities, which were monitoring them. In either case, support for such activities may have been maintained through the bank’s unofficial sources and means, such as salaries and donations. However, this cannot be confirmed from the available sources.

What we do know is that the several of the clerks and managers of the bank were members of the Romanian National Party and their salaries became an important source of income to pursue their political and national aims. The bank was also an important meeting point for the Romanian intellectuals as public meetings were only allowed with special permission from the Hungarian authorities. All of these Romanian characteristics made the Magyar elite suspicious of the bank’s economic purpose; they questioned

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9 Szatmár és vidéke, 21 July 1891, 1-2; 27 July 1891, 2.
10 DJSM TJSM Dosare de firme, Satu Mare, dos. 45.
11 Hendea, ‘ Aspected privind înființarea sistemului de credit din Sătmar și Maramureș’, 85.
12 In 1890 Szatmári takarékpenztár-egyesület donated 8 per cent, which was the highest after Perșeu/Persely, while others gave nothing or else 1.5-3 per cent. J. Armbuster and S. Galantai Nagy, Magyar Compass: Penzügyi évkönyv 1891-92 (Budapest 1891), 174, 197, 277-8, 287, 293-4, 300, 364-6, 481.
whether the institution was not primarily a political institution. In any case, the establishment of separate non-Magyar economic institutions was a sign of ethnic division within Hungarian society, especially among the elite. The argument put forward by András Vári that the institutions only served functional needs cannot be supported if we take into account the political context of nationalism, the Magyarizing tendencies in dualist Hungary in general, and the connection between the Romanian banks and the national movement.  

Several sources confirm that leading Magyars regarded the Romanian banks as dangerous from economic and political perspectives. Benedek Jancsó, a contemporary Magyar expert on the Romanian question, argued that the Romanian banks were ‘destroying the unity of the national economy’. Another intellectual argued that Sătmareana was ‘destroying decades of work to Magyarize’ Szatmár County. The reason behind such fears was that the town of Szinérváralja, where Sătmareana had its office, had earlier been completely conquered by the Magyars, yet ‘now it has been turned into a Romanian bastion’. These leading Magyars viewed the establishment of Romanian banks as backlash against economic Magyarizing. This clearly shows that the establishments of banks were regarded in terms of interethnic competition.

The press in Budapest monitored Lucaciu’s activities in Szatmár County. One author regarded the establishment of Sătmareana as mainly serving propaganda purposes and questioned whether there was no ‘artificial external influence’, referring to possible economic support from the Kingdom of Romania. A Magyar journalist from Szatmár reported in a similar fashion about how Constantin Lucaciu, Vasile’s brother, was like a Romanian ‘eagle’ that had established its ‘nest’ in Szinérváralja because the ‘Wallachian League’ needed a place for investments. The metaphor of the eagle described how the nest would grow and eventually connect with the Romanian Kingdom on the other side of the Carpathians. However, no available sources confirm Romania’s direct financial support for the bank, though it seems likely Lucaciu and other managers received individual financial support for their political activities from the Romanian Kingdom.

Beginning in the 1890s the Hungarian government monitored the establishment of banks representing the different nationalities. Beginning in the 1890s the Hungarian government monitored the establishment of banks representing the different nationalities. In 1893 Prime Minister and Finance

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14 Benedek Jancsó, Szabadságharczunk és a Dako-Román törekvések (Budapest, 1895), xi.
Minister Sándor Wekerle (1848–1921) – who was elected from the Nagy-Bánya district of Szatmár County – requested that the Minister of Interior Károly Hieronymi (1836–1911) – who was elected from the Szatmár-Németi district of Szatmár County – negotiate with the Austrian-Hungarian Central bank with the purpose of restricting loans to banks representing the different nationalities. The motivation for this intervention was that Wekerle assumed that these banks undertook ‘anti-State activity’.19

Hieronymi was informed by a prefect in another county in Transylvania that the Romanian banks used half of their profits for the purposes of propaganda, which he assumed that all Romanian financial institutions supported.20 Therefore he warned the Minister of Trade that the Romanian nationality was employing a ‘dangerous tool’ with these banks. Furthermore, he argued that the banks provided financial means to poor people and urged him to provide special support for Magyar provincial banks to neutralize the competition of the Romanian banks.21 This issue was connected to the lack of capital for the benefit of Magyar medium-size landowners; consequently, arguments were made to establish a Hungarian ‘Albina’ with the help of the Hungarian state.22

These suggestions and reports also reveal that leading Magyars with knowledge and experiences from Szatmár County regarded Romanian banks such as Sătmăreana as politically dangerous and were prepared to take actions based on ethno-political motives.23 However, at this point the Hungarian state was not prepared to impose any restrictions on the respective nationalities’ banks. The reason for this was most probably that the number of Romanian banks did not pose any serious economic threat to Magyar dominance; moreover, the Magyar leaders could maintain the official line that they supported a liberal economic system.24

In Szatmár in the 1890s the Romanian share of the total banking sector was insignificant, even though the establishment of Sătmăreana indeed posed a local threat to the Magyar elite in the town of Szinérváralja. The establishment of the bank by Lucaciu and others was therefore primarily regarded as a dangerous political tool in the struggle of the nationalities and as threat towards the policy of Magyarizing society in general.

The conclusion is that economic Magyarizing induced a chain-reaction mechanism in which the members of Romanian and other non-Magyar elite

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20 ‘Prefect of Alsófejér County to Károly Hieronymi, 12 Jul 1893’, ibid. 144.
21 ‘Károly Hieronymi to Béla Lukács’, ibid. 145.
established separate economic institutions in order to promote their own material progress. This should primarily been seen as a response to the Magyarizing tendencies in the ethnic borderlands. In providing financial support for Romanian culture, language and education, as well as employment for the Romanian elite, the Romanians banks functioned as a substitute for the state. This reveals the operation of an elite mechanism in which investments in Romanian identity were promoted.

The Romanian elite learned and realized the importance of the economic side of the national struggle, and therefore they employed the same economic methods that the Hungarian state and society used to force them to assimilate. The exclusion of the Romanians the elite gave reasons to establish separate ethnic economic institutions to support the Romanian national movement. At the same time this gave the Romanian elite important sources of income. Therefore the banking establishments served individual as well as collective ethno-national interests.

The proximity between the Romanian national movement and the Romanian banks induced a mechanism of low trust. Leading Magyar nationalists and statespersons regarded the Romanian banks as ‘foreign garrisons on the inner economic front’ because of the banks’ assumed anti-state and irredentist activities. Even if the Romanian elite indeed had transborder ties with the Romanian Kingdom and Lucaciu had disseminated irredentist maps of ‘Modern Dacia’ (see map 4), the majority of Romanians most probably supported the Romanian banks out of pragmatic and economic reasons. The establishment of Romanian banks should therefore be understood as a combination of economic and ethno-national reasons.

3.2 The Romanian Memorandum

Vasile Lucaciu increased his political protests against the discrimination and oppression of the Romanians at the end of 1880s and the beginning of the 1890s. His open criticism landed him prison several times for slandering the Magyar state. The stiff treatment of Lucaciu by the Hungarian authorities did not discourage him; on the contrary, it only stimulated his further ambitions and career as Romanian ‘martyr’ and politician. In 1892 he was elected secretary of the Romanian National Party, and during this year he and other leading members of the party wrote a memorandum to be sent to Emperor Franz Joseph I.

The Romanians nurtured hopes that the Emperor would now return the support that Romanians had given the imperial crown in 1848–1849, when

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25 Szatmár és vidéke, 6 June 1893, 3; Eugen Brote, Die Rumänische Frage in Siebenbürgen und Ungarn: Eine politische Denkschrift (Berlin, 1895), 402, 408.
the Romanians sided with the Austrians against the Magyars in the civil war. Before sending the Memorandum the Romanian leaders consulted leading politicians in the Kingdom of Romania, including King Carol I. Through this consultation the Memorandum was significantly modified; instead of a long historical introduction it stressed current Magyarizing and administrative abuses by the Hungarian authorities.26

A committee of around 300 Romanians, with several leading Romanians from Szatmár including Lucaciu and his brother, went to Vienna to hand the Memorandum personally to Emperor Joseph. The trip was financed with money from leading politicians in the Romanian Kingdom who had advised about the best timing of the Memorandum.27 This shows how a transborder mechanism operated in which the external homeland of the Romanians was heavily involved in the political affairs of the Romanian minority in Hungary.

However, the Emperor refused to meet with the members of the committee and forwarded the Memorandum to the Hungarian government, which, without breaking the seal, returned it to the leader of the Romanian National Party.28 Still, the content was published by Romanian newspapers in dualist Hungary in the summer of 1892; additionally, 11,000 copies were printed in Romanian and another 2,000 in other languages, which with the help the Cultural League were then disseminated to Romanians as well as to an international audience.29

Initially the Hungarian government admitted the right of all citizens to complain and make petitions, but by spring 1894 it had reversed course; consequently, and the Romanian committee was brought to trial for ‘incitement against the Magyar nationality’.30 In Szatmár the Hungarian authorities sent out strict orders forbidding the circulation of Romanian newspapers publishing the content of the Memorandum.31

The Memorandum was a complaint pointing at several problems facing the Romanian minority in Hungary. The Romanian leaders complained about the union between Transylvania and Hungary and how they were excluded from any real political power. They requested support from the Hungarian state for the cultural development of the ‘Romanian nation’. This notion was political dynamite as the Magyar elite regarded the Romanians as merely a ‘nationality’ without any rights to become a nation within the nation. Furthermore, the Romanian authors of the Memorandum proposed the

31 DJC PJSM 195/1904, 35/1893.
federalization of Transylvania with Romanian autonomy in a similar fashion as the Croatian question had been solved.

The Romanian leaders complained that the Law of Nationalities was not respected or implemented, but if it was it would improve the situation of the Romanians significantly. They accused the Hungarian government and society of slandering and offending ‘our [Romanian] economic and cultural interests’ on an ‘everyday basis to such an extent that our national existence is in danger’. They wrote that Magyar educational societies such as the Széchenyi Society were employed as instruments in this ‘outspoken aggressive racial war’ and that state authorities used all means possible to assimilate the non-Magyars. This included the Magyarizing of schools and kindergartens as well as the exclusion of Romanians from public administration.

The editors of the Magyar newspaper responded that the roots of all the problems were Romanian irredentism and that Hungary risked dissolution if the state did not pursue the policy of Magyarizing, no matter if it was regarded as forced. They claimed that the best solution to Romanian question was for the Romanians abandoned the idea to ‘create a state within the state’, i.e. to establish their own independent institutions. They denied that Magyarizing was discriminating since ‘there is only oppression when a foreign language is totally forbidden’. Regarding state employment they argued that all jobs were filled according to general qualifications, but that some people could not be employed because of security reasons. This meant that they defended the exclusion of Romanians in the public sector and the violation of the Law of Nationalities because of the presumed irredentist activities by leading Romanians.

Instead of oppressing Romanian culture they argued that the Magyars actually supported it through the Széchenyi Society, which ‘civilized’ and educated the Romanians. Finally, these Magyar editors pointed to the economic field and argued that the economic development of the Romanians and the establishment of several Romanian banks proved that the situation was not as dark as the memorandum had painted it. They regarded the establishment of Romanian banks as a sign of economic liberalism and not as response to Magyarizing.

One Romanian responded that Daco-Romanism ‘is merely a poet’s fantastic dream’ and the ‘true roots of the problem is not Daco-Romanism but
the idea of Magyarizing’ because ‘the chauvinistic attitude against the nationalities’ divided Hungarian society. Furthermore, he argued that ‘we know well that we Romanians here in our Magyar homeland live only as a nationality because we do not constitute the nation here’, therefore ‘we are not aspiring for the rights of a nation, but only for the nationality rights and protection within the constitution’. He urged the Magyar press to admit that the Hungarian state violated the Law of Nationalities. This means that he believed the Hungarian authorities to be responsible for the ethnic division of Hungarian society, while the Magyar editors blamed Romanian irredentism. This clearly showed a lack of trust between the two elites.

Regarding the economic position of the Romanians he claimed that ‘we are very, very poor’ and we have ‘only our language’. Furthermore, he stated that ‘the suspicion is the worst’, as ‘[Prime Minister] Tisza does not trust the Romanians’, referring to the low trust of Romanians among leading Magyars. Regarding the Széchenyi Society he claimed that the ‘humanism is good’, but the Romanians can never accept the ‘Magyarizing tendencies’ and the ‘surtax, we Romanians also have to pay’. This means that he addressed the problems of the mutual low trust and how the Romanians were forced to pay for the Magyarizing process, despite regarding it as a threat to their own cultural existence.

Eventually, almost two years after the Memorandum had been published, the members of the Romanian committee were summoned to the court of Kolozsvár. During the trial in 1894 the accused Romanians claimed that ‘in vain we tried all legal methods’ as the ‘racial intolerance has declared a war of extermination against our language and our nationality’. Furthermore, they claimed that ‘It is a political and constitutional question which is at stake, resulting from a struggle of centuries waged by the autochthonous Romanian nation against the Magyar hegemony’. They concluded that ‘...you can condemn us as individuals, but not as the representatives of our people’. This statement underlined the demand by the Romanian elite to be recognized as political nation in Hungary and treated equally, which was at the core of the Memorandum movement.

However, the result of the trial was that Romanian leaders were sentenced to prison for 29 years in total for slandering the Hungarian nation; Lucaciu, who was regarded as the principal organizer, received the maximum sentence of five years in state prison. The Hungarian authorities dissolved and

39 Ibid.
40 Ibid.
41 Ibid.
42 ‘Declaration of the Accused Committee of the Romanian National Party Before the Jury Court of Kolozsvár’ (Memorandum Trial, May 1894), repr. in Seton-Watson, Racial Problems in Hungary, 472-3.
43 Szász, ed., History of Transylvania, vol. iii, 693.
forbade the Romanian National Party. This raised a sense of solidarity among the kinsmen across the frontier in the Kingdom of Romania, which reinforced the transborder mechanism. In Hungary this response aroused indignation among the Magyar elite, which increased the distrust of Romanians among leading Magyars.44

The Romanian complaints and the Memorandum trial further deepened the cleavage between the Magyar and Romanian leaders and reinforced a mechanism of mutual low trust. The discriminations against the Romanians by the Hungarian state brought the Romanians on both sides of the Carpathians closer to each other, which induced a transborder mechanism. Magyars perceived as a threat to the Hungarian state and retaliated against any Romanian attempts to preserve Romanian identity or to complain about abuses, including violations of the Law of Nationalities. Resistance among the Romanians induced a mechanism of state involvement as the Magyar elite introduced forced Magyarizing and harsher methods, including imprisonment of leading Romanians.

3.3 The Social Question and Migration

Major socioeconomic class differences, especially between large landowners and agricultural workers, typically corresponded to ethno-national differences.45 This context inspired the development of socialist ideas, which spread most rapidly among agricultural workers in the eastern part of Hungary between the counties of Arad and Szatmár. Here the first independent organizations of agrarian workers were formed in the 1890’s, which included both Magyars and Romanians. However, Hungarian authorities restricted the socialist movements and forbade their meetings.46 The large Magyar landowners regarded agrarian socialism as a political threat to their dominance and used the Agricultural Society of Szatmár County (Szatmármegyei Gazdasági Egyesület), founded in 1860, to protect their interests. The Society received financial support from the Hungarian state, which was indicative of the overlapping interests of the Magyar landowners and the Hungarian state.47

Harvest strikes in 1897 forced the Hungarian state to introduce a new labor law in 1898, which replaced the robot (unpaid work for up to 40 days)

44 Seton-Watson, Racial Problems in Hungary, 181.
47 Bertalan Bagossy, A Szatmármegyei Gazdasági Egyesület története 1860–1911 (Szatmár-Németi, 1911), 51.
and introduced certain welfare measures. However, the law was called a ‘slave law’ because the contracts made agricultural work an official obligation; once made they could only be broken in exceptional cases such as sickness, military service or danger to life. Furthermore, it stipulated that a worker not appearing voluntarily at his work was liable to fines or up to two months’ imprisonment.48 This provision reveals the aim to preserve the political and economic hegemony of the Magyar landlords, who forced many agricultural workers into dependence and debts.

As a reaction to this the Hungarian Social Democratic Party was founded in 1903. Initially it was an inclusive movement aiming at social equality among all nationalities in the country. However, in 1904 the different nationalities organized their own committees within the party. Later, tensions increased as the Magyars in the party stressed the general social discrimination among workers, since they regarded the question of the nationalities to be only a linguistic question. The nationalities on the other hand stressed that they were discriminated as both workers and as non-Magyars.49 Eventually, even the Social Democratic Party became divided along ethnic lines.

The fact that even the socialists, all of whom faced social inequalities, could not unite their political interests was a sign of how ethnic bifurcation dominated all sectors of Hungarian society, as the social mechanisms of ethnic bifurcation divided even the socialists.

Members of the Romanian section of the Social Democratic Party organized meetings in Szinérváralja district in Szatmár County in 1904. During these meetings they protested against and blamed the Hungarian authorities for their economic marginalization. The Hungarian authorities and police repudiated this and condemned meetings.50 The Hungarian authorities supported the interests of the Magyar landlords and crushed the combined social and minority protests from the Romanian workers.

During the years 1905-07 strikes and workers’ protests increased, peaking in 1906 with a large strike at the steam saw mill in Szatmár-Németi.51 The result of this major strike was that workers succeeded in their demands for an increase in wages and reduction in working hours.52 Still, this crisis en-

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50 DJC PJSM 195/1904, 131/1904, 148/1904
51 Eighteen strikes were recorded in Szatmárnémeti alone in 1905-07, which involved around 20 per cent of all workers. See Gusztáv Thirring, *A Magyar városok statisztikai évkonyve* (Budapest, 1912), 341; *Szamos*, 24 June 1906, 1-2; 1 July 1906, 1-2; and 21 Oct. 1906, 1.
couraged many peasants and workers to emigrate from Hungary, a majority of whom were Magyars.

Among the 7,532 Romanians who emigrated from Szatmár County during the dualist period, almost all went to the United States; only 128 went to Romania.\(^{53}\) This emigration pattern confirmed what Kornél Marosán and other Magyarized Romanian intellectuals claimed at the time, namely that economic opportunities generally outweighed ethno-national ties with the external homeland. Kornél argued that once the Romanian peasants ‘realize that they are poor, [they] will not start to dream about Bucharest, but of America’.\(^{54}\)

As an argument for the Hungarian state to recognize the Romanian nation, Lucaciu cited the US immigration authorities’ categorization of ethnic Romanians with Hungarian citizenship as ‘Romanians’ and not ‘Hungarians’.\(^{55}\) Magyarized Romanians could also claim that they were ethnic Romanians.

However, the Hungarian state responded to the increased emigration by enforcing a new labor law in 1907, which was motivated officially to prevent ‘labor abuses to the prejudice of the agricultural worker and the improvement of the workers’ social and economic condition’. However, according to a British contemporary observer, the real aim of the law was to ‘check the flow of Hungarian emigration to the United States by providing landowners and farmers with means of binding laborers to the land and preventing the growth of agrarian socialism’.\(^{56}\) Indeed, the law provided that the laborers were forbidden to leave the farm or to receive visits from outside without the landlord’s permission. The law therefore reinforced the social and economic subordination among agricultural laborers in general and among Romanian agricultural workers in particular, i.e. the operation of an ethnic exploitation mechanism.

Hungary’s emigrants to the United States were replaced by Jewish immigrants from Galicia and other Polish-speaking parts of the Austrian and Russian empires. Leading Magyar nationalists made a distinction between the well-established Magyarized Jews and newly arrived Jewish immigrants. One Magyar author wrote in the journal published by the Agricultural Society that these Jewish immigrants were ‘only productive for us [Magyars] to reduce the economic strength of the Ruthenians and Romanians’. Thus, clearly pointing out Jews as instrumental in Magyarizing the nationalities.

He argued furthermore that the Jewish immigrants were ‘parasites’ and that the request from a Jewish newspaper (Szamos) to treat them equally was


\(^{56}\) Geoffrey Drage, \textit{Austria-Hungary} (London, 1909), 319.
a threat to ‘the Magyar racial supremacy’.\textsuperscript{57} This patronizing and racist attitude was echoed by a leading member of the Károlyi family, which had estates in the Szatmár County, when he stated: ‘Just as we keep the gypsies [Roma] so that they play, we keep the Jews so that the work instead of us’\textsuperscript{58}

The conclusion is that the Magyar landowning elite used the state to maintain their political and economic dominance and to discriminate against laborers, especially the national minorities. Social and ethnic inequality was intertwined. This led to divisions even within the working class, which facilitated a mechanism of categorical exploitation by the Magyar landowning elite.

3.4 The Romanian Economic Question

Leading Romanians in Hungary viewed the ethnic struggle between Hungarians and Romanians as ‘essentially economic’. Romanian leaders therefore aimed at achieving as much economic independence in the monarchy as possible.\textsuperscript{59} Regarding the Romanian need for land, Romanian leader Gheorghe Baritiu wrote in 1855 that ‘This is truly an economic war and, if we want to survive and have a real homeland, we must wage it with all our might, all over the country’.\textsuperscript{60} Leading Magyar intellectuals likewise framed it as economic struggle. Ernő Éber, for example, defined it as a ‘racial struggle’ and an ‘economic question, and in particular an agricultural question’.\textsuperscript{61}

Leading Romanians such as Vasile Lucaciu had understood the importance of the economic side of the struggle and therefore started to engage in the banking business, especially after the turn of the century. Other nationalities such as the Slovak, Serbian and Saxon nationalities were also establishing separate banks and credit institutions. By 1912 the Romanians had established 212 institutions, while the other three nationalities around 40-50 institutions each.\textsuperscript{62} One reason for this trend was that the banks compensated for nationalities’ lack of an independent state life since the Hungarian state had become more exclusivist.

One leading Magyar intellectual and political adviser, Gusztáv Beksics, noted that the ‘Romanian race/people was lagging behind in industry and trade’, while their main economic strength was in the field of banking and

\textsuperscript{59} ‘’Lupta pentru existenţă’, \textit{Revista Economică} (1907), 361-2; Hitchins, \textit{A Nation Affirmed}, 221-3.
\textsuperscript{60} Szász, ed., \textit{History of Transylvania}, vol. iii, 582.
\textsuperscript{61} Ernő Éber, \textit{Fajok harca: adatok az erdélyi nemzetiségi kérdéshez} (Budapest, 1905), 174.
\textsuperscript{62} Szász, ‘Banking and Nationality in Hungary, 1867–1914’, 34.
agriculture. He wrote that in Szatmár County the Romanian landowners had bought 2990 cadastral yokes from the Magyars since the 1890s, some of them with the help of Sâtmăreana, the first Romanian bank in Szatmár.63

In 1901 the second Romanian bank of Szatmár County, Chiorana, was founded in Nagysomkut, with Vasile Lucaciu as its vice president. The statutes of the bank provided that if anyone wanted to sell their shares then this person had to notify the other shareholders 8 days in advance.64 This provision aimed at preventing Magyars from becoming shareholders and protecting the bank’s ethnic Romanian character.

Several managers in the bank were Romanian politicians and active in the Romanian national movement, including Teofil Dragoș. Dragoș was Lucaciu’s friend and through Dragoș influence Lucaciu relaxed his political agitation and concentrated more the economic side of the struggle after the turn of the century. Lucaciu employed the same methods as the Hungarian state and society had used against him, i.e. he took advantage of economic methods to pursue his national and private interests.

The local Magyar press claimed that ‘Lucaciu and his followers are fed from abroad, where they are pulled by strings’, referring to the assumed economic support from Romania.65 Despite the accusations in the Magyar press the local Hungarian authorities reported in their confidential report in 1904 that the clerks and managers of Sâtmăreana ‘have strong national feelings, but they do not agitate’, and that the bank ‘does not support national aims’. In addition the report claimed that Sâtmăreana ‘had not caused the Magyars any damage’.66 Regarding Chiorana, the second Romanian bank, they reported that it ‘It is impossible to say whether Chiorana supports the [Romanian] national aim’ or not, but all ‘managers have strong Romanian nationality’.67

These reports were part of the Hungarian government’s assessment of the Romanian national movement and its ties with the Romanians banks. This connection was brought up in 1902 when Slovak emigrants in the United States sent money back for political agitation.68 Reports were made that the nationalities’ banks were undertaking anti-state activity.69 However, even if measures were considered against the nationalities’ banks, the Hungarian authorities expected the banks to circumvent any regulation by attaining credit from the international credit markets. The experience of the Austrian industrial protection had shown that such measures could have reverse ef-

64 Antal Huszár, A magyarországi románok (Budapest, 1907), 722-3, 881.
65 Szamos, 1 Mar. 1903, 1-2.
66 ‘High sherriff in Szinérváralya district to the prefect, confidential’, DJC PJSZ 195/1904, 38/1904
67 Ibid. 187/1904.
68 MOL K 26 1904-XIV-741, ME 4673/1902.
fects as the Czech industry had gained from the protection instead of being hindered; the Hungarian government did want to make the same mistake with its Romanians.\footnote{MOL K 26 1904-XIV-741, ME 2570/1903, 24-5.}

The implicit threat to suspend credits from the Austrian-Hungarian bank to the nationalities’ banks compelled the Romanian bankers to arrange a loan from France, with the intermediacy of Romania.\footnote{Huszár, A magyarországi románok, 722-3; 874.} Thus the Hungarians’ monitoring and the framing of the nationalities’ banks as political threats gave repercussions. The suspicion from the Hungarian authorities therefore reinforced the transborder ties between Romanians, despite that the purpose was to merely to monitor the ties between the minority banks and the national movement.

The issue of the Romanian banks was debated in the Hungarian parliament in 1902 when one deputy accused the nationalities’ banks of being ‘a threat against the Hungarian state’. Prime Minister Kálmán Széll (1843–1915) responded that indeed it was ‘very concerning’ and replied that the matter was under investigation. However, the Romanian editor of Revista Economică, the journal of the Romanian banks in Hungary, was disappointed by the prime minister’s answer, saying that Széll should have answered that the nationalities’ banks were ‘truly patriotic’, as they ‘satisfied the needs of the public’.\footnote{‘Băncile române în parlement’, Revista Economică, 1902, 397-8.}

However, the state-led investigation concluded that the ‘economic weapons’ employed by the nationalities’ banks were ‘the most dangerous ones’ because the state was unable to monitor this ‘underground work’.\footnote{MOL K 26 1904-XIV-741, ME 3417/1903, 37-42.} This referred to the fact that once their articles of association had been approved, the banks managed their own business beyond state control. The report also claimed that the nationalities’ banks were involved in elections by supporting minority candidates.\footnote{MOL K 26 1904-XIV-741, ME 2488/1904, 73-5.} Eventually no legal action was implemented. Nevertheless, Hungarian authorities classified the nationalities’ banks as politically dangerous institutions and kept them under close surveillance.

In 1906 the third Romanian bank in Szatmár County was established, Aurora, in the city of Nagy-Bánya. The city was regarded as a Magyar bastion in a Romanian dominated area, but through the establishment of the Romanian bank parts of the local banking sector were Romanianized. Vasile Lucaciu bought 10 per cent of the shares and his brother Constantin 5 per cent, making them the largest shareholders.\footnote{DJSM TJSM, Dosare de firme, Satu Mare, dos. 89, 18, 20.} Clearly the Lucaciu brothers had financial resources beyond their positions as priests. One source claimed that Vasile received a substantial sum of money in a collection after the Memo-
random trial; his position as one of the leaders of the Romanian movement indeed gave him economic rewards.\textsuperscript{76} It seems his investments in mobilizing Romanian identity paid off, even if he paid the high price of serving five prison sentences.

Aurora’s regulations stipulated that at least 2 per cent of the profit should be reserved for a Romanian cultural and charity fund, with another 5 per cent to be paid as a dividend to the shareholders. The remaining profit was to be allocated at the annual meeting.\textsuperscript{77} In 1913 the amount for cultural aims and charity was only 245 crowns of the total profit of 19,754, which was less than two per cent.\textsuperscript{78} Still, the bank was a success for its Romanian shareholders, because it recorded a profit for every year during the dualist period, even during the difficulties of the First World War.\textsuperscript{79}

One author in the local Magyar paper \textit{Nagybánya} did not know if the bank would ‘support Romanian aspirations’ or not; regardless, he claimed that it served a ‘good purpose’.\textsuperscript{80} One newspaper editor from the town of Nagy-Károly, the county center, was much harder in his critique, regarding all Romanian banks in the county as mainly ‘political institutions rather than financial ones’. Furthermore, he claimed that the establishment of Aurora was ‘an establishment of a Daco-Roman nest’ and that all the money they earned would be used against the Magyar nation.\textsuperscript{81}

This view was shared by the editor of \textit{Szamos}, the largest local paper in Szatmár-Németi. He argued that the Romanian banks were the most dangerous Romanian institutions, claiming they were pure ‘Wallachian [Romanian]’ in all aspects, as they arranged secret political meetings and demanded their clients use only the Romanian language. Furthermore, the editor claimed that the Romanian banks had an interest keeping the discussion about the national question alive since it provided them with well-paid jobs.

Thus, even contemporary observers such as the editor of \textit{Szamos} realized how an elite mechanism was in operation, providing the majority and minority elites alike with profitable occupations. This editor furthermore argued that the salaries were used to buy land from the Magyars under the slogan ‘he, who owns the land, owns the country’.\textsuperscript{82}

Another Magyar intellectual argued that the Romanian priests took advantage of the poor Romanian peasants for their own economic interests, because these peasants believed everything their priests said.\textsuperscript{83} The only so-
lution to this was ‘forced Magyarizing’ in order to fight the increased ethnic consciousness among the Romanians by increasing state involvement in the lives of Romanians, argued editors of leading local newspapers.\(^8^4\) According to another Magyar nationalist in the county, the Széchenyi Society required more money to fight against the ‘Daco-Romanism agitators’, as the ‘county was sick and in need of a doctor’.\(^8^5\)

The Romanian political response to these accusations was to revive the Romanian political movement in 1905 and to officially address the ‘Romanian Economic Question’ in which the banks were given a key role together with co-operatives, associations and schools.\(^8^6\) During the conference of the Romanian Banks in 1905 the delegates decided only to support the establishment of Romanian banks that served the ‘interest of the Romanian people’.\(^8^7\) The exclusion of Romanians and the accusations from the Magyar majority increased the need for the Romanian community to support their own economic institutions. The Romanian banks and their support to the Romanian communities thus became a substitute for the state support that they were lacking.

In 1906 the association of the Romanian banks was founded, Solidaritatea, with the aim of supporting Romanian economic and financial institutions in the Romanian dominated areas. By 1906 it was obvious that the Romanian banks in Szatmár County were coordinated, because all Romanian banks had György Papp\(^8^8\) from Illésfalva as president and had cross-ownership (e.g. Sătmăreana owned shares in Aurora).\(^8^9\) In 1907 the fourth Romanian bank, Arina, was founded in Szaniszló; it was partly owned and coordinated by Sătmăreana.\(^9^0\) Romanian banks in Szatmár County were part of a network of banks in the county controlled by the leading members of the Romanian elite.

One of the recurrent issues for the Magyar elite was that Romanian banks in Hungary supported Romanian cultural institutions, even if this support only constituted on average 4.2 per cent of the banks’ profits.\(^9^1\) Still, there were exceptional cases, such as when one institution donated 45 per cent of its profit.\(^9^2\) Indeed, the Romanian bankers regarded this aim as important,

\(^8^5\) ‘A nemzetiségi kérdés Szatmárvármegyében’ Szatmárvárgmgye, 19 May 1906, 1-2.
\(^8^6\) ‘Chestiunea economic română, I-IV’, Revista Economică, (1905) 317-8, 335-5, 349-5, 357-8.
\(^8^7\) Huszár, A magyarországi románok, 874.
\(^8^8\) His Magyarized name.
\(^9^0\) Ciubotă et al., eds, Lupta românilor din judeţul Satu Mare, 210.
\(^9^1\) Huszár, A magyarországi románok, 868-9.
and in 1903 and 1905 decided to increase this share with the motivation that it was the ‘national duty’ of Romanians to support Romanians living all over the Hungary.\footnote{Huszár, A magyarországi románok, 722-3; 873.}

In line with this Chiorana decided to donate 6 per cent and Sătmăreana 3.5 per cent of its profit for the benefit of Romanian cultural purposes in 1905. This was higher than the average of financial institutions in Szatmár County for this period, but it was lower than the maximum donation that a Magyar bank had given in 1894 (8 per cent).\footnote{Sándor Gálanthai Nagy, Magyar Compass 1905/1906, vol. i (Budapest, 1905), 772-3; idem, Magyar Compass 1895/6, vol. i (Budapest, 1895), 452-3.} This money supported Romanian Greek-Catholic churches and schools, Romanian associations, the Romanian student’s table in Kolozsvár, and the Romanian national museum in Nagyszeben; it also paid for subscriptions to Romanian newspapers.\footnote{Huszár, A magyarországi románok, 722-3; 801-2.}

The Romanians of Szatmár and their banks not only supported activities in other parts of Hungary but also donated money to Romanian peasant families who had died during the large peasant revolt in 1907 in the Kingdom of Romania.\footnote{Ciuobotă et al., eds, Lupta românilor din județul Satu Mare, 328.} Even if this amount was small it certainly indicated economic solidarity among the Romanians on both sides of the Carpathians.

The Hungarian state supported the Hungarian minority in Romania in a similar way. Lucaciu brought this up in the Hungarian parliament and demanded that if the Hungarian state could afford to support a Magyar cultural association in Bucharest it could also afford a Romanian national school in Hungary.\footnote{László Lukács’ speech on 12 May 1908’, Balázs, ed., Román képviselő, 259-91 (275).} This reveals that a transborder mechanism operated in which the state was used to redistribute financial means to ethnic members, no matter if they lived in the country or not.

The Romanian banks were repeatedly attacked as ‘Wallachian capital’ and charged with being destructive to the Magyar state, especially by the Magyar press in Budapest.\footnote{‘Nemzetiségi pénzintézetek’, Budapesti Hírlap, 16 May 1908, 1-2; Antal Bodor, ‘Az erdélyrészű pénzintézetek’, Közgazdasági Szemle, 1904/28, 923-37; ‘A Román pénzintézetek és Szövetségünk’, Pénzintézeti Szemle, (1905), 170; “Capitalul valach”, Revista Economică, 11/35, 29 Aug. 1909, 365-6; ‘Băncile româneşti şi unele ziare ungureşti’, Revista Economică, 20/19, 11 May 1918, 129-130.} The managers of the Romanian banks defended themselves, saying that only ‘chauvinists’ had a problem with the banks’ cultural support and denying that the money supported any political activity against the Hungarian state.\footnote{‘Băncile noastre – pericol pentru stat?!’ Revista Economică, 1904, 353-4; “Extinderea băncilor române” – un răspuns’, Revista Economică, 1910, 78.} On the contrary, they claimed that the Romanian banks ‘did not make any difference between the nationality’ of their clients and argued that they also had provided loans to Magyars.\footnote{‘Puterea băncilor naţionalităţilor’, Revista Economică, 6/52, 1904, 433-4.}
One Romanian banker denied receiving support from Romanian irredentists and supported his argument that this was re-assured by ‘those serious Magyars who provide the Romanian banks with credit’. This referred to the Austrian-Hungarian central bank, which provided the Romanian banks with credits and which obviously regarded the Romanians bank as trustworthy, at least in economic terms.

Lucaciu was questioned in the Hungarian parliament in 1908 by a Magyar MP, who asked Lucaciu about the ‘economic pressure in the hands of the Romanian credit institutions’ concerning the Romanianization of Magyar society. Lucaciu replied that the accusations about the Romanian banks had been contradictory:

First they said, dear MPs, that we did not care about the people and that we were not providing any benefits for them at all; secondly they said, that with the support from the Romanian banks we bought Magyar landed properties and divided them among the Romanian people; thirdly they said, that the dividends of the banks were used for Romanian national and cultural aims.

The common denominator in this critique was the suspicion of the Magyars, as it was obvious the Magyar elite did not fully trust the Romanian banks and their managers.

The Romanian elite in Szatmár County had plans in July 1912 to establish a fifth Romanian bank in Szatmár-Németi called Salvator. The bank would have been the largest Romanian bank in the county with a potential capital of 300,000 crowns, having 2/3 of its capital coming from investors in the county and 1/3 from Albina the largest Romanian bank, at that time. However, because of the economic crisis in 1912-13, it could not be established.

Arina, the third Romanian bank in Szatmár County, was forced to merge with another Romanian bank; thus in 1913 there remained only three Romanian banks. Even if the number of Romanian banks in Hungary had increased after 1900, as by 1912 they numbered 212, they did not pose any real threat to the Magyar hegemony because their total assets constituted only 3 per cent of Hungary’s total capital by 1909. However, on the local scene the Romanian banks remained important players; for example, the Romanian bank in Nagysomkút held 25 per cent of all banking assets in the city. The danger posed by the Romanian banks was therefore not primarily

103 Constantin Popp, Anuarul Băncilor Române, 1914, (Sibiu 1913), 228.
104 László Bizony, A keleti határról: a magyar szupremácia veszedelme Erdélyben (Budapest, 1912), 38.
their economic size but rather their exclusive ethnic character and their presumed irredentism.

Apart from the banking sector the Romanians complained that they were excluded from the industrial sector, as ‘no government ever thought of our [Romanian] industry’. A campaign was launched for the Romanians to implement a political-economic program covering all economic sectors. In Szatmár the Romanian cultural association known as Astra started to gather ethnic economic data to investigate the situation of the Romanian economy.

As part of this program a consumer co-operative was founded by the two Romanian banks Aurora and Sătmăreana in 1910; as well, Astra arranged a local agrarian conference in 1913. Appeals were made that all Romanians in Szatmár should unite and contribute to the Romanian communities with their ‘material and moral support’. The Romanians tried to unite all their efforts to further promote their aim of establishing an ethnically based economy for the Romanian community in Szatmár. However, of all these efforts to create a self-sustaining Romanian economy, the establishment of Romanian banks proved most successful and enduring.

The conclusion is that the Romanian elite responded to the increased economic Magyarizing by establishing their own economic institutions, mainly banks, as a way of increasing their economic independence and resistance. Another reason for this development was the Hungarian state’s ethnic exclusiveness and its focus on Magyarizing the minorities and supporting Magyars in all sectors of the society. The Romanian banks therefore functioned partly as a Romanian state by supporting Romanian culture, education, churches and newspapers.

Economic institutions were framed as being in either Magyar or non-Magyar hands, in which case the latter was assumed of pursuing anti-state activities. This dichotomy induced an interethnic competition mechanism that supported the majority and minority elites and moreover ensured social inequalities. Investments in either Magyar or Romanian identity became important, which reinforced a redistribution mechanism based on ethnicity.

The exclusive Romanian economic institutions were regarded as political threats by the Magyar elite because of the institutions’ resistance to Magyarization as well as their presumed irredentism and cooperation with

108 Asociaţia Transilvană pentru Literatura Română şi Cultura Poporului Român [The Transylvanian Association for Romanian Literature and the Culture of the Romanian People].
109 Ciubotă et al., eds, Lupta românilor din judeţul Satu Mare, 425-6.
111 Ciubotă et al., eds, Lupta românilor din judeţul Satu Mare, 436-7.
the Romanian external homeland. This became a self-fulfilling prophecy as the Romanian banks arranged a backup of French credits with the assistance of the Romanian Kingdom in case the Austrian-Hungarian central bank suspended their credit. Mutual distrust existed between the Romanian bankers and the Magyar elite, which created uncertainty and increasing security costs.

3.5 The Romanian Political Question

The Romanians as a collective were excluded from any real political power during the dualist period even though they at times negotiated with the Magyar leaders. In Hungary, the Liberal Party won the 1896 elections and remained in power. However, the price was high, as 32 men were killed and 70 men were wounded in confrontations between Romanian voters and the Hungarian army and police.112 The only Romanian deputy elected, Trajan Doda, resigned because he said he was unable to ‘defend his [Romanian] nation’s interests against 400 deputies’. This was referring to the Romanian claim that they constituted a political nation in Hungary, which the Magyar leaders regarded as offensive.113

Hungary’s prime minister in 1896, Dezső Bánffy (1843–1911), responded to the Memorandum movement by intensifying Magyarizing under the slogan of outspoken chauvinism, which indeed marked a new era of radicalized Magyarizing. Bánffy argued that implementation of the unitary Magyar national state was impossible without forced Magyarizing and chauvinism.114 He argued that the Law of Nationalities should not be implemented, as it was incompatible with the idea of a unitary Magyar national state.115

The electoral franchise in Hungary was based upon property, taxation, profession and official positions, which gave the Romanians political disadvantages and marginalized their influence. In general only 6 per cent of the male population enfranchised was in Hungary, with even lower rates for the Romanian-populated areas of Transylvania. The constituencies had been designed to support the Magyars under the principle that ‘the more Romanian a county is the fewer voters it possess’.116 The Liberal Party created about 160 ‘rotten boroughs’ comprised by Slovaks and Romanians, where the voters faced such administrative harassment that most voters supported the Lib-

112 Seton-Watson, Racial Problems in Hungary, 255.
113 Oscar Jászi, The Dissolution of the Habsburg Monarchy (Chicago, 1929), 334.
114 Dezső Bánffy, Magyar nemzetiségi politika, (Budapest, 1903), 211-6.
115 Ibid. 29-36.
eral Party out fear. Openly voting in front of powerful, intolerant local for any party but the governing Liberal Party therefore demanded a certain amount of courage from non-Magyars. During every election the army was summoned to ensure the victory of the Liberal Party. The Party also relied on bribing voters in the non-Magyar districts to maintain their power up to 1905, including in eastern parts of Szatmár.

In 1904 József Kristóffy was appointed prefect of Szatmár County by Prime Minister István Tisza, leader of the Liberal Party. Kristóffy described in his memoirs how he applied ‘Machiavelli’s infallible recipe’ in order to gain political support for the party by travelling to all large landowners in the county in order to win them over.

Kristóffy was not satisfied with the behavior of the Jews who were politically agitating against the Liberal Party. He therefore arranged a meeting with a rich Jewish landowner and claimed that a number of ‘complaints’ were made against the Jews, which the authorities were investigating. Kristóffy explained that if the Jews would change sides and support the Liberal Party, then he would guarantee their protection, assuring them that the authorities would disturb them no more. Two weeks later the Jewish man informed Kristóffy ‘from now on they were the soldiers of István Tisza’. As Kristóffy recounted in his memoirs, the Jewish man did not forget to ‘leave some fat geese in my kitchen’, clearly indicating how personal favors were used to gain political support.

Furthermore, Kristóffy wrote that the even Orthodox Jews ‘were submissive to my authority and were always pleasantly voting for the government party – for money’. This was ‘the way they [the Liberal party] gained political support in the countryside’ according to Kristóffy. Kristóffy’s confession reveals a corrupted voting system in which the Magyar landlords used their economic and administrative resources to gain and maintain political power.

Kristóffy claimed that Lucaciu’s demand to implement the Law of Nationalities was driven by personal interest. He wrote that Lucaciu had explained to him that the Law was ‘not for the Romanian people’, but ‘for us, the Romanian intellectuals’ because ‘we also need to find employment’.

Kristóffy also claimed in his memoirs that he suggested to Tisza that the Law of Nationalities should be implemented, but that Tisza refused this. The

117 Andrew Janos, East Central Europe in the Modern World: The Politics of the Borderlands from Pre- to Postcommunism (Stanford, CA, 2000), 94
119 József Kristóffy, Magyarország kálváriája az összeomlás útja: politikai emlékel 1890–1926 (Budapest, 1927), 31-2.
120 Ibid. 109.
121 Ibid. 110-1, 113.
122 Ibid. 114.
general attitude among the Magyar statesmen was that irredentism, personified by Lucaciu, made it impossible to implement the Law.\textsuperscript{\textasteriskcentered123} The exclusion of leading Romanians from the public sector indicates that an ethnocratic mechanism was operating.

This observation is supported by official Hungarian official statistics, which reported that 96 per cent of the staff in the public administration was Magyars by 1910. The share of non-Magyars had decreased during the dualist period. For example had the Romanian share in Szatmár County among notary’s assistants had decreased from 16 per cent in the 1890’s to 5 per cent in 1910, which revealed how the extent to which the public sector was Magyarized. Romanians employed in the public administration in Szatmár-Németi were no exception. Those Romanians who were employed in the public administration like the city notary of Szatmár-Németi, Ágoston Ferencz, had been Magyarized. He had not invested in his Romanian identity or participated in the Romanian national movement. On the contrary, he was active as a manager in the Széchenyi Society. This clearly reveals his support for Magyarization and how he could benefit from his investments in ethnicity in economic and political ways.\textsuperscript{\textasteriskcentered124}

In 1904 the Hungarian government undertook an investigation of the Romanian national movement. Kristóffy reported to Tisza about the situation in Szatmár County, noting ‘there is hardly any sign of the Romanian national movement in the district entrusted to my command’. The only exception was among the Romanian priesthood, which included Vasile Lucaciu, who undertook ‘propaganda for the national ideal, but without any great hope or success’.\textsuperscript{\textasteriskcentered125}

In his memoirs Kristóffy wrote that ‘The large Romanian minority, knowing my views, took me readily into their confidence and offered their services through their leader, László Lukaciu [Vasile Lucaciu], the priest of Lacfalú’.\textsuperscript{\textasteriskcentered126} This observation about Lucaciu’s participation and support to the Magyars in the political system was reinforced by reports from Hungarian authorities that Lucaciu supported the Liberal Party in exchange for bribes.\textsuperscript{\textasteriskcentered127}

Lucaciu had changed his strategy from open agitation to a double game, perhaps inspired by the proverb suggested by Kornél Marosán that ‘the tender lamb can suck two mothers, while the bragging not even one’. In this double game he accommodated to the corrupted political system by selling his political support and; at the same time he created a Romanian financial network that supported the Romanian community and the Romanian national

\textsuperscript{\textasteriskcentered123} Bánffy, 	extit{Magyar nemzetiségi politika}, 29-36.
\textsuperscript{\textasteriskcentered124} Kornél Marosán, 	extit{A szatmárnegyedi Széchenyi Társulat emlékkönyve: 25 éves működésének évfordulója 1882–1907} (Szatmár, 1907), 8.
\textsuperscript{\textasteriskcentered125} MOL ME 1904-XIV-152 (3384).
\textsuperscript{\textasteriskcentered126} Kristóffy, 	extit{Magyarország kálváridja az összeomlás útja}, 109.
\textsuperscript{\textasteriskcentered127} ‘To the prefect from the High Sherriff, 7 May 1916’, in Ciubotă et al., eds, \textit{Lupta românilor din judeţul Satu Mare}, 445.
movement. In addition, it also showed that Lucaciu succeeded to make some economic profit out of his political stance both as both a Romanian and a Hungarian politician.

Kristóffy reported furthermore from his investigation in 1904 about the Romanian national movement that ‘There are no Romanian associations, and the clergy’s behavior is peaceful. None of them can be fully trusted, but some of them might be drawn into Hungarian social and political life’. Kristóffy argued thus that the Romanian clergy could not be trusted, which support the former finding of the mutual low trust between leaders of the Magyar and Romanian elites. His comment about how they ‘might be drawn into Hungarian social and political life’ also reveals that the Romanian elite were more or less divided from the Magyar elite. In the last section of the report he wrote the following:

The Romanian high priests’ behaviour is strongly Romanian, but they ban agitation out of fear. They are opposed to any effort towards Magyarization; thus they instruct the priests to firmly resist all efforts to establish state schools. The spirit of schools for priests, the seminaries, is the worst possible; all nationality problems are caused by seminaries. 128

The report claimed that the main institution responsible of the Romanian political resistance was the Romanian Greek Catholic Church, and that even though the Romanians resisted Magyarizing they nevertheless feared agitation. In preparing the report about the Romanian movement in the county, Kristóffy had asked the high Sheriffs (főszolgabíró) in the districts for their observations. From Szinérváralja, situated in a Romanian-dominated area, the local administrator reported that within the Romanian movement some teachers have ‘encouraged their students to not speak Hungarian even if they can’ and taught them that ‘once all land up to river of Tisza was Romanian’ but that the Magyars had taken it away from them (see map 4). 129 This means that these Romanian teachers taught the Romanian children that they were the autochthonous population of the region, which implicitly gave the Romanians the historical right to take over the land.

However, in the Magyar dominated parts of the county, such as in the city of Szatmár-Németi, local reports indicated that all Romanian intellectuals ‘have totally merged with the Magyar social life’. 130 Even the famous politician Nicolae Iorga (1871–1940 on his visit from Romania to Szatmár-Németi in 1906 remarked that the ‘Magyars, who are the sole masters, unless we count a sufficient number of Jews who have adopted the Magyar clothing

128 MOL ME 1904-XIV-152 (3384).
129 ‘High Sheriff of Szinérváralka to the prefect, confidential, 2 Sept. 1904’, DJC PJSM 195/1904.
130 ‘Mayor of Szatmárnémeti to the prefect’, DJC PJSM 195/190437/1904.
and language, and the 3,000 poor Romanians who need the Hungarian sermon.\footnote{Nicolae Iorga, \textit{Istoria românilor din Ardeal şi Ungaria} (Bucharest, 1915, repr. 1989), 509-10}

Despite Kristóffy’s self-declared sympathy in his memoirs for the Romanian request to implement the Law of Nationalities he continued the policy of forced Magyarizing and decided to establish 23 new Magyar state schools and 5 kindergartens at the beginning of 1905.\footnote{‘Kristóffy József’, S. Boroszky et al, eds, \textit{Szatmár vármegye} (Budapest, 1908), 560-5.} This initiative received support from the Magyarized Romanian teachers, while other Romanian intellectuals, like Lucaciu, disapproved it.\footnote{János Marozán, ‘Kultur-mizeriák’, \textit{Szamos}, 15 Feb. 1903, 1-2.} Still, Kristóffy admitted in a talk with R. W. Seton-Watson that ‘Magyarization…was only possible on economic lines through factories or railways, etc. In the schools, it was a hopeless failure, because the children simply did not learn’.\footnote{Ctd in Cartledge, \textit{The Will to Survive}, 282.} This supports the impression that the economic sector played an important role in Magyarizing and explains in parts why efforts to Magyarize through education went slow.

In 1905 the Romanian National Party resumed an active political participation compared with the previous passive resistance.\footnote{DIC PISM 195/1904, 161/1905; \textit{Szamos}, 7 May 1905; Seton-Watson, \textit{Racial Problems in Hungary}, 482.} In the Nagysomkut district in Szatmár County a Romanian candidate ran for parliament against the young Pál Teleki.\footnote{Pál Teleki (1879–1941), Prime Minister of Hungary 1920–1921, 1939–1941.} Teleki spent a considerable amount of money to gain the goodwill of the electorate. This included money for the army to protect and secure the voters, as well as money for repainting the synagogue in order to win the sympathy of Jewish voters. Teleki had himself elected both as manager of the local Magyar bank in Nagysomkut and as a member of the board of the Civic Association. His investments paid off and he won the elections with the Independence Party, the opponent of the Liberal Party. The Liberal Party had been in power for over 30 years and the shifting of the government coincided with a major economic and political crisis in 1905–1907.\footnote{Balázs Ablonczy, \textit{Pál Teleki} (1874–1941) (Boulder, CO, 2006), 15-6.} The reason, according to Kristóffy, for the Liberal Party’s loss in the election was that Tisza had explicitly forbidden the usage of harsh methods.\footnote{Kristóffy, \textit{Magyarország kálváriája az összeomlás útja}, 222.}

In the 1906 elections Pál Teleki ran against the Romanian candidate Alexandru Vaida-Voevod\footnote{Alexandru Vaida-Voevod (1872–1950), Prime Minister of Romania 1919–1920.} in the Nagysomkut constituency. Teleki accused the Romanians of receiving financial support from the Romanian Kingdom. He argued that the Romanians received money ‘to fight against us [Magyars]
on all fronts’. The Magyar press described Vaida-Voevod as ‘ultra-rich’. According to Hungarian authorities’ reports, he received support from the managers of Chiorana, the Romanian bank in Nagysomkut. During the elections 825 soldiers were stationed in Nagysomkut in order the increasingly hostile situation among the 3,000 voters. The situation turned violent. In one village two Romanians were killed and four wounded. Teleki won the elections but Vaida-Voevod succeeded being elected in another district. In his first parliamentary speech Vaida-Voevod held Teleki responsible for the killing and urged him to give up his mandate because it was ‘stained with blood’, something which Teleki denied.

The Romanian National Party never succeeded in getting any Romanians elected from any of the constituencies in Szatmár County, mainly because the Magyar parties bought votes and employed the army. This clearly show how the corrupted political system was successful in supporting and maintaining an ethnocratic system in which all political influence was secured in the hands of Magyars.

Still, Lucaciu managed to become a member of the Hungarian parliament by being elected in the neighboring Bihar County. This was great step forward by comparison to his political agitation during the Memorandum movement, which had resulted in his imprisonment. However, Lucaciu was constantly questioned and hard pressed in parliamentary debates. At one point he was insulted when a Magyar deputy called him a ‘coward’, to whom Lucaciu replied: ‘A coward is he who insults a priest, knowing that he cannot claim satisfaction with weapons’. The Magyar deputy simply said then ‘Be quiet, or I’ll box your ears’. Lucaciu used the Hungarian parliament to question the exclusion of the Romanians from political power by referring to the low share of Romanians in the public sector. Furthermore, he argued for the implementation of the Law of Nationalities using the same arguments that leading Magyars, such as Eötvös and Déak had put forward in the 1860s. However, the Prime Minister was unwilling to support the implementation and explained that ‘before considering democracy in Hungary ten million non-Magyars had to be Magyarized’.

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141 ‘High sheriff of Nagysomkut to the prefect’, DJC PJSM 195/1904, 187/1904; Ioan Tomole, Românii din Crişana, Sălaj şi Sătmar în luptele naţional-electorale de la începutul secolului al xx-lea, (Baia Mare, 1999), 151-2.
142 Ablonczy, Pál Teleki (1874–1941), 15-6.
143 Tomole, Românii din Crişana, Sălaj şi Sătmar, 146-58.
144 Seton-Watson, Corruption and Reform in Hungary, 183.
145 ‘László Lukács’ s speech on 30 October 1907’ in Balázs, ed., Román képviselet, 166-79 (177).
146 Károlyi, Memoirs, 46.
In one of Lucaciu’s speeches in the Hungarian parliament he advocated the idea that equality would be beneficial for everyone, not only the Romanians. He described Hungarian society using the metaphor of a garden with trees of nationalities and how the ‘Romanian nationality has its own roots, strain, leaves, flowers, fruits’ and ‘stands in the country’s garden, Hungary’s garden, where there are other trees’. The Hungarian state was obliged to nurture all trees in the garden, but instead leading Magyars had ‘tried with the help of the state, money, corruption and all possible means to alienate the [Romanian] people from us [the Romanian elite]’.147

Lucaciu insisted that the Hungarian laws spoke of a Romanian nation regarding the legislation of the ‘Romanian national church’ and a ‘Romanian national congress’. However, the chairman of the Hungarian parliament asked him to restrain from speaking about the Romanian nation and the Hungarian nationality as according to the Hungarian constitution it was obviously the other way around. One MP shouted that this was ‘high treason’ and another urged Lucaciu to ‘go to Romania!’148

This did not discourage Lucaciu, who claimed that the Magyar nationality had its own program. The main principle of this program was that Hungary was a country exclusively for the Magyars. Only those who declare themselves as Magyars should have political rights and all public institutions should use only the Hungarian language. One of Hungary’s most important and sacred obligations was the forced assimilation of all ‘foreign races’. To this end state power should employ all legal means possible, including the removal of the ‘bad and useless Law of Nationalities’, the nationalization of all schools, and the strict monitoring of the education of the priests. Furthermore, the program provided the removal of the cultural associations and banks of the nationalities and linked connecting voting rights to the ability to read and understand Hungarian.149

This was indeed a short summary of core principles of Magyarizing perceived by one of the leading Romanian politicians. Lucaciu’s message actually resembled the content of the Memorandum, even if the arena was completely different. Lucaciu asked rhetorically if the members of the Hungarian parliament liked this program that favored the Magyar nationality, which he assumed they did. His argument was that if the Magyars had such a program, then it would be understandable and natural that the Romanian nationality had their own program.

He argued in his speech in the Hungarian parliament that as long as the Magyars implemented their program the Romanians would resist. He used examples from Szatmár County that the Romanians would continue to assemble the Romanian Cultural Association in Szatmárzsádany, which had

147 ‘László Lukács’ s speech on 15 May 1908’ in Balázs, Román képviselet, 306-320 (319).
149 Ibid. 345-6.
previously been forbidden by Hungarian authorities. In addition, the Romanian banks would continue to have their seats in Nagy-Bánya, Szinérváralja and Szaniszló (all towns in the Romanian-speaking areas of Szatmár). The Romanian children would also continue to use forbidden books and ‘assimilating maps from Romania’ (referring to map 4). Finally, Romanian newspapers would continue to publish articles asserting that the ‘Romanians have lived here for 1000 years, even though all historical textbooks teach that they immigrated only at the end of the twelfth century’.\textsuperscript{150}

Lucaciu claimed that the Romanian nationality’s program was perhaps perceived by the Magyars as ‘radical’, but claimed that the Magyar program was ‘even more intolerant against our [Romanian] souls’. Furthermore, he argued that when he performed his patriotic duty and wanted to develop the culture of the Romanian people he was accused of being an ‘instigator’.\textsuperscript{151}

A leading Magyar nationalist, István Bethlen, claimed that the real Romanian program was irredentism and used a text by Gergely Moldován, a Magyarized Romanian. Moldován’s text was actually using irony but this was Bethlen deliberately ignoring.

What is our [Romanian] goal, what is to be done? Support the Romanian state in its endeavor to realize its ideal. The labor is divided, they are outside, we inside. To bore underneath the bark of the tree to Hungarian constitutionality, like termites: to attack the healthy wood… Then, once it has been ground up, to topple it over from the roots… The more freedom we have, the faster our pace of work. The more rights we have, the more dangerous for the Hungarians, because we need rights and freedoms from them only to turn these against them… We also keep talking about a federalized Hungarians state. But who is most enthusiastic about these projects? Who wants autonomy for Transylvania, a federated Hungarian state? It would benefit us, temporarily, and make it easier to dissolve the Hungarian constitution; then we keep on gnawing until we are able to bore ourselves across the Carpathians into the Romanian state.\textsuperscript{152}

Most probably this was the view among leading Magyars about the real motives of the Romanians, i.e. the Magyars did not believe that the Romanians would be satisfied only with increasing political rights; rather, this was only the first steps towards the disintegration of the Hungarian state. It clearly revealed that a leading Magyar did not trust the Romanians’ loyalty to Hungary, because the Hungarians assumed, the Romanians could only be filled with loyalty to their own nation. The Romanian minority therefore repre-

\textsuperscript{150} Ibid. 346.

\textsuperscript{151} Ibid.

\textsuperscript{152} István Bethlen’s speech, in which he referred to Gergely Moldován, \textit{Magyarok, románok 1894} (Kolozsvár, 1894), in Ignac Romsics, \textit{István Bethlen: A Great Conservative Statesmen of Hungary, 1874–1946} (New York, 1995), 35-6.
presented soldiers on the internal front with the primary aim of uniting the Romanian-inhabited areas of Hungary to the external Romanian homeland.

Lucaicu’s speeches were in vain as the policy of forced Magyarizing continued and Hungary’s ethnocratic principle was maintained. In the elections of 1910 the army was used more than ever: troops were required in 380 out of 413 constituencies, and 194 battalions of infantry and 114 squadrons of cavalry were employed. This massive armed support secured the victory of Tisza’s newly established party, National Party of Work, and reduced the number of Romanian seats from 14 in 1906 to 5 in 1910. In Szatmár County no Romanian was elected because of the usage of harsh methods and bribing. This system of bribing was institutionalized to the extent that even the amounts were published in the local newspaper. Constantin Lucaciu, Vasile’s brother, had run for the election but lost. He held a speech in his village and accused his Romanian followers of selling their votes. He furthermore condemned those who had voted against him and forbade them to enter the Romanian church. For this he was fined and sentenced to 3 days in prison.

The discrimination against the minorities was an issue that some of the radical Magyar politicians also addressed. In 1914 Oskár Jászi arrived in Szatmár-Németi to hold a lecture on the topic of the nationality question in which he suggested that the Law of Nationalities should be implemented as way of solving problems. However, one voice in the local press argued that Jászi did not consider ‘the realities of Hungary’s situation’ and that Jászi ‘gave the same recipe to all patients’, no matter the diagnosis. Some of the radical Romanian leaders did not believe Jászi. The poet, political activist and future prime minister of Romania Octavian Goga, who was a friend of Lucaciu, claimed that ‘[Jászi] wants a democratic transformation in order to be able to colonize us’.

The leader of the Magyar radicals of Szatmár argued that the nationality question was part of the democratic question and that people in general, including the Romanians, were ousted from political power. The Romanian leaders blamed the ‘Magyar nation’ and explained that the Romanian peasants ‘are oppressed and poor because they are “Wallachian”’ and cannot tell that the ‘Magyar masses are also oppressed’. Accordingly, if common freedom and equality would be implemented than the nationality question would be solved.

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153 Seton-Watson, Corruption and Reform in Hungary, 11.
154 Szamos, 2 June 1910, 1.
155 Szamos, 7 Feb. 1911, 1-3.
158 Ambrus Miskolczy, Romanians in Historic Hungary (Boulder, CO, 2008), 135.
This solution was partly shared by Vasile Goldiş, who was the chief theorist on the nationality question in the Romanian National Party. He argued that the laws of economic life had created the nationality question. He argued that the Romanian institutions – with their own church, 3,000 priests, 3,000 elementary school, 170 associations, 49 newspaper and 200 financial institutions – would remain ethnically separate from the Hungarian state as long as it was chauvinistic and the Romanians were oppressed.

He regarded ‘the ethnic Hungarian state as a utopia’ since Romanians could not be Magyarized by depriving them their Romanian language. He claimed that ‘it would be very useful for the country’s economy, if the Romanians...would be strengthened in the cultural and economic sectors’. Goldiş also argued in the same way as Jászi that the forced assimilation impeded not only the economic and cultural progress of the oppressed nationalities but, at the same time, that of the whole country.

The Hungarian political system supported the hegemony of the Magyar elite and excluded non-Magyars, notably the Romanians, which shows how a mechanism of ethnocracy was operating. The Magyarizing of the political and administrative system was implemented using military armed force and bribing. This reinforced ethnic inequality and supported a mechanism of categorical exploitation as the Magyar elite used the public sector for their private interests. This induced a mechanism of interethnic competition between the Hungarian and Romanian elites, as the political system was regarded as zero-sum game in which the advancement of one category was regarded as a loss to the other. This conviction therefore excluded the development of democracy and inclusion in general. Voices among the radical Magyars and leading Romanians that called for greater inclusion and strengthening of the minorities as a way of improving the general developments of everyone did not receive enough support.

The conclusion is that leading Magyars believed that the implementation of the Law of Nationalities was only a first step towards the dissolution of Hungary. Instead, they argued that the only solution was to increase Magyarization and to reinforce an elite dominated ethnocracy. The increased significance of ethnic identity induced a redistribution mechanism, primarily through the public administration. The elite dominated ethnocracy was maintained by using the power of the state and army, but also by using economic means to buy votes. The Romanian elite could also find ways of profiting from this ethnicization of the society by accepting bribes and getting foreign support. The social mechanisms operating in the Hungarian society with

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160 Hitchins, A Nation Affirmed, 163.
162 Ibid. 118-20.
163 Ibid. 122-9.
164 Ibid. 92, 142.
powerful elite and redistribution mechanisms were mirrored and copied into the Romanian community.

3.6 ‘Those who own the land, own the country’

Land was the most important asset in the agricultural economy of Szatmár County. Land also had an important symbolic and political meaning for the nation, encapsulated by the slogan ‘those who own the land, own the country’. Thus the more land the Magyars possessed in relation to the nationalities, the more secure it was from a national point of view. Already by 1881 patriotic propaganda had been disseminated to encourage Magyars to invest in land, with the motivation that it was important ‘re-occupy the country’ lest the ‘soil will be taken over by foreign hands’.

At the turn of the century came reports that Romanians had acquired lands from Magyars in Szatmár County. Leading Magyars demanded that the state should intervene to protect the ‘Magyar land’. The campaign was directed against Romanians, who were accused of receiving economic support from Romanian Kingdom with the aim to acquire land from the Magyars. It also had an anti-Semitic dimension in that it distinguished between Jewish and Christian Magyars; Jews were categorized as ‘foreigners’ who bought land from the ‘Hungarian race’.

In the Hungarian parliament István Bethlen launched a movement against Romanian land acquisition in Transylvania and along the ethnic borderland, including Szatmár County. His campaign was promoted and supported by the local Magyar newspapers in Szatmár. His statistics showed that in Hungary proper, which included Szatmár, 5.5 per cent of former Magyar land had been transferred to Romanian ownership between 1907 and 1912.

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165 Ferencz Papp, ‘Akié a föld, azé az ország’, Szatmári Hirlap, 24 June 1903.
166 ‘A második honfoglalás’, Szatmár, 29 Jan 1881, 1.
171 István Bethlen, Az oláhok birtokvásárlási Magyarországon az utolsó 5 évben (Budapest, 1912), ctd in Romsics, István Bethlen, 50.
László Tokaji launched a similar campaign called ‘country is for sale’.\(^{172}\) Tokaji viewed this as an ‘economic-racial competition’ for the political hegemony of the areas claimed by irredentist Romanians, areas which covered historic Transylvania and the area of Hungary proper up to Tisza, including Szatmár, which the Romanians called Crişana.\(^{173}\)

Intellectuals demanded the Hungarian state protect the Magyar ‘race’ and suggested using colonization as a method.\(^{174}\) This was not implemented in Szatmár but was applied elsewhere in non-Magyar dominated areas in the ethnic borderlands. The state supported the acquisition of land for ethnic Magyars through a bank known as Altruistic Bank), which in a sense was copying the model of the Romanian banks such as Albina.\(^{175}\)

Even if Romanians increased their landholdings the majority of land remained in Magyar hands. Parts of the Magyar elite even considered Jewish land as politically insecure. It was assumed that non-Magyar land possession threatened the integrity of the Hungarian state through a transborder mechanism. The increase of Romanian and Jewish land holdings meant a similar reduction of Magyar land and the de-Magyarizing of land possession in general. Against this zero-sum view held by leading Magyars, we have to remember that the Magyarization of other sectors of the economy and the public administration, driven by higher rents for Magyars, partly explain the structural development towards a similar reduction of Magyar shares in the agricultural sector. In other words was the increase of Romanian land a natural development if we take into account the Magyarizing of the public administration and the private economic sector in general.

This induced a state-involvement mechanism as land possession was regarded as necessary for the survival of the Magyar nation and to maintain the hegemony of large landowners, who faced increased competition from the Jews and the nationalities.

### 3.7 Magyarizing Industry and Trade

Some researchers claim that there was no systematic discrimination regarding the regional policy of the Hungarian state. They claim that the state supported industries existed even in areas populated by national minorities, and

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\(^{172}\) László Tokaji, *Eladó órszág* (Kolozsvár, 1913).


\(^{175}\) Romsics, *István Bethlen*, 50.
that the minorities benefited from this. Using the example of Szatmár, I will argue differently by showing how the state mainly supported Magyar owned companies in the ethnic borderland in order to promote economic Magyarizing. This economic support reinforced the Magyar dominance at the expense of the nationalities. In addition, the private economic sectors were instrumental in Magyarizing, just as Beksics, Bánffy and other leading Magyars had advocated.

The initial conditions in 1867 favored Magyar dominance. The economic policy of the ethnic borderlands would be in effect throughout the dualist period, guided by national and political considerations in support of Magyar identity. During the nineteenth century the system of guilds had limited the emergence of Romanian craftsmen and had given the Magyar craftsmen a dominant position. After the 1860’s these guilds were gradually replaced with craftsmen associations, which preserved a mainly Magyar orientation. Already in 1878 a Magyar intellectual from Szatmár argued that ‘we are called for a cultural mission here among the nationalities’ and therefore we should ‘take the initiative to establish manufactories’ with the help of the state. This clearly showed how the Magyars regarded themselves as civilizers of the non-Magyars and how the state should support in this mission.

Magyar leaders were inspired by Friedrich List’s idea of establishing an independent national economy. Magyarizing was directed against both external foreigners and internal foreigners or minorities. Protectionism was used as a method against foreign countries and foreign citizens outside Austria-Hungary. However, against the Austrian side the Magyar leaders could not use trade tariffs; instead, they promoted the Magyar national industry using direct state support. The aim was to establish a Magyar industry that could compete with Austrian, Czech and Polish industries in the Austrian

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177 Bánffy, Magyar nemzetiségi politika, 105-111; Gusztáv Beksics, Magyarosodás és magyarosítás (Budapest, 1883), 56.

178 Wilhelm Offergeld, Grundlagen und Ursachen der industriellen Entwicklung Ungarns (Jena, 1914), 172; Szász, ed., History of Transylvania, vol. iii, 475.


180 Aladár Illés and Albert Halász, Hungarian State Policy With Regard to the Promotion of Industry (Budapest, 1920), 6.
part of the monarchy and to maintain the Magyar dominance towards the nationalities in the Hungarian part.\textsuperscript{181}

During the first years of the dualist period the main target of the internal Magyar economic policy was to fight against the Germanizing trends of the Austrians.\textsuperscript{182} The local Magyar press in Szatmár County repeatedly launched campaigns to promote Hungarian products and for traders to use only the Hungarian language, under the slogan ‘Hungary for the Hungarians [Magyars]’.\textsuperscript{183}

Later Magyarizing trends targeted the country’s national minorities. In 1899 the National League (Nemzeti Szövetség) was founded in Hungary with the aim to Magyarize small industry and trade in the same way as the Széchenyi Society aimed to Magyarize education and culture.\textsuperscript{184} It was founded by a Magyarized Jew, Ferenc Chorin, who was an honorary citizen of Szatmár-Németi.\textsuperscript{185} The League was devoted to internal economic Magyarizing and promotion of the economic interests of the Magyars. The nation-wide organization had one of its largest branches in Szatmár, which alongside the Széchenyi Society showed the importance of the ethnic borderland for the internal economic struggle.\textsuperscript{186}

The fact that Romanian banks donated money for Romanian cultural purposes was used as an argument for Magyar banks to donate money to the National League.\textsuperscript{187} The main instrument for the League to Magyarize was to promote national values by launching campaigns. In 1906 it launched its major campaign, the Tulip movement, to promote Magyar products using the sign of the tulip. This movement was spread all over Hungary and among all the Magyar newspapers in the Szatmár County, including the Romanian dominated areas.\textsuperscript{188} As noted in the memoir of a leading Magyar, in Szatmár-Németi the movement gained a certain impact as many people wore the tulip-sign.\textsuperscript{189}

State support for industry was regarded as crucial for economic Magyarizing. The city of Szatmár-Németi had strived to establish a larger industry with the help of the state since the 1870s.\textsuperscript{190} The smaller factories established

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\textsuperscript{181} Offergeld, \textit{Grundlagen und Ursachen der industriellen Entwicklung Ungarns}, 172.

\textsuperscript{182} ‘Nemzetiség I-II’, \textit{Szamos}, 11 June 1871, 1; \textit{Szamos}, 25 June 1871, 1.


\textsuperscript{185} ‘Pártoljuk a hazai kisipart!’, \textit{Szatmár-Németi}, 24 Oct 1899, 1.

\textsuperscript{186} \textit{Heti Szemle}, May 10, 1899, 1; \textit{Szamos}, 30 Apr. 1899, 1.


\textsuperscript{189} Dániel Antal, \textit{Csalad és szolgálat: önélletrás} (Bucharest, 1971), 43.

\textsuperscript{190} \textit{Szamos}, 30 June 1878, 2; \textit{Szamos}, 2 Dec. 1900, 2.
in the city were connected to the agricultural sector in the form of mills and to the construction sector in the form of brick and cement factories. The first large industry was established in the city in 1896 when a company received a contract to exploit the city’s forest in the Romanian populated areas of Avas in exchange for establishing a steam saw mill.\textsuperscript{191}

In 1891 the Agricultural Society of Szatmár, dominated by the Magyar magnates, launched a movement to establish a sugar refinery. However, because of lack of resources and sugar beets the factory was only established in 1912.\textsuperscript{192} The factory was financed by Pesti Magyar Kereskedelmi Bank, with Ferenc Chorin, the founder of the National League, as manager. In return the city gave land on which to build the factory and 15 years of tax reductions.\textsuperscript{193}

The factory became the largest company in the Szatmár-Németi with a Magyarized Jew, Herman Teitelbaum, as managing director. The newspaper in Nagy-Károly went that this was ‘great joy for “Israel”’, which referred to the Jewish character of Szatmár-Németi. It also revealed disappointment that Szatmár-Németi had received the investment and not Nagy-Károly, who earlier also had been promised state support for a sugar refinery.\textsuperscript{194} The factory did not entail the economic success anticipated, as it was closed during the war because the lack of sugar beets.\textsuperscript{195}

The Magyar dominance in industry is revealed by the fact that Magyars owned all 44 larger industrial companies in the county in 1910; i.e. there was not a single non-Magyar owned factory even though Magyars constituted just one-third of the population.\textsuperscript{196} Seven factories in Szatmár County received state support in the form of subsidies, interest-free loans and state contracts.\textsuperscript{197} Thus the economic state support to industry in Szatmár County was exclusively directed to Magyar owners. Around half of the shares in these companies were owned by Magyarized Jews, according to my own estimates.\textsuperscript{198}

In the larger industries in Szatmár County all 136 managers were Magyars except for two Romanians, thus 1.4 per cent (see table 3).

\textsuperscript{191} Ferenc Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’ (Budapest, 1953), 230-2.
\textsuperscript{192} Szamos, 9 Dec. 1894; 27, Sept. 1908, 1; 29 Jan. 1909, 2; 27 Jan. 1912, 1; 2 Feb. 1912, 1-2, and 30 Mar., 1912, 2; Szatmárvármegye, 1912/1, 3; Bagossy, A Szatmármegyei Gazdasági Egyesület története 1860–1911, 47.
\textsuperscript{194} Szatmárvármegye, 1913/38, 3.
\textsuperscript{195} Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 233.
\textsuperscript{196} Thirring, A Magyar városok statisztikai évkönyve, 312.
\textsuperscript{197} Illés and Halász, Hungarian State Policy With Regard to the Promotion of Industry, 12, 15.
\textsuperscript{198} My estimation is based on data from C. Czirák, ed., Szatmári zsidó emlékek (Szatmár-németi, 2001), 270-9; MKKSH, A Magyar Szent Korona Országaínak 1910. évi népszámlálása, vol. ii (Budapest, 1913), 1046-9.
### Table 3 Ethnic and Religious Composition of Professions in Szatmár County in 1910

<table>
<thead>
<tr>
<th></th>
<th>Mother Tongue</th>
<th>Religions Belonging</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Magyars</td>
<td>Romanians</td>
</tr>
<tr>
<td><strong>Total population</strong></td>
<td>68 %</td>
<td>30 %</td>
</tr>
<tr>
<td><strong>Managers in large industry</strong></td>
<td>96 %</td>
<td>1.4 %</td>
</tr>
<tr>
<td><strong>Workers in large industry</strong></td>
<td>90 %</td>
<td>8 %</td>
</tr>
<tr>
<td><strong>Craftsmen</strong></td>
<td>89 %</td>
<td>9 %</td>
</tr>
<tr>
<td><strong>Trade and finance</strong></td>
<td>92 %</td>
<td>5 %</td>
</tr>
<tr>
<td><strong>Lawyers</strong></td>
<td>90 %</td>
<td>10 %</td>
</tr>
<tr>
<td><strong>Elementary school teachers</strong></td>
<td>83 %</td>
<td>17 %</td>
</tr>
<tr>
<td><strong>Priests</strong></td>
<td>63 %</td>
<td>35 %</td>
</tr>
<tr>
<td><strong>Veterinarians</strong></td>
<td>100 %</td>
<td>0 %</td>
</tr>
<tr>
<td><strong>Physicians</strong></td>
<td>99 %</td>
<td>1 %</td>
</tr>
</tbody>
</table>


At 8 per cent the percentage of Romanian workers was higher than that of managers. For the Jews it was the other way around, as 40 per cent of them were managers and 14 per cent of the workers (see table 3). Jews (7 per cent of the population), on the other hand, were overrepresented among veterinarians (63 per cent), physicians (45 per cent) and lawyers (38 per cent) (see table 3). This means Romanians were marginalized in the industry, trade and the free professions, while Jews were overrepresented. Industry, trade and free professions, with the exception of the priesthood, were therefore fields that were almost totally Magyarized by 1910.

One of the main reasons for the success of Magyarization was the massive assimilation of Jews, as 91 per cent of them declared themselves as Magyars.\(^\text{199}\) With its large share of Magyars, the private sector was an arena

of Magyarizing. The large industry therefore fulfilled its ‘national mission’ as many of the non-Magyars became Magyarized through their employment, primarily because the workplace used the Hungarian language. The results of census of 1900 clearly showed that support for Magyar industries in areas dominated by non-Magyars, like Szatmár County, had promoted Magyarizing.\textsuperscript{200} According to Bánffy the establishment of Magyar industries had succeeded in turning the previously non-Magyar dominated places into Magyarizing centers.\textsuperscript{201} This supports the observation by Kristóffy that Magyarization was possible mainly on economic lines, especially through factories and in public institutions.\textsuperscript{202}

The rate of Magyarizing the economic sector was revealed in 1915 by Hungarian statistics on joint-stock companies, which showed that 99.5 per cent of total assets and 97.4 per cent of all capital was Magyar (1313 out of 1348 companies were Magyar). The data was based on the language used by the boards and on name analysis of the managers. For Szatmár County it showed once again that all joint-stock companies were Magyar. The Romanian share of financial institutions in Szatmár County in 1909 showed around 3 per cent of total capital and 3 per cent of total savings.\textsuperscript{203} Similar data for the financial institutions in Hungary in general showed a Magyar domination, as only 3 per cent of them were non-Magyar.\textsuperscript{204} Larger private companies were therefore almost completely Magyarized. Compared to the field of education, the Magyarizing in the economic sector had been a great success for leading Magyar nationalists.

The Romanians’ share in industry and trade was insignificant, thus they did not pose any real threat to the Magyar hegemony in this area. Still, the establishment of Romanian banks and the endeavor for land acquisition were seen as the first steps by the Romanian elite to gain capital for catching up and competing with Magyar dominance in industry and trade. Any tendency towards economic Romanianizing through acquisitions of land or the establishment of banks in the financial sector was therefore regarded as threat against the integrity and Magyar dominance of the Magyar national economy.

The Jews had played a crucial role in the economic Magyarizing. Without the inclusion of Jews into the Magyar category it would have been impossible for the Magyars to dominate to the extent that they did, especially in trade. The Jews were not merely given economic opportunities. Their economic position also enabled them to reach important political positions;

\textsuperscript{200} Bánffy, \textit{Magyar nemzetiségi politika}, 105-11.
\textsuperscript{201} Ibid.
\textsuperscript{202} Cartledge, \textit{The Will to Survive}, 282.
\textsuperscript{203} MKKSH, \textit{Hitelintézetei az 1894–1909 években} (Budapest, 1913), 312.
\textsuperscript{204} Eugene de Cholnoky, ed., \textit{The Hungarian Peace Negotiations}, 1920, vol. i (Budapest, 1921), 311, 410-1.
thereby individual Magyarized Jews became accepted as ‘Magyars of the mosaic faith’.

Even if political anti-Semitism was reduced, the issue of economic anti-Semitism was still brought up by Magyar leaders. In Szatmár it was mainly Catholic newspapers that argued in this vein. One author claimed that the Jews had taken over ‘the press, literature, politics and especially the financial markets’ and that ‘we [Hungarian Christians] are serving the Jewish tactics’. This wing nurtured a Jewish conspiracy undermining the Magyar nation. Catholic intellectuals from Szatmár suggested that ‘numerus clauses’ (an ethnic-religious quota system) should be imposed against the high Jewish share in the economy. The justification for such measures was to mitigate the overrepresentation of the Jews in trade. As one source claimed, Szatmár-Németi had been ‘Judaized’, as ‘immigrants’ names’, i.e. Jewish names, on shops dominated on the main square.

Among the leading Magyar intellectuals who in 1917 investigated the Jewish Question for Jászi’s journal Huszadik Század, 13 argued that there was no Jewish Question at all and that anti-Semitic propaganda concealed economic antagonism. Jászi himself responded that the Jewish question did not exist in the same way as the agrarian, nationality or political questions existed. He argued that the Jewish question was a question about ‘perspectives of the world’, and that it involved a ‘complicated issue of group antagonism’. Jászi claimed that any group in society could be mobilized and used for economic opposition.

Still, a majority of the intellectuals (37) argued that the Jewish question reflected a fundamental social question, which was based on the socio-economic differences and characteristics between Jews and Christians. Thus despite a successful assimilation of Jews, there existed a layer of Jewishness that was regarded as a social problem among a majority of Magyar intellectuals.

The Hungarian state and Jews were instrumental in economic Magyarizing, which induced elite and state-involvement mechanisms to promote Magyar dominance. The economic Magyarizing of industry and trade induced an income redistribution mechanism making investments in Magyar identity profitable. This was reinforced by categorical exploitation indicated by the overrepresentation of Magyars among owners, managers and well

207 Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 190, 194-5.
209 Ibid. 13-115.
paid professions, while the Romanians were underrepresented and marginalized.

The overrepresentation of Magyars was caused by their initial dominant position from the outset in 1867 and preserved by state support and an elite mechanism, in which the Magyar elite supported Magyar identity and Magyarizing, according to the outspoken strategies of Bánffy, Bekcsics and other Magyar leaders. The promotion of Magyar identity in the economic sectors and the marginalization of the nationalities reinforced an interethnic competition mechanism, providing non-Magyars with incentives to establish their own economic institutions.

The identification of Jews in middlemen professions supported an intermediary mechanism as they dominated certain professions, such as trade. Thus even if Jews intermingled as Magyars and were more accepted than the nationalities, e.g. the Romanians, their Jewish identity was still marked. Cases indicate that Jews were not regarded as true Magyars. Other individual cases show that Jews, such as Ferenc Chorin, through his active participation in promoting economic Magyarizing, could reach both leading political and economic positions and be accepted as a member of the Magyar elite.

3.8 Economic Impact

Hungary’s general economic development during the dualist period improved significantly. Estimates of GNP per capita indicate a growth of over 50 per cent between 1870 and 1910. Hungary was industrializing, and as sign of this employment in the industrial sector grew from 5 per cent in 1860 to 24 per cent in 1910.\textsuperscript{210} Despite this growth Hungary had only half the GNP per capita of Western Europe in 1910, and about 75 per cent the level of Austrian GNP. Nevertheless, Hungary’s GNP was somewhat higher than other East-Central European countries, including Romania.\textsuperscript{211}

Though significantly poorer than Western European countries, Hungary’s state expenditure was nevertheless higher than the Western European average. Hungarian state expenditure grew by 287 per cent from 1898 to 1910, with the result was that Hungary had more state employees (387,922) than Great Britain (309,432). However, the income level in Great Britain was more than three times higher than in Hungary.\textsuperscript{212} This means that the Magyarizing of the state sector went hand-in-hand with the expansion of the public administration.

\textsuperscript{210} Iván Berend and György Ránki, \textit{The European Periphery and Industrialization 1780–1914}, (Cambridge, 1982), 182.
\textsuperscript{212} Janos, \textit{East Central Europe in the Modern World}, 87-91.
The results from the case of Szatmár show how the Magyar elite used the state for its own enrichment and to maintain their hegemonic position. This observation is supported by the research of Andrew Janos, who argued that the Hungarian state and other East-Central European states during the dualist period became ‘rent-seeking states’, in which ‘classes of political entrepreneurs’ used ‘the institutions of states to…raise their standard of living’. However, state intervention did not contribute to increased real incomes; instead, the large state consumed more resources that it accumulated.

That the Hungarian state was a rent-seeking state and its state sector was not only Magyarized but also used as an instrument for Magyarizing contributed to an income redistribution mechanism favoring the Magyar category at the expense of the non-Magyars. The ethnically based income redistribution using state expenditure is one factor that explains Hungary’s inability to achieve sustainable economic growth in the country in general and in the ethnic borderlands in particular (see map 7).

The ethnic borderlands, such as Transylvania, showed a significantly lower economic level compared to the lands of Hungary proper (see map 7). Estimates indicate that counties east of the Tisza River, including Szatmár County and the counties in Transylvania, had an economic level of about 80 per cent of the average in Hungary. The western part of Szatmár County, the Magyar dominated area, was a zone in the initial phase of modernization, while the eastern part was in a more traditional region. The definition of zones was based on economic indicators, which means that economic development was correlated with the area’s share of Magyars, even if some areas in the northern and southern parts deviate from this general picture.

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213 Ibid. 133.
215 Alan Sked writes that Andrew Janos ‘deliberately understates the significance of the nationality question in his writings in favour of the socio-political consequences of economic backwardness’, Alan Sked, The Decline and Fall of the Habsburg Empire (London, 1989) 207; Janos, East Central Europe, 130.
216 Verdery, Transylvanian Villagers, 203.
Magyars dominated and the Romanians were marginalized in the Hungarian economy during the dualist period. Magyar leaders even recognized this fact during the Peace Negotiations in 1920, when Count Apponyi, head of the Hungarian delegation, explained that ‘The economic and cultural backwardness of Romanians in Transylvania cannot be traced to oppression’ but were caused by the fact that the Romanians were not an ‘autochthonous state-forming people’ but belonged to a ‘young nation’ without a ‘historic past’.  

Against this a contemporary German researcher claimed in his study on Hungary’s industrialization that one of the driving forces was the Magyar state-building aspirations and the aim of preserving Magyar supremacy over and assimilating the other ‘races’. Jászi supported this and claimed that Magyar hegemony was maintained by exerting economic power over the cities and the surrounding hinterlands. The conclusion is that the economic growth of Hungary and Szatmár mainly benefitted the Magyars at the ex-
pense of the non-Magyars. Even if the policy of Magyarizing failed to assimilate all non-Magyars, it nevertheless succeeded in a near complete Magyarization of the both the private and public economies. The only exception was the Romanian banks, which despite their relatively small size were regarded as political threats to the integrity of the Magyar national economy.

The main reason for the Magyar hegemony was the initial Magyar dominance and the policies aiming at preserving the Magyar hegemony. However, the price paid for this policy was the exclusion of non-Magyars from important sectors of the economy, which had negative political consequences and created instability. Economic Magyarizing also involved a social cost in that public spending increased, which seems to have had negative consequences for the economic growth in general. Catching up with the Western European levels of growth and wealth proved difficult, as much of Hungary’s political and economic attention and investments were directed to the political economy of Magyarizing.

3.9 Conclusions

This chapter has shown that the Magyar elite used Hungary’s public administration for Magyarizing both the state and private sectors. The state did not serve the interest of all citizens, but instead became an nationalizing state for the Magyar elite to enrich itself and promote Magyar ethnicity.

The result was an almost complete Magyarizing of the staff employed in the public sector in the ethnic borderland and in Hungary in general. Consequently, a large share of minorities, including the Romanians in Szatmár County, was excluded from the public administration and the private sector. In addition, the case of Szatmár shows that public spending was used exclusively for promoting Magyar large industry, which challenges former research. The Magyar landowning elite also used its influence over the state to maintain their economic and political hegemony. As the nationalities were overrepresented among the agricultural workers, the ethnic and social subordination coincided, which entailed an exploitation mechanism in which the Magyar elite exploited not only Romanian but also Magyar agricultural workers.

Several indicators show that the Romanians were marginalized from social, economic and political life. They were heavily underrepresented in most free professions, industry and trade, with the only exception being the priesthood. Moreover, they were politically marginalized in the local assemblies as well as in the Hungarian parliament. In reality, Hungary represented an ethnocracy dominated by the Magyar elite in which Magyar identity became a precondition to political advancement.
A significant part of the Romanian elite reacted against the exclusion and discrimination by writing complaints, e.g. the Memorandum in 1892–1894. The Hungarian state repelled these protests by imprisoning many Romanian leaders, including Lucaciu. Although the Law of Nationalities formally protected the Romanians, the Magyar leaders violated it deliberately and pursued forced assimilation. Magyar leaders argued that the Law could only be implemented and respected once the minorities had been Magyarized, i.e. they conditioned their respect for minority rights on a successful large-scale assimilation in the ethnic borderlands. These conditions and the resistance among the Romanian elite towards becoming Magyars were decisive for the situation of the minorities throughout the country. The Romanian case thus had repercussions for Hungary’s broader minority policy.

The Magyar leaders regarded reconciliation on Romanian terms – a recognition of the Romanian nation – as impossible. Instead, they proposed a radicalization of Magyarizing from voluntary to forced policies of assimilation, including outspoken chauvinism and ethnic discrimination. They believed that any step towards political recognition was a threat to the political and economic hegemony of the Magyar ruling elite.

The Romanian leaders learned that the best way of resisting was to use the very same economic methods employed by the Magyar elite, state and society that promoted and forced Magyarizing. This means that the Romanians were not only victims of Magyarizing, but instead learned how to survive and put up resistance. In doing so, the Romanians established their own economic institutions, mainly in the banking sector, which supported the Romanian community and provided private incomes, especially for the Romanian elite.

This learning process and adaption clearly shows the existence of a chain-reaction mechanism in which the minorities took over the policies of the majority in order to protect their ethnic identities and communities. This insight from the perspective of a Romanian and Hungarian entangled history allows for more nuanced understandings of nationalizing. Moreover, it contradicts the victimizing perspective of the Romanian ethnic narrative, which emphasizes the destructive intentions of the Hungarian authorities and Magyar leaders.

The establishment of Romanian banks provided possibilities to acquire land and to maintain schools, churches and other cultural activities, which were under threat of being Magyarized. The Romanian banks therefore became an important step in institutionalizing an ethnically Romanian community-based economy and in creating ‘a state within the state’. The Romanian bank association Solidaritatea functioned in reality as state-like institution. The association coordinated the establishment of banks and developed policies for providing economic support to the Romanian communities. The case of Szatmár County reveals that the Romanian banks had strong ties to one another and that their activity was coordinated. However, this economic
coordination institutionalized an existing ethnic division between Romanians and Hungarians.

This ethnic division was visible in the ethnic exclusiveness of the Romanian banks. Despite their relatively small share of the banking sector, these Romanian banks were nevertheless regarded by the Magyar elite as dangerous and promoting anti-state activities because of the personal ties of the banks’ founders, shareholders, and managers to the Romanian national movement. The establishment of Romanian banks therefore induced an elite mechanism making investments in Romanian identity profitable, as these banks provided leading Romanian nationalists with important incomes. The exclusiveness of Magyar ethnicity within the public sector and the large industrial sector was mirrored in the smaller Romanian banking sector. The ethnic exclusiveness and the similar strategy made leading Magyars furious despite the Romanian banks relatively small size.

The protests by the Romanian elite led to an outcome that only reinforced their resistance. Jews and Romanians who accommodated the Hungarian state and acceded to its policies could also find economic advantages by being active supporters and promoters of Magyarizing. Therefore members of the elite could find ways to live off and for a certain ethnic stance in this ethno-national struggle. This chapter has provided a more complex picture of nationalist leaders such as Lucaciu, who were opposing and co-operating within the same political system. National leaders were forced to accommodate to a certain level to survive within the system. Lucaciu, for example, succeeded in operating within different arenas with different political agendas. He played a double game, openly opposing the Hungarian system and Magyarizing while receiving bribes for political support and learning to survive with the help of the system. This strategy gave him personal benefits and support from his followers, but also possibilities to accommodate if the political context changed.

The exclusion of Romanians in Hungary and their increasing contacts with the newly established Kingdom of Romania induced a transborder mechanism, mainly among the Romanian elite. The involvement of the Romanian Kingdom in the Memorandum trial and the economic support it gave to Romanians in Hungary reinforced the mutual low trust between Magyar and Romanian leaders in Hungary.

Romanian resistance and the establishment of Romanian economic institutions induced an interethnic competition mechanism in which any gain by the Romanian side was viewed as loss to the Magyars. Examples of this were the establishment of Romanian banks and the acquisition of land from the Magyars. Even if these trends did not pose genuine threats to Magyar hegemony, they were nevertheless regarded as sign of de-Magyarizing and Romanianizing of the economy. Leading Magyar nationalists depicted the Romanian banks as garrisons on the inner economic front in which ‘foreign elements’ threatened the Magyar nation. The Magyar elite’s use of cam-
campaigns and political propaganda created insecurity and instability that restricted the participation and trust of minorities in the country’s political and economic life, which in turn had negative economic consequences on the broader Hungarian economy.

The exclusion of non-Magyars from the political system shows that a mechanism of ethnocracy was operating. The politically corrupted system was maintained by buying votes, using the economic power of the Magyars as well as the administrative power of local authorities, and forcing non-Magyars to vote for Magyar parties (often through the use of armed forces) to secure desired electoral results. All these methods were signs of an ethnocratic mechanism aimed at maintaining the power of the Magyar elite.

In general, social mechanisms reinforced one another in a vicious circle of ethnic division and inequality that created poor conditions for economic development. The economic impact of this was that Szatmár County did not develop as much as the core regions of Hungary. Actually, the higher economic development of a given region was generally correlated with a higher proportion of Magyars, while the backwardness of a region correlated with a higher proportion of non-Magyars. The combination of an exclusivist economic policy and a large share of ethnic minorities reduced the growth potential of Hungary significantly. Workers and members of the nationalities opted to leave the country, which the Hungarian landowning elite tried to prevent by using legal action to tie the workers to the soil.

The results in this chapter based on the case of Szatmár County challenges the predominantly held view of Hungarian economic policy in the dualist period, as researchers have previously claimed that Hungary’s economic policy promoted development in the non-Magyar regions.221 This study confirms that while indeed support was given to non-Magyar regions such as the eastern part of Szatmár County, the owners of these companies were exclusively Magyars. Industry was also in the hands of Magyars in other parts of the ethnic borderlands and the state support was almost exclusively given to them. This means that a combination of ethnic and political factors promoted a redistribution of economic resources that profited the Magyar elite.

The Magyarizing of workers and managers in the private economy was more successful than Magyarizing through education. One of the main reasons for this was that the Magyars had dominant economic position from the outset in 1867. Another reason was that Jews, who were very progressive and overrepresented in several economic and professional sectors, were included in the category of Magyars. A third factor was the Magyar control over state support to the private sector. All in all this preserved and extended the Magyar dominance and forced many non-Magyars to become Magyars in order to be successful.

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Magyarized Jews could receive important political and economic positions and contributed to further Magyarizing. Still, the Jewish question was not entirely solved, as their identity was marked by their positions as middlemen. Even if political anti-Semitism had more or less disappeared, economic anti-Semitism was a recurrent problem throughout the dualist period. In the case of Szatmár economic anti-Semitism was mainly visible in relation to land possession.

The Romanians argued that the Hungarian authorities and society discriminated against them. Several social indicators support their claim. The policy of economic Magyarizing did not aim at imposing economic equality but instead at supporting assimilation and strengthening Magyar hegemony. Radical Magyars and leading Romanians demanded the Hungarian state to support all citizens, as a way of improving the general development, but this support was never given. Instead, any improvement for the minorities was seen by the Magyar elite as a zero-sum game and, moreover, as the first step towards the realization of the presumed ultimate dream of the Romanians to dissolve Hungary and to create a homogenous Romanian nation-state.

This chapter has highlighted the fact that most economic historians have neglected to emphasize, that the Hungarian economy was more or less Magyarized, i.e. nationalized on ethnic terms. The importance of Magyar ethnicity in the economy was strongly connected to the political power of the Magyar elite and implementation of ethnocracy. The inclusion of the Jews gave a limited dynamism, but Jews occupied important intermediary positions and were included as Magyars, but their religious background was not fully accepted by everyone.

My findings support Andrew Janos claim that Hungary faced a redistribution crisis in which the Magyar elite used the state for increasing its incomes.222 However, Janos argued that this was caused by an international demonstration effect, but I argue that it was the result of a deliberate Magyarizing using the state as a primary instrument. The Magyar elite were motivated by the pressure of the Austrian side and the internal threats of the minorities and in addition they had private economic motives to increase their incomes.

This reinforces the basic notion that the political system determines the economic outcome and that the exclusion of non-Magyars in politics also excluded them from the state and important incomes. The overall picture is that the Hungarian society in general and Szatmár society in particular faced vicious circles in which social mechanisms reinforced ethnic bifurcation, with high state expenditure coupled with relatively slow economic progress.

The implementation of a Magyar economy had social costs involving the exclusion of non-Magyars from the private and public economy, with the only exception being a few and marginalized Romanian banks. The promo-

tion of an exclusive ethnic Magyar identity was given priority over an inclusive civic definition of Magyar citizenship, which could have united the political and economic ambitions of all inhabitants. However, this development would have made it necessary to extend political rights to the minorities and the lower classes, something the ruling Magyar elite were unwilling to do.

Magyar leaders believed the inclusion of nationalities in the political system and the introduction of social reforms were the first steps towards the disintegration of Hungary; consequently, they refused to share power and resources with the nationalities, preferring instead to promote Magyar ethnicity and hegemony at the expense of creating an inclusive civic society. The Magyar leaders believed that the country’s salvation would come if they increased both the scope and intensity of Magyarizing.

However, they failed to see the large picture: the policy of forced Magyarizing and implementation of ethnocracy divided society, which in the long run made the country more political unstable and economically vulnerable. The economy was almost totally Magyarized, yet half of the inhabitants were excluded and categorized as foreigners. The exclusion of the nationalities did not motivate them to assimilate; on the contrary, it increased their resistance. Forced and radicalized Magyarization that excluded half of the population was not, therefore, a long-term solution, since this policy only reinforced several detrimental social mechanisms (interethic competition, low trust, elite, transborder, chain-reaction, ethnocratic and redistribution mechanisms), creating a vicious circle of ethnic bifurcation.
Before the First World War the nationality question, including the Romanian one, was far from being solved. Actually, both the Magyars and the Romanians sides were dissatisfied, because even if the Magyars were in the majority and dominated the economy, around half of the population still did not declare themselves as Magyars. The Romanians, on the other hand, were complaining because they continued to face discriminative and Magyarizing policies.

The exclusion of the Romanian elite from influential political positions and state employment encouraged them to nurture their contacts with their external homeland, Romania. The threat of irredentism and the demand by radical Romanian nationalists to unite the Romanian-inhabited lands of Hungary – defined as all territory east of the Tisza River, including Szatmár County – with the Kingdom of Romania, further strained Hungarian-Romanian relations.

The question of national territory and survival became a pressing issue for many nationalities, including the Romanians of Hungary, especially during the Balkan Wars in 1912–13. During the First World War these tensions turned into an open and armed conflict when Romania attacked Austria-Hungary in 1916 with the aim of occupying Transylvania and the Romanian-inhabited parts of Hungary. Romania’s King Carol I chose neutrality at the start of the war despite having signed a treaty with the Triple Alliance in 1883, which stipulated Romania would go to war if the Austro-Hungarian Monarchy were attacked. In 1916 Romania abandoned its neutrality and joined the Allied Powers against the Central Powers; in return, the Allied Powers promised the Kingdom of Romania the aforementioned eastern territories of Hungary.

Upon defeat of the Central Powers in 1918 the Austrian-Hungarian Monarchy was dissolved and in October that same year the first Hungarian Republic established. The new government launched a radical program to solve the social and ethnic inequalities, but the conditions were unfavorable because of the depression and the consequences of the war. Meanwhile, in December 1918 the Union of Transylvania with Romania was declared by an assembly of ethnic Romanians in Gyulafehérvár/Alba Iulia, and beginning in 1919 the new borders of Hungary and Romania were negotiated at the Paris
Peace Conference. The expectation of major territorial losses for Hungary brought the First Hungarian Republic to its downfall. This facilitated a Communist takeover and the establishment of the Hungarian Soviet Republic by Béla Kun (1886–1938) in March 1919, which nationalized and turned most private property into state property. Between April and August 1919 the Romanian Army advanced on Budapest, ousting Kun and his regime.

This chapter covers the development from the years before and during the First World War up to the Romanian takeover in 1919. It focuses on the redefinitions of nationalizing from Magyarizing to re-Romanianizing in a context of negotiating new borders and collectivization during the communist take-over. Several researchers have focused on the peace negotiations; however, we lack a full analysis using primary sources with a special focus on the Hungarian-Romanian borders. This chapter therefore deals with the reasons why the more or less completely Magyarized areas of western Szatmár County, including the cities of Szatmár-Németi and Nagy-Károly eventually ended up in Greater Romania. This territorialization of the ethnic borderland from Magyar to Romanian had a major impact and directed the social, economic and political development throughout the twentieth century. The Romanian national narrative regards this as the fulfillment of the national will of the Romanians, personified by Vasile Lucaciu ambitions, while the Hungarian national narrative regards this as one of the largest national tragedies, perhaps even the worst, and label it as an ‘unjust peace treaty’.

4.1 Magyarizing the Greek Catholic Church and the Kismajtény Trial

The most important Romanian institutions in the dualist period were the Romanian Greek-Catholic and Orthodox churches together with the Romanian banks and newspapers. The Romanian churches received support from both the Hungarian and Romanian states, as well as taxes and donations from their followers.

Some of the Romanian Greek Catholics who were Magyarized, together with other Magyar Greek-Catholic followers, demanded the establishment of a separate Hungarian-speaking Greek Catholic eparchy from the turn of the century. They organized themselves and claimed that 250,000 Magyars lived ‘under an alien organization and rite’ subject ‘to Ruthenianization and Romanianization’.1

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One example of a Magyar parish was the Németi parish in the city of Szatmár-Németi, which officially belonged to Ruthenian Greek Catholic Church but was predominantly Hungarian speaking. Nicolae Iorga, a famous Romanian historian and politician, noted on his visit in 1906 that ‘in very many places the language [Romanian] has been lost: the sermon is celebrated, as in Sătmar [Szatmár-Németi], in Hungarian, still following the structure of the ancient Romanian mass’.  

In Szatmár County the Magyar elite supported the Magyarizing of the Greek Catholic Church despite the restrictions by the Holy See, which forbade the use of the Hungarian language in 1896. Magyarizing continued mainly on the Hungarian-speaking side of the linguistic border, around and inside the city of Szatmár-Németi, even in Greek-Catholic parishes that had previously been Romanian. Members of the Romanian elite, mainly priests like Lucaciu, requested the Hungarian government end all Magyarizing aspirations, especially regarding the Magyarizing of Romanian churches.

This was one of the main issues in the 1910 negotiations between the Hungarian government and the Romanian leaders. The Romanian leaders demanded that the Greek Catholic and Orthodox churches be granted complete autonomy and receive financial support from the Hungarian state on the same level as the more Magyar-orientated Protestant Church. Tisza denied the Romanian request but did increase financial support to the Romanian churches. This was not a way of ending Magyarizing but instead a way of re-defining Magyarizing by implementing economic incentives. The Hungarian government tried to tie the Romanians tighter to the Magyarizing state.

The Hungarian government negotiated with the Holy See during the first decade of the 1900s to establish a Magyar Greek Catholic eparchy. In 1912 the Holy See declared that it would accept the establishment of a Magyar eparchy under the condition that Hungarian government forbade Hungarian as a liturgical language. The Hungarian language was permitted only in non-liturgical functions and in church administration. The Romanians protested against this plan to establish a ‘Magyarizing eparchy’. However, this was in vain, as the Eparchy of Hajdúdorog was established by Franz Joseph’s decree in May 1912 and sanctioned by Pope Pius X’s bull Christifideles Graeci one month later.

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2 Nicolae Iorga, Neamul Românesc în Ardeal și Țara Ungurească la 1906 (Bucharest 1906; repr. 2009), 339-40.
3 Szamos, 14 Jan. 1900, 1-2; 13 Aug. 1908, 2; 12 Mar. 1912; Szatmárvármegye, 1912/18, 2.
4 Elemér Jakabffy, Adatok a románság történetéhez a magyar uralom alatt (Lugoj, 1931), 15.
The bull provided for the detachment of 83 parishes from the Romanian Greek Catholic Church and 79 parishes from the Ruthenian Greek Catholic Church, which included 190,000 believers, placing them under a Magyar vicar general.\(^7\) The area covered parts of western Szatmár County, including the cities of Nagy-Károly and Szatmár-Németi and the surrounding villages. The 1910 census showed that the people of the new eparchy were 87 per cent Hungarian, 10 per cent Romanian and 3 per cent Slavic speaking.\(^8\) In institutional terms this was the largest loss for Romanian institutions during the dualist period.

Among the Romanian Greek-Catholic parishes 35,000 spoke only Hungarian (i.e. they were Magyars) and 14,000 only Romanian, while the remaining 24,000 spoke both languages.\(^9\) It was therefore obvious that the new eparchy was designed not only to include a majority of Magyars but also to function as an instrument of further Magyarizing those Romanians who did not speak Hungarian. However, the Romanians regarded the Greek Catholic Church and all of its members as Romanian, whether they spoke the Romanian language or not. Therefore they regarded this reform as way of de-Romanianizing the followers of the Byzantine rite.

The Hungarian government fulfilled its promise and forbade officially the use of Hungarian as a liturgical language. Still, a newly written Hungarian prayer was used during the installation ceremony.\(^10\) The Holy See had provided ancient Greek for the liturgy, but as most priests did not know it, they were granted an interval of three years to use Hungarian until they learned Greek.\(^11\)

When a Romanian deputy questioned the use of Hungarian language in the new eparchy during a discussion in the parliament and argued that it was as violation against the provision and the statement of the Hungarian government, the Minister of Education and Religion replied that this was ‘a matter of the Church’.\(^12\) Later when the Pope realized that the Hungarian language was used he noted that the Magyars ‘had tricked him’.\(^13\)

In Szatmár County many Romanians protested the establishment of the Magyar eparchy; moreover, the Romanian Greek-Catholic vicar general encouraged Romanian priests and their followers to reject the eparchy.\(^14\) The most well-known and violent protest against this took place in April 1913 in

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\(^8\) Niessen, ‘Hungarians and Romanians in Habsburg and Vatican Diplomacy’, 254.


\(^10\) Szatmárvármegeve, 1913/31, 2.


\(^12\) Gábor G. Kemény, ed., *Iratok a nemzetiségi kérdés történetéhez magyarországon a dualizmust korában*, vol. vii, 1913–1914 (Budapest, 1985), 199.


\(^14\) For example in Szaniszló. See, *Szatmárvármegeve*, 1911/46, 2-3; *Szamos*, 13 Mar. 1912, 3.
Kismajtény/Moftinul mic, a village near Nagy-Károly, when the new Magyar vicar general came to inspect the village's Greek-Catholic church and school. Upon his arrival the church bell rang and a crowd of Romanian villagers arrived. They cursed and shouted at the vicar general and complained that they did not want have a Hungarian-speaking priest. The Romanian priest threatened that they would return to their Orthodox faith (which the Greek-Catholic followers had followed before the eighteenth century) if the establishment of the Magyar eparchy was not revoked. In the turmoil the vicar general was hit in the back, and he and his companions were compelled to leave the village as the crowd threw stones at them.

This protest, one of several incidents of resistance among the Romans against the new Magyar eparchy, was more violent than the others and lead to a trial. However, before the Kismajtény trial was convened a bomb was sent to the main office of the eparchy in Hajdúdorog in February 1914, which killed the vicar general and his secretary and legal advisor, seriously wounded 7 others, and slightly wounded 26 more. The package had been mailed by a professor of the Romanian Military Academy, Ilie Cătărău, from the city of Czernowitz in Austrian Bukovina. This revealed how the Magyarizing of the Romanian Greek Catholic Church had increased Romanian transborder ties and even aroused violent resistance.

Vasile Lucaciu claimed that the Magyarizing of Hungarian society was responsible for the event in Kismajtény. Furthermore, he claimed that ‘the Romanians will never accept the Magyar unitary concept of the state’. These statements were regarded by leading Magyar leaders as anti-state agitation. Árpád Falussy, the former prefect of Szatmár County and present president of Széchenyi Society, suggested at the Szatmár County assembly meeting that any anti-state agitation in the county should be condemned and forbidden. His suggestion referred to Lucaciu’s statement and aimed at forbidding Romanian protests against the establishment of the Magyar eparchy.

Lucaciu denied that this was a sound way to solve the nationality question, and claimed in 1914 that nothing unpatriotic had happened. One Magyar member then replied: ‘For him even the bombs are not even aggressive!’ Another member informed Lucaciu: ‘You don’t have to stay, you can leave the country’. This referred to Lucaciú’s contacts and assumed support from the Romanian Kingdom. Lucaciu replied that he was patriotic and loyal to his people, to his mother tongue and to the parliament. Furthermore, he

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claimed that suggestions like Falussy’s made ‘us [Romanians] strangers’ and divided and destroyed the country.  

When Falussy mentioned Lucaciu’s name, Lucaciu interrupted, claiming his name was not Vasile Lucaciu but ‘László Lukács’, which was his Magyarized name; he thereby stressed his Magyar identity. Falussy said that he assumed that Lucaciu would tell his Romanian friends in Bucharest this as well, implicitly pointing to the possible dual strategy of Lucaciu, in which he acted as Magyar patriot in Hungary and a Romanian patriot in Romania.

In addition, Falussy noted that ‘Lukács had spoken about patriotism to the government, but he had not told us which country he referred to, if it was Hungary or Romania’. Then the Magyar chairman of the meeting interrupted and stated that ‘Lukács’ (using his Magyarized name) could not have spoken of any other citizenship than Hungarian, because ‘he is a Hungarian citizen’.

Falussy said finally that there ‘are differences between him and me. One difference is that I never went to Vienna with a memorandum and was never condemned as a traitor’. Implicitly, Falussy suggested that Lucaciu and other Romanians could not be trusted because their protests against the policy of Magyarizing defined them as traitors. This discussion revealed the cleavage between the Romanian and Magyar elite, which was marked by mutual distrust and ethnic division.

When the Kismajtény trial eventually took place in April 1914 it received nation-wide interest and was attended by the leading Romanian politicians in the country, including Lucaciu. The accused Romanian priest declared at the beginning of the trial that he would defend himself in the Romanian language, because his followers understood it better than Hungarian.

One of the accused Romanians claimed that ‘The Magyars want to take away our language, despite the fact that we pay more taxes, than they do’. This statement reveals that he believed that Romanians faced higher economic burdens than Magyars in general. Furthermore, he asked rhetorically ‘how can they do this against us when we always voted for the government!’ This referred to the Romanians’ political support of the Hungarian government and their expectation that the government would in turn support them by not implementing de-Romanianizing policies.

The Magyar newspaper in Szatmár reported that the accused priest had several times started to answer questions in Hungarian, but then changed to Romanian. During his closing arguments, the prosecutor said that ‘these persons are not Romanians, they only borrowed their identity, because they do not even speak Romanian’. The Romanian lawyer said in his concluding speech that ‘the spirit of the unitary Magyar state’ and ‘the government was

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21 Szamos, 20 Mar. 1914, 3.
22 Szamos, 24 Apr. 1914, 1-3.
responsible for the trial, not the accused’, which was an echo of Lucaciu’s statements. To this the judge of the court interrupted and told him that it was forbidden to slander the Magyar state. Eventually, the priest was sentenced to one-and-a-half years in prison, as he was assumed to be the principal organizer of the violent protest against the vicar general. Twelve others were sentenced to prison, with terms lasting between 2 and 6 months.

The Memorandum trial in 1894 and the Kismajtény trial in 1914 were two of the most important trials during the dualist period, as they concerned the effects of Magyarizing for the Romanians. Both of these protests were based on the events and circumstances in the ethnic borderland of Szatmár County and led to legal trials. The use of legal acts against the Romanian protests clearly shows how a state-involvement mechanism was operating in which the Magyar-orientated state expanded its domain by establishing a Magyar eparchy.

The effect of the trials was that the Romanian elite’s trust in the Hungarian government and authorities decreased, which reveals how a mechanism of mutual distrust operated. The trials became arenas for clashing ethnic and national aspirations. Furthermore, they revealed that the nationality problem primarily involved the elite, and that this elite received strong support from other layers of the population.

These trials also aroused sympathy and support from the Romanians in the Romanian Kingdom, which reinforced a transborder mechanism. The bomb that killed the Magyar vicar general before the Kismajtény trial in April 1914 can be seen as the first step towards violent conflict between Hungarians and Romanians, in similar way as the assassination of the archduke Franz Ferdinand was a violent act that provoked the First World War in June 1914. Both assassinations stemmed from unresolved nationality problems and formed part of a chain of reaction that would redefine the map of Europe as well as the national belonging of Szatmár County.

4.2 Between Magyarizing and a Hungarian-Romanian Rapprochement

In 1910 István Tisza and the Romanian leaders negotiated over the political situation of the Romanians. The Hungarian government was dissatisfied with the Romanian elite’s transborder connections and alienation from Magyar society. The Romanians on the other hand sent a list of 22 demands. Apart from the religious demands discussed above, they demanded equal voting

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24 Szamos, 26 Apr. 1914, 1-3.
25 Szamos, 28 Apr. 1914, 1-3; Szatmármegyei Est, 29 Apr. 1914, 3.
rights, clean elections, recognition of the Romanian National Party, and 50 separate Romanian electoral districts.

They also requested the implementation of the Romanian language in education and administration and the employment of Romanians in the administration in accordance with the Nationalities Law. In addition, they demanded an end to the Magyarizing policy. Finally, they requested the Hungarian state increase its financial support for the Romanian-speaking areas and Romanian institutions.\(^{26}\) This request has to be viewed in light of the economic discrimination that the Romanians had faced during four decades of Magyarizing.

Tisza agreed in principle to the economic requests and welcomed Romanians into the administration, but refused to set any quotas and to grant the Romanians proportional representation. He denied the recognition of the Romanian National Party and rejected general voting rights. The two sides were unwilling to compromise and the negotiations stalled.\(^{27}\) In 1913 a new round of negotiations started and the Romanians demanded essentially the same as in 1910, with the main message to end the policy of Magyarizing.\(^{28}\)

Tisza rejected as ‘groundless’ the accusation that the government was pursuing a policy of forced Magyarizing but admitted that occasional abuses were committed and that they would be corrected. My interpretation is that Tisza and other Magyar leaders regarded their own policy as promoting voluntary assimilation and that the overrepresentation of Magyars was ‘natural’ and result of the lower cultural standing of the non-Magyars. Moreover they believed this policy was needed for security reasons.

The rejection of the Romanians’ demands only emboldened the Romanian negotiators. They requested that only Romanians should be employed and only the Romanian language used at the local level in the predominantly Romanian-speaking areas such as eastern part of Szatmár County. These requests were in sharp contrast to Tisza’s aim of promoting a unitary Magyar state character; he therefore refused the exclusive appointment of Romanian officials and the idea of a Romanian autonomy.

In the end no real compromise could be reached, as the Romanian leaders were unwilling to accept the Magyar state idea based on an ethnocratic principle and the Magyar leaders were unwilling to accept a minority such as the Romanians who strived for political autonomy and a non-Magyar identity, which they believed would be the first step towards the disintegration of Hungary.\(^{29}\) In any case, at this point Archduke Franz Ferdinand was refusing any federalization of Austria-Hungary, something that he had previously advocated.

\(^{26}\) Kemény, *A Magyar nemzetiségi kérdés története*, i, 162.


In 1914 an anonymous Romanian published in English an article entitled, ‘Hungarian Tyranny and Roumanian Sufferings’, which outlined Romanian grievances against the Hungarian state. The author claimed that ‘Electoral districts are shaped with the object of damaging the Romanian vote as much as possible’. In addition, ‘A systematic corruption flourishes, and the principal corrupting factor is the Magyar administration itself’. Regarding the leading positions in local administrations, he wrote that ‘Nobody will seriously assert that among the 3,000,000 Romanians not a single one possesses the necessary qualifications’.

The author further described the mutual alienation in Hungary: ‘Governed by people who regard him as a foreigner, and who, in turn, are considered foreigners by him, the Romanian finds no openings, either in the administration of the law or in the national administration, or in any other branch of public life’. Still, ‘We Roumanians number more than 3,000,000, and we support the State with our blood and our money’, yet the state did not support a single educational institution.

In addition, he pointed to the redistributive mechanism and claimed that, ‘by the agrarian policy pursued by the Hungarian government the Romanian peasants are made to suffer for the benefit of the Magyars’. The conclusion of the author was that ‘Creation of a Greater Romania by the unification of the Romanian race is in the interest of all Europe’.

Openly irredentist articles such as this convinced leading Magyars that if any of the Romanians’ demands would be met then this would only be the first of many concessions. Moreover, the Romanians would never be fully satisfied until they had united all Romanian-inhabited, historically contested lands in eastern Hungary with the Romanian Kingdom and dissolved Hungary.

The Kismajtény trial and discussion between Lucaciu and Falussy revealed the locked positions and different perceptions between leading Magyars and Romanians. Leading Magyars regarded an increased Magyarizing as the best method to combat Romanian separatism, while Lucaciu and other Romanians regarded Magyarizing as the driving force in dividing Hungarian society. Even if both sides acknowledged that the society was divided along ethnic lines, and that this was detrimental and unwanted, none of them acknowledged any responsibility for the situation but instead blamed the other.

Increased Magyarization demanded financial means. In February 1914 the president of the Széchenyi Society, Falussy, together with a bank in Budapest launched a campaign to collect money for a ‘national fund’. A circular was sent to all Magyar banks in Hungary to support the fight along the ‘inner

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31 Ibid. 772, 774.
front’. The money was aimed at helping Magyar landowners maintain their land and to prevent Romanians from buying land.

For Falussy this economic struggle was like a war. He wrote that ‘in the frontline of the war against the Magyars stand the Romanian financial institutions, supported by the Romanian Kingdom’. He regarded the Romanian banks as ‘garrisons on the inner economic front’, as they launched attacks against the Magyars by buying their land. This campaign showed that once again the ethnic and economic circumstances of Szatmár County had provoked a nation-wide campaign similar to the one in the 1890s concerning educational and cultural surtaxes.

A vicious circle of ethnic division characterized Hungarian-Romanian relations as well as Hungarian society in general and the ethnic borderland in particular. Both sides acknowledged the detrimental effects and regarded unity as desirable, but the conflicting national perceptions could not be bridged. Leading Magyars supported a continued Magyarizing, even though it further deteriorated and divided Hungarian society. They were convinced that any support for the ethnic Romanians would lead to the disintegration of Hungary and the economic ruin of the Magyar elite.

4.3 The Great War

In the summer of 1914 the First World War broke out. Initially Austria-Hungary and the Romanian Kingdom were allied with the Central Powers. However, in the spring of 1915 the Lucaciu brothers expected Romania to change sides to the Allied Powers and declare war on Austria-Hungary, with the aim of winning Hungary’s eastern territory. They therefore left Hungary and moved to Romania.

The fact that Vasile Lucaciu and his brother Constantin left Hungary can be used as an argument that they indeed had played a double game between Hungarian patriotism and Romanian irredentism, as suggested by Falussy. A second interpretation is that this decision was a consequence of the stranded negotiations and that they had lost all hope of a true Hungarian-Romanian rapprochement. In any case, they assumed that the move to Romania would facilitate their political ambitions and careers.

In 1915 Sándor Dénes, a Magyarized Jewish journalist and the main editor of the leading newspaper in Szatmár, went to Vasile’s village (Lacfalu) and reported that the ‘great Romanian eagle has left his nest empty’. Furthermore, he reported that during the last 30 years Vasile had never been

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home more than 3 months, always ‘on the road with his agitation’. Vasile informed his sister that Romania would declare war on the Monarchy in March 1915 and encouraged her to move to Romania. At this point he was still registered as the chairman of Aurora and as manager of Sâtmăreana, two of the three Romanian banks in Szatmár, as well as manager of two other Romanian economic institutions, positions that he never would return to.34

His political agitation had made him rich, argued the Dénes, as Vasile had received a ‘fortune’ from his Romanian supporters after he was released from jail following the Memorandum trial in 1895. This was further evidenced by the fact that the priest replacing Vasile could hardly survive on a priest’s salary. The motivation for Vasile’s move to Bucharest was ‘almost for certain…a question of money, like everything else’, argued the Dénes. It was impossible to tell exactly how he had financed his affairs in Bucharest but it was almost certainly backed up by trusted Romanians. The journalist summarized Vasile as a ‘nationalities agitator, martyr, foreign policy agent, flaming patriot, financial authority and finally a traitor of his country’.35

The local High Sheriff (főszolgabíró) made a summarizing report on Lucaciu’s activities after Lucaciu left for Romania. He noted that Lucaciu had relaxed his political agitation after the turn of the century and instead focused on the economic side of the struggle under the influence of his legal adviser, Teofil Dragoş. The High Sheriff stated that he did not have any problems at all with Vasile during the last decade; on the contrary, the Romanians had been supportive of the government party under his leadership.36 This report therefore gave a more nuanced picture of how Vasile had worked both with and against the Hungarian authorities and the Magyarizing ambitions.

Vasile’s brother Constantin, who also was a priest, moved with Vasile to Romania. A similar article by Dénes about Constantin claimed that he had used his brother’s reputation for agitating purposes. He had promoted the Romanian language among his Greek-Catholic followers and had successfully Romanianized several of them. He had also demanded more power to the Romanians in the local community council, which had caused him problems. He had tried to follow in his brother’s footsteps by entering the economic field and establishing a Christian economic cooperative in the village; however, according to the article, this venture failed and caused much economic damage to its members.37

35 Ibid.
36 ‘Report by the High Sheriff to the prefect on 7 May 1916’, V. Ciubotă et al., eds, Lupta românilor din judeţul Satu Mare pentru făurirea statului naţional unitar roman (Bucharest, 1989), 443-9 (444-5).
When the war broke out Constantin was conscripted into the Hungarian army, thereafter he had made a patriotic speech supporting Hungary, and thus ‘it looked like he had become a true flaming Magyar patriot’. However, he eventually left for Bucharest and was replaced by a Magyar priest, whom Constantin’s followers did not accept. He sent a letter to one of his followers stating ‘I will return’, but then the village ‘will not be part of Hungary any more’.38

When Vasile arrived in Romania he became the president of the Cultural League, of which Iorga had been secretary in 1907. When the war started the League officially became an organization in support of Romanian irredentism.39 In June 1915 Lucaciu declared in a speech in Bucharest that ‘I see here the fulfillment of the sacred wish of the pure Romanian heart…to unite in a single country, to live under the same Romanian rule’.40 It seems that both Vasile and Constantin were convinced that if they invested all their political efforts in the aim of uniting the Romanians, this would pay off and they could return to their home villages as heroes and victors in a greater Romania.

The emigration of the Lucaciu brothers and their open support for Romanian irredentism made the situation of the remaining Romanian priests in Hungary difficult, as leading Magyars assumed all Romanians to be traitors. The Lucaciu brothers were officially dismissed as priests and accused by the Romanian high priests in Szatmár of having ‘sold out the holy issue of the Romanians living in the Saint Stephen Crownlands [Hungary]’.41 The Romanian priests of Szatmár County were forced to give a profession of allegiance in June 1915 as ‘representatives of all Romanians’ in which they declared their loyalty as ‘Magyar patriots’.42 However, this was exactly what the Lucaciu brothers had done before they left, i.e. acted as Magyar patriots, even using their Magyarized names. The allegiance of trust was therefore only an official demand that did not improve the real trust between the leaders of the Romanian and Magyar elite.

The aim of Lucaciu and others to unite the Romanians was debated in the Romanian parliament in September 1915, where Take Ionescu argued for what he termed ‘the policy of national instinct’: ‘either the Magyars are to occupy the heights of the Carpathians, and from that position to dominate us, or we are to establish ourselves in the citadel of Transylvania and from that

38 Ibid.
42 Szamos, 10 June 1915, 1-2; G. Kemény et al., eds, Iratok a nemzetiségi kérdés történetéhez magyarországon a dualizmus korában, vol. vii, 1914–1916 (Budapest, 1999), 403.
position to dominate the plains of Hungary”. Through the work of Lucaciu, Iorga, Ionescu and others, the political aim to unite the Romanian lands received enough political support in 1916 for Romania to change sides in the war.

While Lucaciu was active in Romania a Romanian delegate in the Hungarian parliament received a question during his speech: ‘Where is Lukaciu?’ This rhetorical question aimed at neutralizing any Romanian political claim by pointing to a collective Romanian treason. In the following discussion a Magyar delegate declared that there is ‘no Romanian nation in Hungary and therefore we cannot speak about any Romanian national party’.

Despite the protests of Magyar nationalists, Tisza made an agreement with the Romanians in mid June 1915, even though it was far from the Romanian demands. Tisza agreed to revise the election law and increase the number of Romanian deputies to around 40 in the Romanian-inhabited areas, but did not grant any local Romanian autonomy. He agreed to make a revision of the Romanian representation in public offices and investigate the issue, but did not make specific promises. He also agreed to increase state support for Romanian churches, as he had promised earlier, and also to increase the use of Romanian language in law and public administration.

In the end these provisions did not change the fundamental policy of Magyarizing but rather aimed at tying the Romanian elite closer to the Hungarian state in order to break their contacts with Romania, thereby reducing Romanian irredentism. The circumstances of the First World War demanded that Hungary’s Prime Minister redefine the policy of Magyarizing. This redefinition, however, was not a genuine change from the vision of establishing an ethnically homogenous Magyar society. The Romanian request to be acknowledged as a political nation was denied, which left them dissatisfied. The Romanians’ continued political, social and economic subordination made leading Romanians more attracted to the idea of Romanian nationalism and the expansion of Romanian territory.

4.4 The Inner Economic Front of 1915

Campaigns like Falussy’s to promote the policy of Magyarizing required the Hungarian authorities to monitor and gather statistical information about the ethnic composition of the country’s financial institutions. A report on the ethnic composition of joint-stock companies conducted in 1915 showed that

45 Kemény, A Magyar nemzetiségi kérdés története, vol. i, 166.
Hungary’s economy was more or less Magyarized. It reported that 1313 industrial companies were Magyar out of 1348, representing 99.5 per cent of total assets. In Szatmár County all joint-stock companies were Magyar. The data was based on the language used by the boards and on name analysis of the managers. Similar data for the financial institutions showed a Magyar domination of 97 per cent.\footnote{E. Cholnoky, ed., The Hungarian Peace Negotiations, vol. i (Budapest, 1921), 311, 410-1.}

The Romanian banks numbered over 200 and were concentrated in the ethnic borderlands. These were of national interest for both the Magyars in Hungary and the Romanian leaders in the Romanian Kingdom. In 1915 two Romanian publications published a survey on the economic situation of ‘the Romanian lands’ of Hungary based on Hungarian official statistics. Both included lists of all joint-stock companies and financial institutions in the Romanian lands, including all the Magyar companies of ‘Sătmar’ and ‘Satu-Mare’ (both Romanian names were used for Szatmár County), and they concluded that ‘Romanians are economically dependent on foreigners’.

This means that they regarded the land to be Romanian and therefore the Magyars were categorized as ‘foreigners’. In this way they had redefined the nationality of the land, i.e. Romanianized the land by claiming it as Romanian.

In a publication entitled ‘Our Transylvania’ that same year the Romanian Ministry of Finance decided to undertake an economic inventory of all property in ‘Transylvania’, which was defined as all the Hungarian areas claimed by Romania. The publication listed over two hundred separate Romanian banks alongside their total capital, including the three Romanian banks of Szatmár, all of which were the results of Lucaciu and his associates’ work.\footnote{Valeriu Popa and Nicolae Istrate, Situaţia Economică şi culturală a teritorilor româneşti din Ungaria: Transilvania, Banatul, Crişana şi Maramureşul (Bucharest, 1915), 124-38; Ion Jalea, Ardealul, Banatul, Crişana, Marmureşeană şi Bucovina (Bucharest, 1915), 34-7.}

The exclusive Romanian ethnic character of the institutions, with only ethnic Romanian owners and managers, made it possible to categorize them as ‘Romanian’. This was a kind of Romanian transborder nationalization that Romanianized these banks in Hungary from distance. The Magyar view that the banks and their managers were dangerous had become a self-fulfilling prophecy, as the stigmatization of Romanian identity had excluded them from Magyar society and driven them to establish their own financial institutions.

However, despite the Romanianization of the banks from a distance, the banks continued their operation without any major disturbances from the Hungarian authorities, even though they were closely monitored. The Romanian banks continued to donate money for Romanian cultural purposes, mainly to Romanian schools and education, and in 1916 they donated up to 3
per cent of their profit.\textsuperscript{49} Even if the Romanian bank Chiorana in Szatmár County increased its donation to 5 per cent of its profit in 1917, a large portion of which was given to Romanian schools, this level was not higher than what the Magyar banks had previously donated to the cause of Magyarizing.\textsuperscript{50} Most probably it was sign of the increased need in the field of education because of the general economic difficulties during the war, combined with the continued process of Magyarizing in the educational field.

The conclusion is that the context of the war and the irredentist claims on the Romanian-inhabited lands of eastern Hungary facilitated a Romanianizing of the Romanian banks in Hungary from distance by Romanian authorities. They were regarded as financial garrisons on the inner economic front and as trusted from a Romanian national point of view. This shows how the transborder mechanism was strengthened by the First World War.

4.5 Romania Declared War on Austria-Hungary

The campaign for a unified Romania pursued by Lucaciu and others resulted in Romania changing sides from the Central Powers to the Allied Powers. In mid-August 1916 Romania signed a secret treaty with the Allied Powers in exchange for the territory of Transylvania and other parts of Hungary east of the Tisza.\textsuperscript{51} It was obvious that the Romanian government used the opportunity and the situation of the war to negotiate as favorable conditions as possible for their participation.

One of the most famous foreign experts on Hungary’s Romanian situation was the R. W. Seton-Watson, who had originally gone to Hungary in 1906 as a pro-Magyar and a supporter of Kossuth’s idea for an independent Hungary. However, Seton-Watson soon realized that the Magyars were violating the Law of Nationalities and claimed that ‘Magyars are dominated by racial prejudices’. He argued that Hungary faced deep ‘racial problems’ and that ‘The Magyars may deny all attempt of Magyarization’, but ‘that is only an argument with which to fool ignorant foreigners’.\textsuperscript{52} Seton-Watson was one of the most critical voices against the situation of the nationalities in Hungary. In his publications in 1908 and 1911 he pointed to detrimental policy of Magyarizing for the Romanians and other nationalities.\textsuperscript{53}

Although Seton-Watson acknowledged that the Magyar–Romanian ethnic border crossed through Szatmár County, he did not regard Szatmár to be a

\textsuperscript{49} Constantin Popp, Anuarul Băncilor Române: 1918 (Sibiu, 1917), 8-9, 20, 56-7.
\textsuperscript{50} Constantin Popp, Anuarul Băncilor Române: 1919 (Sibiu, 1918), 103.
\textsuperscript{51} Mária Ormos, Hungary in the Age of the two World Wars (Boulder, CO, 2007), 451-2.
\textsuperscript{52} R. W. Seton-Watson, Racial Problems in Hungary (London, 1908, repr. 1972), xx, xvi.
'Romanian county'.
manian elite were conscripted.\textsuperscript{61} Around 14,000 Romanians from Szatmár County were mobilized in the army, which equaled around 12 per cent of all Romanians in the county.\textsuperscript{62} From Szatmár-Németi around 450 Magyarized Jews took part in the war, which included advocates of Zionism such as Lajos Borghida.\textsuperscript{63}

The industry of Szatmár was severely hit by the economic crisis caused by the war, and half of the large industries had to close while others adjusted their production for the war industry, including the Magyar-Jewish manufactory of Princz, which produced grenades for the army.\textsuperscript{64} Thus, the war provoked an economic crisis in the region.

In order to finance the war the Hungarian state issued war bonds. As well, the newspapers, now under state censorship, launched a campaign for people to enlist in the armed forces. The local newspapers in Szatmár published lists of people who had bought the state bonds and the total amount subscribed.\textsuperscript{65} This was a campaign of ‘patriotic duty’. The amounts can be seen as a reflection of individual economic success and as a way of expressing Magyar patriotism measured in money. The subscribers received an interest rate of 6 per cent, but because of the war there was a high risk involved.\textsuperscript{66} While patriotic Magyars bought these state bonds, Lucaciu sold his property in Hungary at the end of 1916 and transferred his money to Romania.\textsuperscript{67}

The Central Powers launched a successful counteroffensive against Romania in September 1916. By November that year the armies of the Central Powers had occupied southern and eastern parts of Romania. Despite the success, the Austrian-Hungarian army was weakened by logistical problems and ethnic tensions within the army. Nevertheless, in December Bucharest, the Romanian capital city, was captured by the German-led armies of the Central Powers.

Still, the Romanians had not surrendered. In 1917 Vasile Lucaciu went to the United States as the chairman of the Romanian Patriotic Mission, whose aim was to encourage Romanians from the Austrian-Hungarian Empire to take arms and fight for the unification of a greater Romania. In his speech to the Romanians in United States Lucaciu talked about his own sufferings from the Magyarizing policies: ‘I, myself, have been in prison five times and I have suffered long years from the most miserable sort of existence in the Hungarian dungeon, only because I have dared to unmask their injustice and

\textsuperscript{61} Ambrus Miskolczy, Romanians in Historic Hungary (Boulder, CO, 2008), 132.
\textsuperscript{62} Viorel Ciubută, Lupta românilor sâtmăreni pentru unire (1918–1919) (Satu Mare, 2004), 87.
\textsuperscript{63} Háráv Náftáli Stern, ed., Emlékezz Szatmárra: a szatmári zsidóság emlékkönyve (Bene-Berak, 1984), 27.
\textsuperscript{64} Csaba Csirák, ed., Szatmári zsidó emlékek (Szatmárnémeti, 2001), 279.
\textsuperscript{65} Szamos, 10 Jan., 1917, 2; 4 July 1917, 1; 6 Jan. 1918, 1.
\textsuperscript{66} Szamos, 19 June 1918, 5.
\textsuperscript{67} Szamos, 3 Jan. 1917, 2
I have dared to respect their sanctioned laws’. This referred to his demand to enforce the Nationalities Law. Furthermore, he argued that other laws were only introduced to serve ‘the interests of the existence of the Magyar nation’, i.e. to promote Magyarizing.\(^68\)

He argued that the Romanians had suffered economically in Hungary and that several of them had been forced to leave the country, claiming that ‘Magyar tyranny and the system of political persecution and economic pauperization that reigns in Hungary has forced you to leave your ancestral hearths and to earn your daily bread in these lands’.\(^69\) Furthermore, he argued that the ‘Romanians are the original inhabitants of the land, being the descendants by blood and right of the Roman colonies. As such, they always have the right to reclaim the possession inhabited by their ancestors, and can turn out the foreign exploiters’.\(^70\)

Despite the inspired speeches by Lucaciu his mission to form a ‘Transylvanian Legion’ was not fully accomplished. One reason was the lack of support among the Romanians in the United States, and another was that the American government did not sanction such a legion.\(^71\)

The conclusion is that the Romanians territorialized the land of Szatmár as Romanian. This claim was given international support as the Allied Powers had promised ‘the Romanian land of Hungary’ to Romania, including Szatmár County. This was the first step in Romanianizing the area.

### 4.6 The fall of Austria-Hungary and the establishment of the Hungarian Republic

The victory of the Central Powers against Romania was concluded by the Treaty of Bucharest in May 1918. The peace treaty stipulated that Hungary would receive a small territory from Romania along the Romanian-Hungarian border. However, the fate of Austria-Hungary was linked to its military ally Germany, which suffered great losses on the western front. In addition, the economic situation had totally deteriorated and the Central Powers were facing severe logistical problems. As well, leftist and pacifist strikes took place within the Austrian-Hungarian army and society in general. National movements were organized with support from the Allied Powers abroad. The German defeat on the western front combined with national


\(^{69}\) ‘To the Roumanians of America, 16 Aug. 1917, Washington D.C.’, Ibid.

\(^{70}\) ‘Address in 1917, Cleveland, Ohio’, Ibid.

aspirations of the nationalities eventually disintegrated Austria-Hungary. National movements, like the Romanian one, raised their demands from autonomy to full independence.

In early 1918 US President Woodrow Wilson argued in his famous speech ‘The Fourteen Points’ that the nationalities of Austria-Hungary would be given ‘the freest opportunity to autonomous development’. As a response to the increasing national demands and Wilson’s idea about self-determination the Emperor of Austria and King of Hungary Charles I issued a proclamation in mid-October turning the Austrian part of the Monarchy into a confederation of German, Czech, South Slav and Ukrainian areas governed by national councils. However, the Magyar leaders refused to implement a similar federalizing reform in Hungary. The Austrian reform was in vain because in October the United States foreign secretary replied that autonomy for the nationalities was not enough and that the Allies were committed to the cause of achieving full independence for the nationalities. Several of the nationalities formed their own governments and joined the Allied side, including the Czech.

In the beginning of October the National Council of Romanian Unity was created at the Paris Peace Conference, with Take Ionescu as president and Vasile Lucaciu as a leading member and acting representative of the Romanians of Austria-Hungary. The Romanian National Council was accepted by the four Allied Powers as ‘the exponent interests of the Romanian nation of Austria-Hungary’. Inside Hungary a Central Romanian National Council was formed by the Romanian National Party under the leadership of Vasile Goldiş.

At the end of October a similar Hungarian National Council was formed by Count Mihály Károlyi (1875–1955) who was a supporter of social democratic values and called the ‘red count’. Also at the end of October Prime Minister Sándor Wekerle resigned and radical members of the Hungarian army assassinated the former Hungarian Prime Minister István Tisza. The union with Austria was terminated and the Austrian-Hungarian Monarchy was officially dissolved.

The long-term reasons for this fall were caused by political crises, the oligarchy of the Magyar elite and backward peripheries with social and national unrest. The history of Szatmár County is in this respect a prime example of the social and national problems the Hungarian government was incapable of solving. The long-term consequences of Magyarizing had entailed mechanisms of ethnic bifurcation, inequality, interethnic competition and strength-

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ening of transborder ties between Romanians. All of these mechanisms re-enforced each other over a long period of time and, together with the immediate political consequences of the war situation, led to the monarchy’s downfall. The development of Hungarian-Romanian relations in Szatmár County had formed the conviction among leading Romanians such as Lucaciu that the only solution was to unify the Romanian-inhabited of eastern Hungary with Romania.

The Hungarian National Council led by Károlyi was transformed into a provisional government of the First Hungarian Republic, which was proclaimed on 16 November. The Hungarian government under Károlyi was a coalition of Károlyi’s own party, the Independence Party, the Social Democrats and the Radical Party lead by Oszkár Jászi. They launched a program of general voting rights, freedom of press, amnesty of political prisoners, and dissolution of the Hungarian army. They aimed for socio-political reforms that included land redistribution and a reduction in power of the large landowners.75

Even if the government aimed at general reforms, including the status of the nationalities, it was still embedded in Magyar national context. This was revealed in the arguments given by Magyar social democrats in the city Szatmár-Németi who said that ‘we are better Magyar, than they [the former regime]’.76 In this way Magyarizing was radically re-defined to improve social equality. This policy was indeed meant to support the nationalities, such as the Romanians, who were suffering both from social and ethnic inequality.

Still, the means for these reforms were not present. The war had created a shortage of products and the country and Szatmár County faced supply problems in the fall of 1918.77 Hungary’s economic output was only one-third its prewar level, which clearly shows the how deep the economic crisis was. Horses had been requisitioned for military purposes and caused severe problems in the agricultural sector.78 The economic and political situation was unstable and martial law was imposed by the prefect of Szatmár. Robbing and nationalizing of property started without legal support, driven by economic needs.79 The city council of Szatmár-Németi asked its citizens to support the city with money, out of solidarity, in order to finance social expenses.80

Many of the Hungarian army’s soldiers on the eastern front had been exposed to the Russian Revolution and its ideals. Some of them brought these

75 Szamos, 26 Oct. 1918, 1.
77 Szamos, 13 Sept. 1918, 1.
78 Ivan Berend, Decades of Crisis: Central and Eastern Europe before World War II (Berkeley, CA, 1998), 225.
79 Szamos 13 Nov. 1918, 1
80 Szamos, 19 Nov. 1918, 2.
revolutionary ideals home after the dissolution of the army and their return from the front. In Szatmár-Németi soldiers and workers organized a national council with a total of 3,000 members, among which Magyarized Romanians such as Ágoston Ferencz and the brothers Aurél and Ottó Papp assumed leading positions. The council of Szatmár-Németi voted for the inclusion into the Hungarian National Council and during their meeting they sung the Hungarian national anthem. This reveals that they continued to identify themselves as Magyars. Thus Magyarizing was re-defined aiming at imposing social and economic equality. This policy could have induced a virtuous circle of equality and social unity if the political and economic circumstances would have been more favorable.

Officially the Hungarian Republic was proclaimed on 16 November 1916. Only a couple of days earlier had Károlyi accepted the Belgrade Armistice which gave Romania the right occupy eastern parts of Transylvania, but with the civil Hungarian administration remaining in power. Károlyi and Jászí supported President Wilson’s idea about self-determination and encouraged the formation of National Councils based on nationality. At this point the national borders were unsecure, but the expectation was that the Allies planned to ‘disintegrate Transylvania’, and it was unclear if Szatmár was included or not.

The Romanian National Council in Hungary demanded the implementation of equal rights, something that the new government and the local Hungarian council of Szatmár-Németi supported. The Károlyi government with Jászí as minister of nationalities proposed a democratic program with equal rights among the non-Magyars based on the Wilson’s principles. In return they hoped ‘that Hungarian integrity would not be destroyed’. The nationalities were encouraged to establish cultural and political autonomy through the national councils and the government committed itself to removing the differences between members of the Magyar nation and the non-Magyar nationalities. Still, the government argued that economic and geographical national unity was needed to maintain national integrity.

Local Romanian national councils were established in the Romanian-dominated areas of the county, such as in the Romanian-speaking area in

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81 Szamos, 26 Oct. 1918, 1; Aurél Popp, Ez is élet volt... (Kolozsvár-Napoca, 1977), 90.
82 Szamos, 5 Nov. 1918, 1: 7 Nov. 2; 10 Nov. 2-3.
83 Szamos, 8 Nov. 1918, 2; 12 Nov. 2-3.
84 Szamos, 17 Nov. 1918, 1.
86 Szatmári Újság, 6 Nov. 1918, 1.
87 Szamos, 15 Nov. 1918, 2.
Nagysomkut, where they took over the post office and the telegraph office.\textsuperscript{89} In order to decrease national and social unrest the Hungarian authorities encouraged these councils and provided them with funding and a certain quantity of arms.\textsuperscript{90} The Hungarian government naturally expected that the Romanians in Hungary would reward this material and political support with loyalty towards the new republic against the territorial claims by the Romanian Kingdom.

In some districts both Hungarian and Romanian councils were established, for example in Nagy-Bánya where the council had its meeting in the Romanian bank of Aurora.\textsuperscript{91} Under the leadership of the Romanian lawyer Illés Károly (Ilie Carol) Barbul a Romanian council was established alongside the larger Magyar Council in Szatmár-Németi.\textsuperscript{92} Despite the official support of Romanian national councils from the Hungarian authorities, Hungarian-Romanian relations were far from perfect. For example the Hungarian council in Nagy-Károly reported that the Romanians were suspicious of them, even if these Romanians did not openly show feelings of antipathy.\textsuperscript{93}

The Romanian councils of Szatmár County demanded general voting rights, the detachment of the Romanian parishes from the Magyar Greek Catholic eparchy and the use of Romanian language in the administration. They organized their own national guard and decided to co-operate with the Hungarian National Council.\textsuperscript{94} In mid-November it seemed this was good start for a genuine rapprochement between the Hungarians and Romanians in Szatmár, even if the economic situation was grim and the history of Romanian-Hungarian relations burdened with distrust.

In mid-November Jászi negotiated with the Central Romanian National Council in Arad and suggested a federal solution, ‘a Switzerland of the Danube’. He offered full implementation of the Law of Equality among the Nationalities from 1868 and local autonomy and proportional representation, but did not accept the involvement of Romanian troops on Hungarian territory.\textsuperscript{95}

For Szatmár County his plan was to follow the linguistic frontier and create a Romanian canton including the areas Avas (Avaş) and Kővárvidék

\textsuperscript{89} MOL K 40 National Councils, NM 39/1918; Szamos, 7 Nov. 1918, 2.
\textsuperscript{90} Cornel Grad and Doru Goron, ‘Dezintegrarea administrației maghiare și constituirea noilor structure de putere românărești în județele Sălaj, Sătmar și Bihor (noiembrie 1918 – aprilie 1919)’, in C. Grad and V. Ciubută, eds, 1918: Sfârșit și început de epocă (Zalău and Satu Mare, 1998), 279-338 (334).
\textsuperscript{91} Ciubută, \textit{Lupta românilor sătmăreni}, 114.
\textsuperscript{92} Szamos, 7 Nov. 1918, 2.
\textsuperscript{94} Szamos, 14 Nov. 1918, 1.
\textsuperscript{95} Kemény, \textit{A Magyar nemzetiségi kérdés története}, vol. i, 167-8.
(Chiorina) in the eastern part of the county, but not to include the larger centers of the Romanian-dominated areas such as Nagysomkut, Szinérváralja or Nagy-Bánya, which would be part of the Magyar canton. According to Jászi’s suggestion the majority of Szatmár County would therefore have been included in the Magyar canton of Hajdúk. Jászi was thus willingly to grant important parts of the predominantly Romanian-speaking areas to the Romanian cantons but was unwillingly to provide the Romanian cantons with any important economic centers. His suggestion would therefore have institutionalized the Romanian areas as less developed in comparison with the Magyar canton.

The Romanians rejected the proposal and asked for self-rule in those areas where only Romanian councils were established until the Peace Conference decided the final borders. They no longer trusted Magyar leaders and perhaps assumed that Hungarian state would maintain its support for Magyar ethnicity. Jászi later remarked that ‘they preferred to join Romania rather than to accept a belated compromise’. Indeed the compromise came too late. The Romanian army occupied around one-third of Transylvania and aimed to continue westwards and occupy the ‘Romanian lands of Hungary’.

Jászi and the Hungarian government regarded large parts of Szatmár and other parts of the ethnic borderland areas as Magyar, while leading Romanians regarded them as Romanian. In addition, the Romanians knew that they had political support for their claim by the Allies. On 20 November the Romanian National Council proclaimed that they wished to secede from Hungary with the 23 counties, including the whole of Szatmár County. This area covered more or less the so-called ‘Romanian lands of Hungary’.

On 1 December 1918 delegates from the Romanian National Councils and a large crowd met in Alba Iulia (Gyulafehérvár). From Szatmár County a delegation of 114 Romanians were sent, with different socio-economic backgrounds including peasants, lawyers, teachers, priests, etc. The Romanian resolution of Alba Iulia concluded that ‘Transylvania, the Banat and the Romanian territories in the Hungarian lands’ should unite with the Romanian Kingdom. Furthermore, it granted complete national liberty for all people in Transylvania ‘to educate, govern and judge itself in its own language through the medium of persons from its own midst’. It gave the right ‘to every people for legislative representation and participation in the admin-

96 Peter Haslinger, Arad, November 1918: Oszkár Jászi und die Rumänen in Ungarn 1900 bis 1918 (Vienna, 1993), 163.
98 Oscar Jászi, The Dissolution of the Habsburg Monarchy (Chicago, 1929), 342.
99 Szamos, 15 Nov. 1918, 1.
100 Ciubută, Lupta românilor sătmăreni, 114.
istration of the county in proportion to the number of the individuals of whom it is composed’. This meant that the Romanian government promised to impose minority rights to non-Romanians in the same manner as the Nationalities Law of Hungary. The resolution also provided a general land reform aiming at redistributing the lands from the rich landowners, which mainly consisted of Magyars, to the predominantly Romanian peasants.

The resolution was in many ways similar to Jászi’s proposal, as it included equal rights, local autonomy and a land reform. However, the main difference between the two was of course the national framework. In addition, there was lack of trust between the Magyar and Romanian leaders, which would be decisive, as the Romanians preferred unification with Romania to a federalized Hungary. This gave the Romanian elite an opportunity to become leaders of the local administration, from which they had previously been excluded. Only a couple days after the Romanian resolution a new government of Transylvania was organized by the Romanian National Council, including Vasile Lucaciu and Vasile Goldiş, among others. Lucaciu’s investments in his Romanian identity had started to pay off.

The resolution supported the occupation of all the claimed territories, including Szatmár County, even if the eastern border of this territory was highly disputed. The Hungarian National Council of Nagybánya protested against this and sent a notice to Jászi, in which they claimed that the city had been included without the consultation of the city’s inhabitants, i.e. it violated the principle of self-determination provided by Wilson. They argued that the city had been on Hungarian land for 1000 years and that even among the Greek Catholics the majority were Magyars.

Romanians reported that Romanian leaders in the area controlled by Hungary were intimidated, driven out of their homes and forced to join the Hungarian army. The attitude between the Romanian and Hungarian national councils and guards had changed after the Alba Iulia resolution; moreover, the increased conscription of Romanians into the Hungarian army made some Romanians escape to Romanian-controlled areas in Transylvania. The activity of the Romanian National Council of Szatmár was restricted and

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104 *Szamos*, 4 Dec. 1918, 1.
105 *Szamos*, 3 Dec. 1918, 1.
108 Grad and Goron, ‘Dezintegrarea administrației maghiare și constituirea noilor structure de puture românrești în județele Sălaj, Sătmar și Bihor (noiembrie 1918 – aprilie 1919)’, 335.
did not receive the same support from the Magyar councils that they had at the beginning.  

The Romanian Greek-Catholic dean in Szatmár County was asked to negotiate a revision of the Magyar Greek Catholic eparchy, but he replied that ‘the request comes too late because the Romanian Empire has been established and the Romanians will occupy the 26 counties, among them Szatmár County and the cities of Szatmár[-Németi] and Nagy-Károly’. The local Magyar newspaper replied that they regarded Szatmár and Nagy-Károly to be ‘pure Magyar cities’ with no Romanian inhabitants, and that even the Greek Catholics had ‘no Romanian feelings’.  

Local leaders of the Romanian National Council confirmed that the occupation of the cities would take place within 2–3 weeks. However, the Hungarian Council of the city refused this and argued that it violated the principle of self-determination. Some of the ethnic Romanians within the Hungarian Social Democratic Party protested against the anticipated Romanian occupation because they regarded Romania to be governed by ‘capitalistic boyars’. These Romanians preferred a socialist Hungary before a capitalist Romania.

On 27 December French generals informed the Romanians of their right to occupy Szatmár temporarily in order to get access to the railway line. On 30 December a Romanian train entered the city with the French General Henri Mathias Berthelot. The General was welcomed by Barbul, the local Romanian National Council’s representative, who in his speech stressed that the power of the region had been in the hands of the large Magyar landlords and that the Romanians had been deprived of civil rights. Berthelot replied that France would keep its promise and stand on the Romanian side in the peace negotiations. A guard of 40 Hungarians and 40 Romanians were posted to keep order, but almost immediately they started to fight over the use of the Romanian flag. Romanians were appointed in leading political positions, for example the Romanian Greek-Catholic dean was appointed as vice prefect of the county and higher-ranking Romanian administrators were appointed in all Romanian inhabited areas.

On 7 January 1919 the city of Nagy-Bánya was occupied by Romanian troops; the newspaper from Szatmár-Németi reported that situation was

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110 Szamos, 8 Dec. 1918, 2.
111 Ibid.
112 Szamos, 12 Dec. 1918, 1.
113 Szamos, 18 Dec. 1918, 2.
114 Szamos, 31 Dec. 1918, 1.
115 Szamos, 29 Dec. 1918, 1.
peaceful.\footnote{Szamos 8 Jan. 1919, 2.} The Romanian troops requested the Romanian National Council govern and administer the city. All workers were ordered to continue their work and all shops were open, but martial laws and censorship for the newspapers were imposed.\footnote{Szamos 9 Jan. 1919, 1.}

The commander of the Székley-division, which was composed of Magyar refugees from Transylvania, most of them bitter at having lost their land to the Romanians, warned against collaboration with the Romanians and claimed that the Romanians aimed at destroying or taking over all Magyar property.\footnote{Szamos, 5 Feb. 1919, 2.} However, the local Magyar socialist newspaper wrote that this was only propaganda because the Romanian National Council had arranged distribution of coal, salt and fuel to the mainly Magyar inhabitants in the city of Szatmár-Németi, which was still part of Hungary.\footnote{Szamos, 7 Feb. 1919, 2.} At the end of January the Romanian troops received specific orders from the ruling council in Paris that they were not permitted to occupy Szatmár-Németi.\footnote{Mária Ormos, From Padua to the Trianon 1918–1920 (Boulder, CO, 1990), 130.} At this point it appeared the peace negotiators would divide the county along the linguistic border.

However, accusations of ill-treatment increased between the Romanian and Hungarian side.\footnote{‘Terorisme în Careii Mari’, Românul, 3 Jan. 1919, ctd in Ciubută, Lupta românilor sătmăreni, 144.} The Hungarian social democrats argued that ‘Romanian capitalists and boyars’ were fighting against the international proletarians and they would ‘defend the demarcation line against any kind of capitalism, whether Hungarian or Romanian’, claiming they had ‘had enough of Hungarian capitalism’.\footnote{‘A megvadult’, Szatmári Népszava, 16 Mar. 1919, 1.}

The land reform that the Károlyi government had promised aimed mainly at redistributing the holdings of large landowners with properties over 200 cadastral yokes. Even though the government regarded it as a crucial reform it was delayed. In order to make a good example, Károlyi started by dividing his own property first.\footnote{Szatmári Népszava, 23 Febr 1919, 2.} The delay of the land reform caused social unrest among the peasants and in one of the districts in Szatmár they started to redistribute the land on their own initiative without legal enforcement.\footnote{13 Feb. 1919, in Harsfalvi, ed., A munkásság és parasztság élete és mozgalmai Szabolcs-Szatmár megyében 1886–1919, 238.} The general land reform was under preparation in the beginning of March but was never fully implemented.\footnote{Szamos, 21 Feb. 1919, 5 Mar. 1919, 3.}
The general social and economic reforms of the Károlyi government were indeed a re-definition of nationalizing with a strong social and inclusive side, but in an ethno-linguistic sense it maintained a Magyar orientation. It aimed at maintaining Magyarizing by relaxing the forced policies and introducing using voluntary methods, as well as by making Magyarizing attractive to non-Magyars. This inclusive Magyarizing worked rather well among some of the Magyarized Romanians in western parts of Szatmár. This was a promising strategy of creating social and cultural unity in the hopes of solving many of the problems in the ethnic borderland. For the nationalities, breaking away from ethnocracy and implementing democracy would have opened the possibilities for greater employment and for education in their mother tongue.

However, even if Jászi’s suggestion had implemented, many of the social and ethnic differences would have continued, as the Magyars would have received the most developed areas. This was perhaps one of the major reasons why the Romanians rejected the proposal for a federalization of Hungary. In any case, the reforms came too late and under unfavorable conditions. Romanian troops were advancing with the support of the Allies, and leading Romanians nurtured hopes that the largely Romanian-inhabited territories of Hungary would eventually unite with the Romanian Kingdom.

4.7 Negotiating New Borders

The issue of how the national borders were decided has been a controversial one between Hungarian and Romanian historians. The Romanian national narrative regards the creation of Greater Romania as a ‘natural’ step in unifying the Romanian historical lands, while the Hungarian narrative perceives this as an unjust peace treaty and one of the largest national tragedies. The fate of this decision was based on a competition decided by the Great Powers.

Even if this topic has been of major interest to many researchers, there are only a few studies have been written from a local perspective; moreover, there is no study focusing on how the fate of Szatmár County was decided. One important exception is the study by Mária Ormos, albeit from an explicitly Hungarian point of view. She has contented that the Peace Conference was ‘very little influenced by the ethnic principle’, and moreover that Great Powers determined the final borders out of support for Romania’s economic and strategic interests. She support her arguments by noting that the American delegates lost the argument against the French concerning the awarding to Romania of territory inhabited by 200,000 to 300,000 Magyars, ‘an area
where no Romanian majority could be demonstrated and which was directly connected to the Hungarian ethnic heartland.\textsuperscript{126}

The border decision process is important for understanding not only the development of interwar Romanianization policies and subsequent re-Hungarianization policies during the Second World War, but also for the present understanding of local, national and transnational histories and politics in Hungary and Romania, as the Hungarian-Romanian borders decided after the First World War are the present borders.

At the end of 1918 Romanian troops advanced west of Transylvania while negotiations were underway in Paris for establishing new borders. The Romanian Prime Minister Ionel Brătianu (1864–1927) claimed the ‘the Romanian territories in the Hungarian lands’, i.e. the entire territory up to the Tisza, according to the 1916 treaty between Romania and the Allied Powers. Brătianu said that it was in this territory where the ‘Romanian nation had been constituted and formed; and all its aspirations for centuries had tended towards the political union of that territory’.\textsuperscript{127} Against this claim on centuries of Romanian aspirations we know that Lucaciu had indeed supported the unification of the Romanian lands of Hungary with the Kingdom of Romania after the Great War broke out, but on the other hand his main objective before 1914 was to struggle for the implementation of the Law of Nationalities.

The Romanian delegation presented ethnographic statistics based on the Hungarian census of 1910. However, instead of using the linguistic criterion for nationality the delegation recalculated the statistics using the denominational criterion as the basis for nationality; thus all Greek Catholics were included as Romanians regardless if they had declared themselves as Magyars or not. This re-definition increased the Romanian share from 30 per cent to 43 per cent in Szatmár County, and from 3 per cent to 20 per cent in the city of Szatmár-Németi.\textsuperscript{128} This denominational re-definition was supported by Seton-Watson, the British expert on the Romanian question, who had made a similar re-calculation to establish a ‘racial distribution’.\textsuperscript{129}

Lloyd George, the British Prime Minister, declared in the beginning of the peace negotiations that the treaty of 1916 was no longer valid as Romania had pulled out of the war when they signed the Bucharest treaty in 1918.\textsuperscript{130} He also expressed doubts about the representative nature of the national assembly of Alba Iulia, because part of Transylvania had been under Romanian military occupation.\textsuperscript{131} Wilson’s opinion was that Romania’s claim had

\textsuperscript{126} Ormos, \textit{From Padua to the Trianon 1918–1920}, 195.
\textsuperscript{127} Margaret Macmillan, \textit{Peacemakers: Six Months that Changed the World} (London, 2003), 268.
\textsuperscript{128} E. Cholnoky, ed., \textit{The Hungarian Peace Negotiations}, vol. iii/a (Budapest, 1920), 150.
\textsuperscript{129} Seton-Watson, \textit{A History of the Roumanians}, 542.
\textsuperscript{130} Macartney, \textit{Hungary and Her Successors}, 278-9.
‘exceeded what was justified in the secret treaty’.132 The issue of the Romanian border was difficult to settle and therefore the Supreme Council appointed a Border Committee to discuss and propose a border.

President Wilson gave instructions for the Committee to ‘merely consider the territorial and racial aspects of the case’ and ‘not touch the purely political side of the problem’.133 The experts on the committee, two from each of the four major Allied countries, were also given permission to consult the ‘representatives of the people concerned’.134 Their main task was formulated so as to give recommendations for ‘a just settlement’.135

The British recommendation from 10 February 1919 regarding Romanian claims was to give the cities of Nagyvárad and Arad to Romania (see map 8). Even if these two cities (like Szatmár-Németi) possessed ‘considerable non-Roumanian majorities’ they were nevertheless regarded by the British Foreign Office as ‘strong potential Romanian centers, once large official and officially connected Magyar population has been replaced, according to natural processes, by a similar Roumanian population’. The British standpoint was not to follow the ethnical frontier as Seton-Watson advised, which according to the same report was situated ‘roughly, east of’ the two cities; but instead to give these cities to Romania in order to Romanianize them.136 Thus the British supported Romanian claims in order to re-Romanianize these areas.

The American stance was that ‘the frontiers ought to be determined by the distribution of the peoples’ in order to avoid irredentism. The Americans regarded the linguistic frontier as ‘perfectly definite line for further work’ as ‘a majority speaking a given language appears to be consonant with the accepted principle of modern democracy’. This means that the Americans regarded the Hungarian linguistic definition as a sound definition for ethnicity and as a basis for national borders (see map 8).

Furthermore, they supported the division between Magyar and Romanian districts in accordance with Seton-Watson’s suggestion. However, the line between language groups in many districts was impracticable, as a national frontiers and the committee needed ‘to find the line nearest to it’. The American recommendations argued that the economic viability deserved consideration together with the ethnic principle.137

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133 NA FO 1919 608 49, 14.
134 Ibid. 16.
135 Ibid. 18.
136 Ibid. 31.
The French delegation sent an economist to Transylvania who reported that the region had ‘economic prospects’.\textsuperscript{138} It was obvious that the Allies had their own economic interests and were keen on giving economic benefits to their own ally Romanian rather than to their enemy Hungary. To the economic aspect we should also add the security aspects, because at this point there was a fear of Bolshevist revolution in Hungary.

When the Border Committee started their negotiations in February in 1919 the four countries were divided into two camps. The French and British stance was that the city of Szatmár-Németi should be given to Romania, despite its Magyar character, because of the railway line. The American and Italian stance on the other hand suggested that it should remain in Hunga-

\textsuperscript{138} Ormos, \textit{From Padua to the Trianon 1918–1920}, 135.
The British and the American members acknowledged the importance of ethnic and economic considerations on the meeting on 11 February (see map 8).\(^{140}\)

The British delegate member Alexander W. A. Leeper (1848–1934), who was a good friend of Seton-Watson, admitted that ‘in Szatmár-Németi there are 1,000 Romanians to 33,000 Hungarians, and the share is almost the same for the countryside as well’. However, the British view was that the railway connection was more important than the ethnic dimension of the city.\(^{141}\) The French delegates claimed that the ‘Hungarian statistics are tendentious’. Specifically, they discounted as Magyars those ‘Magyarized Romanians, who are using the Hungarian language, but have preserved their Orthodox or Greek-Catholic religion’. They noted moreover that ‘this trick is especially important for the cities’. The delegates gave the example of Szatmár-Németi, for which the ethnographic statistics showed 986 Romanians and 33,094 Hungarians; by contrast, the denominational statistics showed 6,977 Romanians, out which 5,991 were Magyarized Romanians, leaving only 20,638 Hungarians.\(^{142}\) The French delegation therefore regarded the Magyarized Greek Catholics as Romanians, in accordance with the Romanian denominational definition.

The French delegates argued that large cities along the border would be turned into Romanian industrial centers as soon as these Magyarized Romanians would become re-Romanianized.\(^{143}\) The American, French and British members all agreed that the Hungarian statistics were ‘false’. The Americans argued just as Seton-Watson had, that a ‘10-20 per cent reduction was appropriate’ for the Magyar figure. The British argument was that the recalculation showed the shifting nature of the ethnographic argument and that Szatmár-Németi, including the railway, should be given to Romania because of economic reasons.

For the meeting on 22 February invitees from the Romanian delegation included Brătianu and Alexandru Vaida-Voevod (1872–1950), the Transylvanian-born politician and future prime minister of Romania. However, no one from the Hungarian delegation was invited. Brătianu argued that the ‘natural border of the Romanians went up to Tisza’ and that it would be too expensive to build new railway lines if the Szatmár line was not given to Romania.

They were asked about what kind of politics they would impose on Magyar-dominated cities such as Nagyvárad and Szatmár-Németi. Brătianu re-

\(^{139}\) Ibid. 187-8.


\(^{141}\) Ibid. 129.

\(^{142}\) Ibid. 130-2.

\(^{143}\) Ibid. 129-30.
plied that ‘the Romanian government will assist in removing the artificial Magyar elements (such as officials and soldiers), who are not wanted, and will be liberal against the permanent elements, whose assimilation is not an administrative question’. In other words, Romania would support a policy of re-Romanianizing these cities by removing Magyar administrators and replacing them with Romanian ones.

On the meeting of 2 March the Italians changed their position in line with the British and French suggestion that Nagy-Károly and Szatmár-Németi be annexed to Romania because of the railway. The Americans still opposed this solution, as the outcome would give 125,000 Hungarians and only 2,000 Romanians to Romania. However, the French and British delegates succeeded in winning the Americans over by using the argument of economic viability and the need of a railway connection between Romania and Slovak lands, what would later be Czechoslovakia. Thus most important arguments for awarding Szatmár-Németi to Romanian were the economic reasons and the railway.

At first the Italian position was based strictly on the ethnic principle, and therefore they resisted awarding Szatmár-Németi to Romania. However, they changed their attitude after Wilson criticized Italy’s own exorbitant claims and the Italians started to use obstructive tactics by awarding Romania extensive territories. The changing strategy of the Italians indicates the likelihood of some kind of accord between Romania and Italy. In any case, the shift in Italian stance was decisive for the border cities along the railway line, including Szatmár-Németi.

The Supreme Council decided to establish a neutral zone on 26 February but explicitly refused any Romanian permanent occupation, allowing the railway to be used only by Romanian ‘troops and inhabitants, under Allied control for economic purposes’. By the approval of the establishment of a neutral zone the Allied Powers condoned the Romanian occupation of a line representing a suitable ethnic frontier. Hungary on the other hand was not informed about the proposal; once it found out, it began to reorganize its army (see map 9).

147 Spector, Romania at the Paris Peace Conference, 145.
148 NA 1919 FO 608 50, 427.
149 Spector, Romania at the Paris Peace Conference, 135.
In the beginning of March 1919 President Károlyi, Minister of War Vilmos Böhm (1880–1949), and Minister of Interior Vince Nagy (1886–1965), visited Szatmár-Németi. Károlyi held a speech in which he claimed that ‘Hungary and all its citizens and workers have only one thing in their mind: to save their homeland and its socialist institutions, which were established by the will of the people’. Furthermore, Károlyi said that ‘We want to emancipate all Hungarian citizens, be they ethnically Romanian or Slovak’; however, if the principles of Wilson and the right of self-determination were going to be violated, ‘then we are forced as a last opportunity to free this country with weapons’.\(^{151}\) For Károlyi the national integrity of Hungary was crucial for his Magyar-orientated but inclusive socialism.

The delegates told French Lt. Col. Ferdinand Vix that the eastern line of the neutral zone would be the permanent border of eastern Hungary (see map 9). Vix was aware that the Hungarian government might not agree to this

\(^{151}\) *Szamos*, 4 Mar. 1919, 2-3.
194

border settlement and that it might be forced to resign. As Hungarian troops were stationed in Transylvania and thus outside the future border, they would be unable to suppress an attempted Bolshevik coup. On 20 March Vix handed over a note (known as the ‘Vix note’ or ‘Vix ultimatum’) to Károlyi demanding further territorial cessions and the evacuation of Hungarian troops from the neutral zone, thereby compromising the region west of Transylvania up to the river of Tisza. Károlyi protested to the delegates against what he accurately predicted to be a permanent loss of predominately Magyar territory.

Károlyi knew that the eastern frontiers had been promised to Romania in the secret treaty but had expected that the population would be given a chance to decide for itself in accordance to Wilson’s ideas about self-determination. However, apart from the Romanian meeting in Alba Iulia, which had not included any Magyars, no plebiscite was undertaken regarding the Hungarian-Romanian frontier. According to the instructions given to the Border Committee they were not obliged to hold plebiscites but could ‘hear the representatives of the peoples concerned’. As noted above, however, only the Romanian delegation was invited.

One of the Magyarized leaders with an assumed Romanian origin in Szatmár-Németi Aurél Papp/Aurel Popp (1879–1960), who supported the Hungarian socialist government and was an important expressionist painter and sculptor, wrote in his memoirs about the ‘common destiny’ of the Magyar and Romanian people. He complained about the American interference, questioning ‘Why did they not allow people to settle their own things as they did in their own countries?’ This clearly referred to the violation of the principle of self-determination, and indicated that even some of the Magyarized Romanians preferred a reformed social-democratic Hungary to an expanded Romania.

The Vix ultimatum handed over to Károlyi allowed ‘the Romanians to occupy several thousand square miles of Hungarian territory, including the towns of Szatmár-Németi, Arad and Nagyvárad’. Károlyi wrote that he had asked Vix ‘whether the boundary was just a temporary one or whether it was political, as well’, and the answer was ‘it was a political one and that the Romanians would take over the administration as soon as our troops left’. Károlyi claimed that the government ‘could not accept the responsibility of giving up such extensive territories before the Peace Treaty was signed’. Károlyi proclaimed before his resignation that ‘The territory robbed from us will be the compensation paid to the Romanian and Czech troops, by means

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152 Ormos, From Padua to the Trianon 1918–1920, 183-4.
155 Popp, Ez is élet volt..., 92; Aurel Popp, La capătul unei vieți...(Satu Mare, 1999), 65-6.
156 Károlyi, Faith without Illusion, 152.
of which it is hoped to destroy the Russian Revolutionary army’. Therefore he concluded ‘I resign and place power in the hands of the proletariat of the Hungarian people’.  

According to Károlyi, the establishment of a neutral zone opened the way for the Communist takeover of Hungary, driven by the will of the Allies to meet Romanian demands. The experts among the Allies regarded the zone as fair from an ethnic point of view, but Károlyi argued that it violated the cardinal principle of self-determination proposed by President Wilson. Even though Károlyi supported a social-democratic government with equal rights for all nationalities, he was still convinced that large parts of Szatmár County and the ethnic borderland were Hungarian and should remain within Hungary.

Regarding self-determination, we should remember that democracy, as a method of solving controversies over borders in general, presents important practical limitations. The prerequisite for democracy to function is that the citizenry is defined. In this case, the border committee understood that the demarcation of plebiscite borders would yield a certain result: if the peace makers included only the Hungarian-dominated cities near the border, then most probably the inhabitants would have voted for Hungary; if the peace makers also included the surrounding villages with a Romanian majority, then the inhabitants might have voted for Romania. Everyone assumed that ethnic identities would follow ethnonational interest. From this perspective, it would have been almost impossible to arrange a ‘fair’ plebiscite. Still, presidents Wilson’s call for self-determination demanded the voice of the people be heard.

On 6 April 1919 the Border Committee presented its final report to the Supreme Council. The committee proposed ‘to join to Romania not only Transylvania proper but also the adjacent districts where the majority of the population is Romanian’. However, the ethnical principle could not always be applied for the stated reason:

When on the linguistic frontier Magyar towns are found surrounded by Romanian country districts, it appears to the Committee that the nationality of the country should be allowed more weight than that of towns, where the Hungarian administration had created artificial minorities.  

In the case of Szatmár-Németi it appears that the Border Committee argued that the city was Romanian because of the Romanian districts surrounding it and because the policy of Magyarizing had created ‘artificial minorities’.  

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159 Ibid.
Thereby the Committee supported a re-Romanianizing that induced a mechanism of reciprocity, as the Romanian policy would change the Magyar majority into a similar ‘artificial’ minority in exactly the same way as the Hungarian authorities had done.

A second reason for not following the ethnical principle was that ‘it would...destroy the economic unity of Transylvania as a whole if Romania were refused the outlets of the valleys in the plain, and a railway connecting these outlets with each other and with the Danube’. The railway was regarded as an economic necessity for Romania and therefore the city of Szatmár-Németi had to be given to Romania, as well. In comparison with Jász’s suggestion this meant that Romania would receive not only the Romanian dominated areas but also the economic city centers.

The third reason was that ‘in the general interests of the peace’ it was necessary to facilitate a railway system between Allied countries, i.e. to connect Romania with what later would become Czechoslovakia. This argument was crucial at this point because of the political insecurity in Hungary with a potential communist take-over, which became a reality on 6 April 1919. The Allies were afraid that Hungary and Russia would unite in a common territory that would function as bridge for the further spread and occupation of communism. The Allies therefore had both political and economic interests in awarding Romania as much of its territorial claims as possible, so long as the outcome could be justified on the ethnic principle and portrayed as a ‘fair’ settlement. It was obvious that the economic argument was used to stretch the ethnic principle in order to satisfy both the economic interest of the Allied Powers and the political and economic interests of Romania.

In order to support and justify the proposed frontier the Border Committee recalculated the Hungarian census based on the denominational principles outlined by Seton-Watson and the Romanian peace delegation, in which all Greek Catholics were regarded as Romanians, no matter if had declared themselves as Magyars. This re-calculation of the ethnic composition of Szatmár, which concerned only the part of Szatmár proposed to be awarded to Romania, increased the proportion of ethnic Romanians in the county from 40 to 49 per cent; all non-Romanians, mainly Magyars, were categorized as ‘aliens’. This means that Magyars were regarded as foreigners in the Romanian part of the county, while in the western part the land was regarded to be Magyar. Szatmár County was the only county to be awarded to Romania in which the Romanians did not constitute an absolute majority but a relative one. In all other counties awarded to Romania, the re-calculation determined a Romanian majority over 50 per cent. This clearly revealed the difficulties in deciding the fate of the county within this highly disputed ethnic borderland.

160 Ibid. 80.
The report stated the ‘Committee recognized’ that the ethnographical statistics of the Hungarian administration ‘systematically favored the Hungarian [Magyar] and German elements at the expense of the other elements, particularly in the towns’ and that the committee ‘obtained a proof of this by comparing the ethnographical statistics with the statistics (compiled by the same administration) of the religious denominations’. 161 This ‘proof’ was based on an essentialist view of ethnic identity and did not take into account a self-declared identity. Still, this re-definition made it possible to claim that the part of Szatmár County awarded to Romania was done so based on an ethnic principle, even though it involved a re-definition of ethnicity from a self-declared linguistic criterion to a denominational criterion.

Later in 1927 one of the British delegates, Harold Temperley, confirmed that the ‘real ethnic line lies farther eastwards and excludes the strip in which these towns are situated’, such as Szatmár-Németi. He claimed that the principles of Wilson acknowledged the importance of economic arguments and the principle of ‘economic viability’, which he confirmed had been decisive when the Arad-Szatmár strip was given to Romania. 162 The importance of the economic argument and the railway was confirmed by Charles Seymour, an American delegate, in his own writings about the Hungarian-Romanian border. 163

The German historian Helga Schultz has claimed in her research on border negotiations after the First World War that the economic arguments played only a small role. However, this case of Szatmár County shows that they played a crucial role, together with the political instrumentalization of ethnicity by modifying the ethnic categories. 164 I argue that the British, American and especially the French sides were eager to award Romania cities such as Szatmár-Németi and the railway line as part of their own political and economic interest in which ethnic arguments was instrumental. This means that an economic mechanism of international support for the Romanian national cause was necessary to Romanianize the land de jure. This support was based on a combination of economic and political interests by the Great Powers, which regarded a capitalist Romania as a more trusted political and economic partner that a leftist Hungary.

The result was to award Romania a maximum of territory that could be justified from a Romanian ethnical point of view. However, they were not prepared to follow the secret agreement of 1916 to award Romania all territory up to Tisza, which would have given Romania large territories with a

161 Ibid.
Magyar majority. Instead the Committee awarded Romania those parts of Szatmár along the linguistic border, albeit adjusted for the ‘economic viability’ in favor of Romania by including the railway line and surrounding cities. The conclusion is that the border proposal was made without the consultation of all people concerned and did not really follow the principle of self-determination. Instead, an international border committee decided the fate of the region and supported a re-Romanianizing of the Magyarized cities such as Szatmár-Németi, despite its almost complete Magyar character. The main reason was economic and security reasons, using ethnic arguments about how the Magyarizing policy had created ‘artificial minorities’. It was justified by redefining the land by recalculating ethnicity based on denominational grounds. This suggestion induced a mechanism of reciprocity because the Romanian administration was expected to undertake a similar process of nationalizing, with the result that Magyarizing was replaced with Romanianizing. Thus, this process clearly proves how the Romanian elite and the Great Power elites re-defined Magyar and Romanian ethnicity as an instrument to promote their own economic and political interests.

4.8 Communist Revolution and Nationalization

The Károlyi government resigned once it became clear the demarcation line would be the final border, and the Social Democrats together with the Communists under Béla Kun (1886–1938) took over the leadership of Hungary. Kun had arrived from Russia with 200 fellow Hungarian communists and founded the Hungarian Communist Party on 24 November 1918. Shortly after his return to Hungary Kun was arrested and sent to prison. After the ‘Vix ultimatum’, however, Károlyi released him from prison, after which Kun succeeded in maneuvering the Social Democrats. The communists took political power in Hungary on 21 March 1919 and established the Hungarian Soviet Republic.

In Szatmár-Németi a directorate of workers and soldiers, some of them who had been in Russia, took over the city and imposed a proletarian dictatorship on 21 March 1919. Directorates were also established in other, western parts of Szatmár County, such as in Nagy-Károly, Matészalka and Fehérgyarmat, which was still part of Hungary and not yet occupied by Romanian troops.

The new regime declared war ‘against imperialists, capitalists, chauvinists and nationalists’, who ‘all of them are our enemies’. The socialist content

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165 Szamos, 22 Mar. 1919, 1; Szamos, 23 Mar., 1; Szatmári Népszava, 22 Mar. 1919, 1.
166 Szamos, 30 Mar. 1919, 2.
was radicalized in comparison with the previous regime of Károlyi. The communist regime aimed at transferring all private property to the collective ownership under the state, i.e. a re-definition of nationalizing as equal to the economic meaning of nationalization by turning private property into collective and state property.

The communist government forbade all meetings and the use of alcohol, because it was regarded to be the major cause of human depravation. Private houses were searched for alcohol and weapons. All shops operating without permission from the directorate were closed. In the beginning of April all shops, including hotels and pharmacists, were nationalized and salespersons were instructed to ‘call together the workers to elect a worker’s council’ that would run and manage the shop. Trade was restricted and special permission was needed for certain products such as clothes and furniture. Shops were also forced to make regularly inventories of their stock. As alcohol was forbidden, the Markovitz distillery, a distillery belonging to a Magyarized Jewish family, was closed down after making an inventory. The directorate imposed a war economy controlled in principle by the councils. In reality, according to Károlyi, it became ‘an economic anarchy’.

The re-distribution of land that the previous government had initiated was suspended and the large holdings were turned into co-operatives. It was reported that small landowners were afraid that their land would be confiscated. Orders were therefore sent out to the local directorates to make sure that small landowners were elected in the councils and that no large landowners were admitted. Reports indicated that the local council in Kismajtény had confiscated the harvest from the Károlyi family’s property. Beltiug, a large company owning forests in the Szatmár district with headquarters in Budapest, was also nationalized, among other companies.

All medium and large holdings between 50 and 200 cadastral yokes were transferred with immediate effect to the proletarian state. The governing councils prohibited a share-out of the confiscated lands and equipment amongst peasants; instead, a decree ordained that the assets ‘were to be giv-
en to land-working agricultural proletariat for cooperative management’.\textsuperscript{180} The state took over the payment of the workers, which according to Jászi ‘saved’ the large landowners because they could not have afforded it.\textsuperscript{181}

All larger industries, houses and financial institutions were nationalized. Restrictions on bank withdrawals were imposed and all foreign currency was taken by the state.\textsuperscript{182} The purpose was to restrict the elite from using money and to secure means to pay the salaries for the workers.\textsuperscript{183} Wages were fixed and managers forced to continue their work for lower salaries, and no one was allowed to leave the city without permission.\textsuperscript{184} All private property, including valuables, was nationalized and became collective property.\textsuperscript{185} This nationalizing of production and re-distribution was one of the main activities of the directorate in Szatmár-Németi. They succeeded in nationalizing the economy, at least \textit{de jure}, in a relatively short amount of time.

All larger industry units and mines with more than 20 employed became state property and were administrated jointly by production commissars appointed by the state and workers councils.\textsuperscript{186} Workers guarded the factories from robbery and this gave them free hands. In Szatmár-Németi two equipment factories, one electricity unit, a steam mill and three brick factories and three other industrial units were taken over by the directorate, which then formed workers’ councils to run the enterprises.\textsuperscript{187} On 26 March workers’ councils in Szatmár-Németi were formed in 26 places with 8-10 members each.\textsuperscript{188} This seems to indicate that workers were arbitrarily nationalizing companies even if they had less than 20 employees.\textsuperscript{189}

This nationalization deprived the middle class of its property yet did not improve the general economic situation.\textsuperscript{190} The result of nationalization was instead increased corruption.\textsuperscript{191} Jászi called this nationalization ‘paper socialization’, as it was not implemented \textit{de facto}. He criticized that the ‘catch-word of socialization was applied in every field of the dictatorial absolutism which was completely incapable of solving the difficult problems of the new economic order’. The result of nationalization was that production fell sharp-
ly partly because of a lack of know-how and partly because of shortage of raw material.\textsuperscript{192}

The nationality question was solved in the same official manner, \textit{de jure}, as the social and economic problems had been. A pamphlet published in the beginning of April stated that ‘The solution to the nationality question is very simple. The non-Hungarian-speaking inhabitants are not called nationalities, and thereby the question is solved’. The only question that remained was the use of language; it was decided that Hungarian was no longer the only state language.\textsuperscript{193} At the request of German and Ruthenian representatives the right to organize separate national councils was granted in the provisional constitution on 2 April 1919.\textsuperscript{194} Thus the ethnic division of society was solved by institutionalizing the separation of languages.

In Szatmár-Németi several Magyarized Romanians took leading positions, for example Ágoston Ferenczy in the economic department, Ottó Papp was responsible for food supplies, and Aurél Papp/Popp for cultural affairs.\textsuperscript{195} Aurél Papp/Popp was also elected as a member of the Budapest delegation.\textsuperscript{196} He confirmed in his memoirs that the economic conditions deteriorated and that unemployment increased during the Hungarian Soviet Republic. Though he denied that he was privileged, he did acknowledge that ‘the civil servants were well off and could eat what they wanted’.\textsuperscript{197}

Jászsi argued that ‘at least 95 per cent of the Communist leaders were Jewish’ and made a bitter anti-Semitic comment when he claimed that communist and Jewish types had the same ‘call to deliver a Messianic message, the same impatience of other ways of thinking, the same over-development of materialist hedonism’. For Jászsi the revolution was the ‘first opportunity which the Jewish nation [had] in a movement of worldwide importance’ and that the ‘Jewish mind proved peculiarly receptive to the twin ideas of a catastrophic revolution and a Communist kingdom of Heaven’.\textsuperscript{198} The overrepresentation of Jews and the failure of the Soviet Republic in solving the serious social and national problems turned the public’s irritation about the situation into anti-Semitism, according to Jászsi.\textsuperscript{199}

At the beginning of April General Smuts visited Hungary on a mission ordered from the Supreme Council in Paris. He reported that ‘Hungary is not a Bolshevik country, and with wise handling on the part of Great Powers

\textsuperscript{192} Ormos, \textit{Hungary in the Age of the two World Wars}, 42-3.
\textsuperscript{193} Sándor Balogh, ed., \textit{A Magyar Állam és a Nemzetiségek: A magyarországi nemzetiségi kérdés történetének jogforrásai 1848–1993} (Budapest, 2002), 225.
\textsuperscript{195} Szamos, 29 Mar. 1919, 2.
\textsuperscript{196} Ciubută, \textit{Lupta românilor sătmăreni pentru unire} (1918–1919), 265.
\textsuperscript{197} Popp, \textit{Ez is élet volt...}, 92; Popp, \textit{La capătul unei vieți...}, 65-6.
\textsuperscript{198} Jászsi, \textit{Revolution and Counter-Revolution in Hungary}, 122-3.
\textsuperscript{199} Ibid. 130.
will not long persist in a Bolshevist policy’. Another American officer supported this observation and argued that the revolution was more nationalist than communist, stating ‘the Hungarians, who are united in their conviction that Hungary must not be dismembered, have made use of Bolshevism as a last desperate resort to preserve the integrity of their country’. Jászi supported this impression and claimed that nationalism and socialism became intertwined during this regime, and that Kun used chauvinism to strengthen the popular base of his regime. Clearly support for the new regime was based in large part on its effort to defend the national borders.

Kun refused to accept Smuts’ proposal for an extension of the demarcation line, which the Romanian forces perceived as a green light for occupying Szatmár-Németi (see map 9). The communist commander requested from Szatmár-Németi the dispatch of the weapons and ammunition in order to arm the Red Army. However, at the same time, the commander was forced to summon police forces to the city, because the mood among the Hungarian citizens there was not conducive to fighting against the Romanian army. Three hours later it was reported that a counterrevolution had broken out in the city with the support of the Székely division. The local members of the directorate were put in prison.

The Székely division left the city on the evening of 17 April, as the Romanians were numerically and materially superior (2,000 Romanians versus 406 Hungarians). The next day the Romanian troops entered the city. Henceforth, a re-defined Romanian nationalizing would be implemented. In the end a counterrevolution paved the way for the Romanian takeover.

The conclusion is that Communist regime imposed a redefined nationalizing, which increased the aspirations of social equality and reduced the ethnic tensions. Still, the Communist regime was determined to defend the Magyar lands, including the ethnic borderlands. The nationalizing of the economy induced a mechanism of income redistribution aiming at social equality. However, the reform did not succeed in establishing stable conditions for economic development; instead the nationalizing further deteriorated the
economic situation in the country by creating a superficial collective ownership without any real management.

4.9 Conclusions

The Magyarizing of the Greek Catholic Church, the assassination of the Church’s Magyar vicar general and the Kismajtény trial, and the fact that Vasile Lucaciu left Hungary and moved to Romania with the aim of unifying the Romanian national territories were all signs of deteriorating relations between leading Magyars and Romanians. The Kismajtény trial had proved that not only the Romanian leaders in Hungary were involved in the national resistance but that this resistance was backed by Romanians in general.

The failed negotiations between the Magyar and Romanian leaders was caused by the conflicting national ideals on an overlapping territory, but also by the failure to create a real civil citizenship based on mutual trust and inclusion. Both sides were dissatisfied with the ethnic division in society, but blamed each other. The Magyars leaders never trusted that the Romanians would be satisfied with an implementation of the Law of Nationalities; instead they thought it was only the first step towards realizing the ultimate Romanian aim of establishing a Greater Romania by dissolving Hungary. Thereby the Magyar suspicion of Romanian political aims became a self-fulfilling prophecy.

The Hungarian government made agreements with the Romanian leaders in Hungary during and before the First World War, but this was merely a way of redefining Magyarizing under the pressure of the war. The Magyar leaders accepted the Romanian demands of increased support and used financial means in order to tie the Romanians closer to the Hungarian state. The agreements left the Romanians dissatisfied because they were denied collective political rights and because the Magyar leaders did not put an end to Magyarizing and discrimination. In reality was the Magyar hegemony preserved and the Hungarian society was marked by ethnic and social tensions.

This chapter has contributed with showing that the Romanian leader Vasile Lucaciu had invested in both his Magyar and his Romanian nationality up to the First World War and played a double game, as he had been working both with and against the Hungarian authorities. However, when he moved to Romania at the beginning of the First World War he broke with his Magyar identity, invested all his efforts in the Romanian national cause and openly declared his irredentist hopes.

It was obvious that he no longer believed in a true rapprochement between the Magyar and Romanian leaders. He subsequently went on an agitation tour in Europe and to the United States to promote the establishment of
Greater Romania. His efforts were eventually rewarded and he was appointed minister in the Transylvanian interim government in the end of 1918. This show a much more complex picture of how a Romanian leader accommodated to the political context rather than being a victim of Magyarizing and discriminating policies. Some historians, such as Sándor Bíró, claim that the Romanian banks that Lucaciú successfully managed were a result of the liberal and tolerant Hungarian regime. However, this study shows that the separate Romanian ethnic banks were a product of an ethnic divided society, and that the Hungarian government regarded them as political threats to the integrity of Hungary.206

Leaders of the Romanian Kingdom claimed the ‘Romanian lands of Hungary’ by using historical arguments. Through this redefinition the ethnic Romanian banks in Hungary were Romanianized from a distance. The danger of the ethnic Romanian banks that the Magyar leaders had always feared finally became a reality. This process was a self-fulfilling prophecy in which Magyar leaders had excluded the Romanian banks from the Magyar economy by claiming that they undertook anti-state activities. Eventually this was implemented as the Romanian state used the Romanian ethnic banks as their local instruments in Romanianizing the land from a distance.

The territorialization of the ‘Romanian lands’ and the Romanianizing of Szatmár County was further supported by the agreement between Romania and the Allied Powers in 1916, in which Romania was promised all ‘Romanian lands of Hungary’ up to the Tisza River in exchange for Romania’s participation in the war on the Allied side. The circumstances of the First World War thus significantly re-defined nationalizing by reversing the trend of Magyarizing and giving legitimacy to the similar process of Romanianizing. This induced a mechanism of reciprocity in which the Romanian authorities used the policies of Magyarizing as an inspiration and motivation to undertake a similar policy of Romanization.

The policy of Magyarizing during the dualist period entailed mechanisms of low trust; this increased interethnic competition and strengthened the transborder Romanian national ties. The long-term results of this combination of several detrimental mechanisms with the international support for providing autonomy to the nationalities eventually brought Austria-Hungary to its downfall. By 1918 the economy and the state sector were more or less completely Magyarized, but the price for this accomplishment was an ethnically divided society. Leaders among the nationalities, such as Lucaciú, supported the dissolution of Austria-Hungary. The war and the economic crisis brought the nationality and the social problems into an acute state, but the Hungarian government was incapable of resolving the situation.

In Hungary the new social-democratic regime in 1918 under Károlyi redefined Magyarizing and stressed social and economic equality. Even if the plans promised to reduce social inequality and to create a civic and inclusive society, the Károlyi regime was unable to implement any real changes because of political instability and the need to defend the national borders. The regime inherited a Magyar-Romanian relationship that was burdened by low trust and ethnic bifurcation. It aimed at solving these ethnic problems by federalizing the territory based on ethnic and regional differences. This solution would have institutionalized ethnic and regional differences, as Magyars would have occupied the more developed areas of Hungary and the non-Magyars would have received the underdeveloped ethnic borderlands, including the eastern part of Szatmár County. However, the Romanians in Hungary refused to accept local autonomy and instead opted for increasing their own national territory with the help of Romania and with the aim to become their own masters.

The Károlyi government had supported the principle of self-determination. However, when the Border Committee suggested that the Hungarian and Romanian borders would run through what the Hungarian government regarded as ‘pure Magyar districts’, including western parts of Szatmár, the Károlyi government resigned. Károlyi’s resignation paved the way for a communist takeover, which increased state involvement in the economy and radicalized the nationalizing of private property.

The Border Committee negotiating the Hungarian–Romanian border never used plebiscites to fulfill the aim of self-determination. Instead, they only invited the Romanian delegation and relied on the Romanian national assembly in Alba Iulia, which decided to unify the ‘Romanian lands of Hungary’. In this process the nationality of the ethnic borderlands was redefined as Romanian and the Magyars living there became categorized as ‘aliens’ in order to serve the political and economic interests of the winners.

The national border proposed by the Border Committee supported the interest of the Romanians as well as the political and economic interests of the Great Powers. The Committee stretched the ethnic argument to its maximum with the aim to satisfy as much as the Romanian demands as possible, but without giving Romania all of the land promised in 1916. The Committee used a strategy to re-calculate the ethnic criterion by replacing the linguistic definition with a denominational one. Through this re-calculation the Romanians became the ethnic majority in the eastern parts of Szatmár County, which was ultimately awarded to Romania.

The argument of economic viability was extended to the ethnic argument, making it possible to award Romania the Magyar-dominated economic centers along the railway line. Thus economic motives became decisive in justifying why near totally Magyarized cities such as Szatmár-Németi were awarded to Romania. In addition, the railway was regarded as important for
security reasons, as it bridged Romanian and Slovak areas and blocked a potential Bolshevik attack by further separating Hungary from Russia.

These findings are based on primary and new research with a local perspective, which change the image of the peace negotiations by highlighting the fundamental importance of intertwined economic and political factors in defining the Hungarian-Romanian border by instrumentalizing ethnicity. Magyarizing had stressed the linguistic criterion for basis of ethnicity in the census, which the experts on the Border Committee regarded as an artificial construction of ethnicity. By contrast, the ethnic and religious backgrounds of the Magyarized Greek Catholics were used to re-categorize the land as Romanian. This re-territorialization of the land was based on historical justifications of a Romanian right to these lands. These were reinforced by purely economic and political interests from the Allies to win the war and to provide its allies with a maximum of benefits. This chapter has therefore provided a deep analyses of the protocols of the border committee and showed the importance of economic and ethnic factors in establishing the borders.

The economic crises induced mechanisms of increasing state involvement. During the Soviet Hungarian Republic nationalizing was re-defined as a radical collectivization in which the state nationalized almost all private property, de jure. This was a response to an acute economic crisis. It reduced the economic power of the Magyar landowning elite but did not solve general economic problems. On the contrary, the economic crisis deepened and turned into a vicious circle. The communist solution to the nationality problem was to revoke the Hungarian language as the only state language, de jure; however, this did not provide any stable solution to the nationality problems, de facto.

Nationalizing during the communist regime focused at implementing social equality, but was still undertaken in a Magyar context. In both republics socialism and nationalism were intertwined and manifested by the resistance to protect national territory. Nationalizing was also reinforced by Jászi’s failed negotiations with the Romanian leaders and his attempt to federalize Hungary. However, the local Romanian elite had no trust in the Magyar elite, despite the fact that the former Hungarian leadership was replaced with radical Magyars like Jászi. The Romanian leaders regarded cooperation with the Romanian Kingdom, whose army was approaching, as a better strategy for pursuing their interests.

This chapter shows that the long-term mechanisms from the dualist period and the immediate political consequences of the First World War redefined the national belonging of the ethnic borderland and reversed nationalizing in which ethnicity was instrumental. The social mechanisms of mutual distrust between the Magyar and Romanian elite along with a structural subordination of non-Magyars had institutionalized an ethnic bifurcation reinforcing a vicious circle that brought war, economic destruction and finally the dissolution of Austria-Hungary. The attempt by socialist and communist Magyars to
impose equality and civic inclusion was made under unfavorable conditions and came too late.

Instead, Allied and Romanian interests coincided and supported a Romanianizing in which the ethnic borderland was re-defined as Romanian. This Romanianizing aimed at promoting Romanian national identity in a similar fashion as Magyarizing had promoted Magyar identity. The Romanian leaders were no longer interested in receiving autonomy; instead, they aimed at joining the new leadership in a Greater Romania. The Romanians leaders aimed at replacing a Magyar hegemony with a Romanian governance in which the Magyars were re-defined as the minority.

The short-term interests of the Magyar elite had given them strong positions and economic advantages, but the exclusion of the leading Romanian elite such as Lucaciu turned out to be detrimental for Hungary’s economic development, as Romanians in Hungary became enemies of Austria-Hungary. The promotion of Magyar identity at the expense of non-Magyars turned the state into discriminative institution and institutionalized an ethnically divided society. The short-lived Hungarian republics could not remove the institutionalized ethnic differences and were unable to rebuild the lack of trust between leading Romanians and Hungarians that had prevailed during the dualist period. Their political ambitions aimed at implementing a more social equal society, but maintained in reality a Magyar orientation. The ethnic political differences were institutionalized to such an extent that even Jászi could see no other solution than federalization. On the local level in Szatmár there were several Magyarized Romanians who believed that the socialist Hungarian republic was the solution of both the economic and ethnic problems, but the majority of the Romanians had voted for unification with the Romanian Kingdom.

Ethnic and national belonging was thus determined by the political context of the Great War. Ethnicity became eventually instrumental for serving the political and economic interests of the winners of the Great War including Romania at the expense of Hungary. The Hungarian government suffered a great national loss because of their complete failure to create inclusive and economic political institutions of the nationalities. Magyarization had succeeded in assimilating large numbers of Jews and other nationalities, but still around 45 per cent counted as non-Magyars in the last census of 1910. These nationalities and their economic institutions were regarded as ‘foreign’ and not trustworthy merely because of their linguistic orientation. Magyar leaders believed that increased and forced methods, like the Magyarization of the Greek Catholic Church, would increase assimilation and eventually create a homogenous Magyar state.

The insights that the older generation of Magyar leaders gained such as Széchenyi, Deák and Eötvös were not considered in political practice. Deák had stated in 1868 that that assimilation should be encouraged and not forced, and claimed ‘… if we wish to win over the nationalities, we must not
seek at all costs to Magyarize them; this can only happen if we create in them love and attachment for Hungarian conditions’. In addition had Eötvös and Deák stressed that a complete Magyarization was ‘unrealizable folly’.

Even if leaders like Jászi was fully aware about the detrimental effects of forced assimilation, the ground of creating a cultural and social unity was lost by because of the long experience during the dualist period of rigorously Magyarization. This social force imposed both formal and informal pressure and embedded society, the state and public life. The nationalities were regarded as building material in creating a Magyar society, even though minority leaders, such as the Greek-Catholic dean from Szatmár County János Mátk, explained that he was skeptical of the Magyarizing policy and that both ‘races’ should understand and respect each other; otherwise they might regret this later and think ‘now it is too late’. Indeed, the Great War with Hungary against Romania and the policies of forced Magyarization with the culmination of the Magyarizing of the Romanian Greek Catholic Church turned the Hungarian-Romanian relation into a point of no return. Instead, Romania aimed at reversing Magyarization and replacing it with a Romanianizing with the support of the Great Powers.

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207 Seton-Watson, Racial Problems in Hungary, 162-3.
Part III: Romanianizing Romania 1919–1940
Romania’s territory grew significantly after the First World War as consequence of the Peace Treaty in 1920. Romania received not only historic Transylvania, but also around half of the Crișana (Kőrösvídek), the territory just west of it (see map 2). Thus, Romania was awarded the ethnic borderlands of eastern Hungary, but also what the Hungarians regarded to be parts of Hungary proper, including the western parts of Szatmár County. During the interwar period the term ‘Transylvania’ was redefined to include all of these former Hungarian territories. Apart from Transylvania, Romania was awarded Bessarabia from Russia, Bukovina from Austria and southern Dobruja from Bulgaria. Greater Romania compromised of almost all territory of the province of Dacia and what the Romanians claimed to be their historic lands (see map 4). However, one important exception was the western part of Crișana up to the river Tisza, which remained part of Hungary.

While Romania’s territory expanded significantly, Hungary’s territory was in a similar fashion heavily reduced, losing 2/3 of its territory and 60 per cent of its population, even though a large share of these were non-Magyars. The new borders shifted the ethnic character of both Hungary and Romania. Hungary became more homogenous as the share of Hungarian speakers increased from 50 to around 90 per cent, while Romania, which had been relatively homogenous in the pre-war period, received a large non-Romanian-speaking population, constituting around 30 per cent of the population.

Romania had been notorious for its anti-Semitism during the pre-war period and refused a majority of the Jews Romanian citizenship despite promises made at the Congress of Berlin in 1878. A similar reaction of Jewish exclusion and anti-Semitism grew in Hungary during the interwar period. The reactionary system of Hungary blamed the Jews for the loss of territories and restricted the number of Jews in higher education by imposing an ethnic quota system, the so-called numerus clausus. The former inclusive ethnic category of Magyars was replaced with a more narrow definition in which Jews were regarded with suspicion and not counted as real Hungarians.

Romanians in Transylvania were socially, economically, and politically underrepresented and subordinated to the Magyars in 1919. When the Romanian regime took over Szatmár-Németi it presumed that almost all of the
city’s Greek Catholics were of Romanian origin but had been Magyarized. In this respect the city was no exception, as several other cities along the new Hungarian-Romanian border had a non-Romanian majority. One of the objectives of the Romanian leaders was therefore to re-Romanianize those inhabitants Magyars with a presumed Romanian origin.

Furthermore, there were no Romanian firms, banks or shops, only a few Romanian craftsmen in Satu-Mare City. Another objective was therefore to break the Magyar hegemony and to reverse the trend of Magyarizing by Romanianizing. This chapter will therefore analyze how Romanianizing was implemented in the city of Satu-Mare, focusing mainly on politics, culture, and education. I will analyze how and to what extent Romanian leaders were inspired by the methods and ways applied by the Magyars in the dualist period. In other words, to compare Magyarizing with Romanianizing and to evaluate how the mechanism of reciprocity operated. The main question is of course to what extent the Romanian leaders would create inclusive institutions and turn the Magyars into supporters of common Romanian civic identity.

Note that in this chapter the locus of the study has moved from the county-level to the city level as the interest is to study Romanianization of the Magyar majority. The change from a linguistic definition of ethnicity into a denominational definition split the Hungarians and Jews from the Magyar category. I will therefore use the term Hungarians to denote Hungarian speakers of Christian origin and those belonging to mosaic faith as Jews. This was the definitions that the Romanian leaders instrumentalized in order to re-Romanianize those having a Romanian religious origin, but also to divide the strong ethnic category of Magyars.

5.1 Changing of the Guard: The Elite Mechanism

When the Romanian troops entered the city of Szatmár-Németi on 19 April 1919 they sang ‘La Marseillaise’ and people in the streets welcomed them by raising their hats, according to one Hungarian memoir.\(^1\) From that day the official name of the city was changed from Szatmár-Németi to Satu-Mare. Satu-Mare was the name used by Vasile Lucaciuc, the main leader of the Romanian national movement in Szatmár County. However, many Romanians used the name Sătmar, and there was some debate in the beginning of the 1920s regarding which name the city should have. One strand of Romanian intellectuals suggested Satu-Mare, which Lucaciuc had used. Another strand suggested the name ‘Sătmar’, which Nicolae Iorga and many local Romani-

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\(^1\) József Zimán, Órnyékos oldal (Bucharest 1976), ctd in Csaba Csirák, Színházi élet Szatmáron 1898–1918 (Szatmárnémeti, 2008), 277.
ans had used. Eventually the more explicit Romanian name Satu-Mare was chosen, despite its literal meaning of ‘great village’ in Romanian.

The Romanian troops were under the command and supervision of the Supreme Council at the Peace Conference in Paris. The Hungarian mayor welcomed the Romanian commander and stated that ‘at this moment I don’t know if the Romanian Kingdom will respect the Hungarians and their mother tongue; the autonomy of the city and our municipality, but we do know that you bring back western civilization’, referring to the end of the communist interlude, which had been inspired by the Russian Revolution. The Hungarian leaders, who had ended the communist rule of the city only the day before the Romanians arrived, most probably preferred the Allied troops to the Red Army, even if they realized the city risked becoming part of Romania once the peace treaty was signed. The Romanian commander replied that ‘we did not come as conquerors or enemies, but as brothers at the command of the Allies to liberate you’.

Not all sources support the image that the Romanians were welcome. This includes the Romanian commander himself, who wrote in his diary for 19 April that ‘We have captured several hundred prisoners in Satmar Nemety and much railway material’. A high-ranking Hungarian civil servant wrote that ‘The Romanians were swimming in pride and had the feelings of a victor, but we were happy that the dictatorship of the proletariat was over’. Furthermore, he wrote that ‘Property and life was more secure [under the Romanian occupation] than under the communist system’. This indicates that members of the Hungarian and Jewish elite were indeed satisfied that private property was restituted despite the Romanian occupation. Romanian leaders and Romanian propaganda made the most of this sentiment, rhetorically asking the Hungarians: ‘Do you prefer Bolshevik Hungary or the good and safe life in Greater Romania?’

The Romanian National Council in Satu-Mare, which had been established during the first Hungarian Republic, took over the local governance and administration of the city. All Hungarian national symbols and signs were replaced with similar Romanian ones, including the signs of all the

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2 G. Botez, ‘Sătmar?’, Satu Mare, 20 Aug. 1922, 1.
4 Viorel Ciubotă et al., eds, Jurnal de operaţiuni al Comandamentul Trupelor din Transilvania (1918–1921), vol. i (Satu Mare, 1998), 154.
6 László Banyai, Harminc év: jegyzétek a romániai magyarság útjáról (Bucharest, 1949), 23.
shops. The Council appointed new, Romanian supervisors to the former Austrian-Hungarian bank, companies, schools, hospital, court, police station and post office. All state controlled institutions were under the control of the Romanian administration and thereby a formal Romanianization and changing of the guard was undertaken quickly. However, this was only a temporary jurisdiction as the borders had not been finally decided. Still, the transfer of power gave signals to the elite to either accommodate by investing in Romanian identity or to maintain a revisionist stance and leave for Hungary. Around 2,000 Hungarians left the city (out of a population around 34,000). Some of them left voluntarily, other were pressed and some were even expelled.

A Magyarized Romanian, Ágoston Ferencz, was appointed new mayor of the city under his Romanian name Augustin Ferențiu. He had been a member of the Magyar elite during the dualist period and worked as the city’s notary, and was also the author of a 1908 Hungarian-language article about the city’s economy. He had worked as journalist for the Hungarian newspaper Szamos promoting Magyarization and had written articles to encourage the establishment of Magyary national industry. He had also been a board member of the Széchenyi Society, the primary Magyarizing institution in Szatmár County during the dualist period. The Society had been heavily criticized by leading Romanians, such as Lucaciu, of de-nationalizing Romanians and destroying Romanian identity, culture and language.

Therefore it is interesting to note he could shift his official ethnic identity from being a member of the Magyar elite and supporter of Magyarizing to become a member of the Romanian elite supporting Romanianizing. This shift was possible because he utilized his Romanian origin as a Greek Catholic and knowledge of the Romanian language together with his fluency in the Hungarian language. He was thus an important example of a leading member of the elite who was indifferent, at least in essentialist terms, about his national identity.

The most important reason was his capability of accommodating to the changing ethno-political context and he used ethnicity as instrument to gain political and economic advantages. This clearly shows how ethnic stances were constructed and how an elite mechanism operated in which investments in ethnic stances became profitable.

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8 Ibid.
9 Baradlai, ‘Satumare metamorfózisa’, 182.
10 Közellet, 1/18, 10 Apr. 1920, 1; Ferenc Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’ (Budapest, 1953), 244; Közellet, 28 Mar. 1920, 2.
12 Szamos, 27 Apr. 1905, 1; Szatmár, 2 Apr. 1905, 2.
13 Kornél Marosán, A szatmármegyei Széchenyi Társulat emlékkönyve: 25 éves működésének évfordulója 1882–1907 (Szatmár, 1907), 8.
He and some other Romanians who had previously been Magyarized invested in their Romanian identity by changing their names and declaring their sympathies for the Romanian national cause. Another important example of this was the Magyarized lawyer Károly Illés Barbul, who was one of the leaders of the Romanian National Council and who became the Prefect of Satu Mare County under his Romanian name, Carol Ilie Barbul. A third example was Ottó Papp/Octavian Popp, who became one of the leading managers and politicians in the city during the interwar period. They had all been part of the Magyar elite, and some of them had even been local leaders during the Hungarian republics.

These Greek Catholics were flexible enough to maintain influential positions during all regimes and could benefit by accommodating to the national context. During the Romanian regime they took advantage of their local network of contacts among Magyars, which was necessary for pragmatic and practical reasons. However, they stressed their Romanian ethnicity in order to become Romanian leaders, which was necessary to be acknowledged as trustworthy from a national point of view and accepted by the central government in Bucharest. This fluidity between Magyar and Romanian ethnicity created a certain dynamism and facilitated Romanianization. This pragmatism was necessary in a predominantly Magyarized environment.

One example on how they managed their interests was shown in 1920, when the two first Romanian prefects (Barbul and Racoți), the mayor (Ferenţiu) and two Magyarized Jews established a newspaper in Hungarian called Közélet [common life]. The newspaper became the semi-official organ of the city for a short while. In the first issue on 16 March 1920 the editor of the newspaper wrote that ‘this newspaper is founded with a white flag directed to the Hungarians, as the struggle is over’. Furthermore, he declared that ‘It is a lie that we should hate each other because we do not share the same blood’, and that ‘the patriotic work demands us to keep together and develop our culture for the sake of economic development’. Thereby they stressed the strategy of accommodating to the new national context. Indirectly they urged Hungarians to continue to work for the common good and not to fight against the Romanians.

Hungarian officials employed in the city administration who wanted to maintain their positions had to take an oath of allegiance to King Ferdinand in May 1920. This included a promise that they would learn Romanian in one year. Most of the Magyar officials in the city hall, tribunal, chamber of

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15 DJSM TJSM Dosare de firme, Satu Mare, 924, 9.
16 ‘Fehér lobogóval’, Közélet, 1/1, 16 Mar. 1920, 1.
17 Közélet, 1/2, 17 Mar. 1920, 1.
lawsyers, post office and telegraph office took the oath and could keep their positions. In this way the city administration was Romanianized, as the staff became Romanian citizens. This was a first level of Romanianization, *de jure*. The second level, which was more important, was to replace these Magyars with ethnic Romanians, *de facto*.

Most of the leading positions were taken by Romanians, even though some of them had been Magyarized during the dualist period. Still, the Romanians remained a minority in all sectors of the administration. For example, only two ethnic Romanians were employed in the city hall of Satu-Mare out of 74 in September 1920.\(^\text{19}\) The Romanians were also a minority in the city’s tribunal (20 per cent), railway station (2 per cent), postal office (7 per cent), and the police department (35 per cent).\(^\text{20}\)

In a report on the situation in Satu-Mare it was noted that ‘Hungarians [Magyars] have been favored in the past’ and that ‘the administration is still controlled by foreign elements [non-Romanians]’. Furthermore, it was reported that no competent Romanian notary was available to replace the Hungarian one (Sándor Antal), who had refused to take the oath.\(^\text{21}\) The lack of competent staff was one of the reasons for the low Romanian share. Still, the shifting of the guard had immediately given signals to invest in Romanian identity, rewarding leading Romanians with top positions and well-paid jobs.

The new administration requisitioned flats, which were then given mainly to Romanian civil servants and their contacts.\(^\text{22}\) Flats could, according to a decree, be requisitioned if they exceeded the need of the family.\(^\text{23}\) The administrative power over property gave incentives for personal favors and bribes, and for this reason the Romanian chief of housing in Satu-Mare was arrested.\(^\text{24}\)

Concerning the administrative situation in Satu Mare, a British observer to the Supreme Council at the Peace Conference reported that the ‘Romanian authorities, whether with or without [the] connivance of Bucharest government, are using every means to suppress [the] Hungarian element in country, and so during their occupation Rumanize the whole province’. Furthermore, he noted that ‘personal pressure, persons and families are being arbitrarily

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\(^{19}\) DJSM PMSM, Acte confidențiale, 1921/5, 5.
\(^{20}\) Viorel Ciubută, *Lupta românilor sătmăreni pentru unire (1918–1919)* (Satu Mare, 2004), 283-4.
\(^{22}\) Számos, 7 Dec. 1923, 2; Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 244-8.
\(^{24}\) Szász, *The Minorities in Roumanian Transylvania*, 107.
turned out of the homes’. This latter observation indicates how administrative power was used arbitrarily serving private interests.

The Romanian National Council imposed throughout Transylvania many of the laws from dualist Hungary, including the Law of Equality among the Nationalities. The difference was of course that Romanian was defined as the state language and the Romanians the nation, while the non-Romanians like the Hungarians and Jews were downgraded to the status of nationality. This was one important sign of how the Romanian regime in Transylvania was inspired by the Magyar one. This continuation and entanglement was sign of a learning process and the operation of a reciprocity mechanism. Instead of creating inclusive institutions the Romanian leadership believed that their interests were best secured if they replaced the Magyar hegemony with a Romanian rule.

The Romanian administration took over the city’s legal system and continued to prioritize nationalizing over a real implementation of equality. One British observer reported that ‘I am filled with some misgiving as to the ability of the [Romanian] Transylvanian leaders to carry out in their own country their policy of equality and non-favoritism between the different racial elements’.  

The Romanianizing of the city’s political power was part of the inter-ethnic competition that aimed at destroying the Magyar political hegemony. In a formal way, the Romanianizing of the city was completed de jure, as former Hungarian citizens became Romanian citizens and declared their loyalty to the Romanian king. Still, the Romanian leaders did not fully trust the former Hungarian administrators and so replaced them with ethnic Romanians and intensified the Romanianizing of the local administration in order Romanianize it, de facto.

5.2 Trianon 1920

Communist rule in Hungary ended with a successful counter-revolution, and the new Hungarian government sent a delegation to Paris led by Count Albert Apponyi to continue the settlement negotiations. One of their primary aims was to get back the Hungarian-dominated cities along the borderland, including Szatmár/Satu-Mare, which they regarded as part of Hungary proper. At the Paris conference Count Apponyi, who as the former Hungarian Minister of Religion and Education drafted the Magyarizing school law of

25 NA FO 608/17, 111.
1907 (Lex Apponyi), denied any Magyarizing aims of the former Hungarian government and stated that ‘The charge of Magyarization brought against us in entirely unfounded, if we conceive it to refer to a systematic action of the kind lasting for centuries’. He explained that there had been a trend of ‘voluntary assimilation’ caused by ‘the superiority of Magyar culture’. He implicitly acknowledged the failure of his own reform by remarking that ‘in any case it is not the school that Magyarizes, but life’.28

Apponyi also claimed that the 1868 Law of Equality among Nationalities had been fully implemented, stating that ‘The non-Magyar nationalities in Hungary have had far more rights – not on paper only, but in actual fact – than those appointed by the Supreme Council for nationality minorities’.29 As I have shown in chapters 2-4, the Nationalities Law was broken in almost every detail, as none of the important provisions were implemented. In addition, the forced Magyarization was one of the most visible and deeply felt policies in the ethnic borderland, which ruined Hungarian-Romanian relations.

Apponyi admitted that the Magyars dominated the economic field but he denied that it had anything to do with oppression, claiming ‘The economic and cultural backwardness of Romanians in Transylvania cannot be traced to oppression, but to two perfectly different circumstances’. One of these was ‘that the Romanian people hardly has a historic past’ as it is a ‘young nation’, and ‘the Romanian race’ only recently succeeded in ‘forming an unified state’.

The other reason was that the ‘Wallachs [Romanians] are not an autochthonous state-forming people, but an element which has immigrated little by little’.

The Hungarian delegates claimed that this ‘racial inferiority’ of the Romanians would cause a ‘deadly blow’ to the region’s ‘economic prosperity’ because ‘Romania could only maintain her unnatural dominion by using every means in her power to hinder the economic development of the Magyar and German elements, and thereby of the country at large’.31 This means that he acknowledged the negative economic impact of discriminating against minorities and that he assumed that the Romanian authorities would impose exactly the same kind of ethnically privileged policies as the Hungarian authorities had implemented during the dualist period.

The Hungarian delegation admitted that the economy was almost completely Magyarized but argued that this was caused by racial differences and not by a deliberate Magyarizing policy. However, against this we know that

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29 Ibid.
31 ‘Can Roumanian dominion last?’ ibid. 163-84 (179-80).
the economy was Magyarized and that leading political advisors regarded this as smart way of forcing the lower-standing non-Magyars to assimilate.

The Hungarian delegation argued that the Greek Catholics of Szatmár County, whom the Romanian delegation had classified as Romanians based on their ethnic origin, were Magyars, as ‘the overwhelming majority of the Greek Catholics and Orthodox are Magyar and do not even know Romanian’. According to a Romanian memorandum the number of Romanians in Szatmár-Németi was 6,979; however, according to the Hungarian census discussed above only 3,606 inhabitants knew Romanian.32

The Hungarian delegation argued that the suggested border was unjust, that it was a ‘strategical frontier’ dictated by ‘economic interests’ and did not follow the nationality principle. The Hungarian delegation therefore urged the Supreme Council to hold a general plebiscite in the territories under occupation.33 They requested that every city along the border should form an independent plebiscite district. However, this request was never met and the Hungarian claims for maintaining the principle of self-determination was not respected.

The suggestion of the Border Committee was implemented in which the economic interests of Romania were given priority. From the British reports we understand that the Allies also had economic interests in supporting the Romanianizing of Transylvania.34 They hoped to receive economic returns when the Romanians took over mines and enterprises. The Allies were not interested in consulting the population, as the results of plebiscites in Hungarian-dominated cities such as Szatmár/Satu-Mare were predictable in favor of inclusion to Hungary.

As a last strategy the Hungarian delegation tried to convince the French delegation to establish the border along the linguistic frontier in exchange for economic concessions. However, this strategy also failed.35 This shows that the economic perspective was decisive in the negotiations.

Eventually the Peace Treaty of Trianon was signed on 4 June 1920. The border between Hungary and Romania was drawn according to the April 1919 proposal of the Border Committee. The main part (71 per cent) of Szatmár County was given to Romania, including the city of Szatmár-Németi, while the smaller part remained in Hungary.36

The Prime Minister of France Alexandre Millerand (1859–1943) concluded that he was ‘expecting modification in due time of the unjust decisions’. The leading Magyar elite in Satu Mare County, including the mag-

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32 ‘Refutation of the statistical data of the Roumanian Memorandum’, ibid. 151-60 (154-5).
34 ‘Mr F. Rattigan to Earl Curzon, 13 Aug. 1919’, NA FO 608/55, 336.
nate József Károlyi (1884–1934) who had emigrated to and resided in Hungary, took advantage of this opening. Károlyi and members of the Hungarian elite wrote a memorandum demanding a rectification or a plebiscite on the eastern frontier of Hungary, which included the Satu Mare–Arad strip. They argued that Romanian rule was an ‘unprecedented oppression upon the population’ and that 13,000 Hungarians had been expelled from the cities of Satu-Mare, Arad and Oradea.\(^\text{37}\)

Echoing the ‘racial’ arguments used by the Hungarian delegation, the Hungarian magnates insisted that Romanian culture was ‘of Balkan character, which means the subversion of law and order, chaos in administration, paralysis of commerce and trade, ruin to the Hungarian of higher culture living and working in the towns, and weighing heavily also on the shoulders of the population generally’. Furthermore, they argued that the Romanians could build their own railway further east. They claimed that peace would be impossible ‘if this territory is not restored to the proper Hungarian Motherland’.\(^\text{38}\)

The Trianon Peace Treaty left leading Hungarians on both sides of the new border greatly dissatisfied. Thus the Hungarian government had a significant interest in the situation of the Hungarian minorities in Romania, which shows the operation of transborder mechanism. The Allies supported the Romanianization of Transylvania, as they expected to profit in economic and political terms. They were more eager to award this territory to Romania for reasons of economic self-interest and because Romania ultimately sided with the Allies in the war. From the perspective of the Allied Powers, Hungary had a bad record of mistreating its national minorities and moreover had sided with Germany in the war.

5.3 Strategies of Romanianization

Romanian leaders aimed at reversing the trend of Magyarizing and to re-Romanianize Magyarized individuals of assumed Romanian origin. This policy of Romanianizing Transylvania was the outspoken aim of the Romanian leadership starting in 1919.\(^\text{39}\) The Romanian strategy was to dissolve the ethno-linguistically defined category of the Magyars and to replace it with categories based on ethnic and religious origin, i.e. Hungarians, Germans and Jews. This strategy aimed at applying the classic divide-and-rule strategy in order to break the Magyar hegemony. Ethnicity was thus instrumental-


\(^{38}\) Ibid.

Romanian identity was defined in denominational terms. Only those who belonged to the Greek Catholic or Orthodox religions were defined as Romanians; all others were categorized as minorities. The strategy was to re-Romanianize those with presumed Romanian origin and to encourage the dissimilation of Jews and Germans from the Magyar category. This means that Jews for example were not pressed to assimilate as Romanians, but rather not to define themselves as Magyars. However, the Orthodox Jews of Satu-Mare disapproved the idea of Jews forming a secular nation and instead a majority of them preferred to declare themselves as Hungarians. Later in the interwar period the young Jewish generation would be inclined to define themselves as Romanians, while their parents remained nostalgic about the Magyar past.

One of the most important Romanian leaders, Iuliu Maniu (1873–1953), explained in public that the rights of the nationalities should not be ignored, but that the state was mainly responsible for the Romanian nation. In addition, he argued that the cities should re-take their ‘true Romanian character’ by increasing the share of Romanians, who were under-represented in the economic sphere and in liberal professions. He advocated the need for a Romanian middle class to grow; otherwise the Romanian social structure would remain incomplete and sick.

The state played a crucial role in Romanianizing. Maniu claimed that ‘The power of the state [has] to be employed everywhere to support and strengthen the peasantry, industry, commerce and economic life of the Romanians’. This included the ‘The repatriation and colonization [of ethnic Romanians] on the territory of our country’. Still, it is important to note that Maniu and most Romanian leaders were well aware that all of these measures had to be carefully balanced against the Minorities Protection Treaty that Romania had signed with the Allied Powers. The enlargement of Romania had been conditioned on a respect for minority rights. Still, Maniu argued for state support of Romanian ethnicity, which indicates a continuity of state involvement and reciprocity mechanisms.

The response from the ethnic Hungarians was to stress the Magyar linguistic definition of ethnicity because this increased the number of Magyars as Jews were included. Thus, the interwar period was marked by a competi-

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40 Ibid. 285-7.
41 Jean Ancel, The Economic Destruction of Romanian Jewry (Jerusalem, 2007), 11.
43 Maniu Iuliu, Problema minorităților (Bucharest, 1925), 1-4, 13.
tion between the Magyar and the Hungarian ethnic definitions. One Romanian intellectual in Satu-Mare noted that it was strange that ‘Jews were Jews in Hungary,’ while in Romania ‘Jews were Magyars’.45

This included a strategy to obstruct Romanianizing like ‘a worm gnawing in alien wood’ in a similar fashion as the Romanian national movement had striven for under the leadership of Lucaciu during the dualist period.46 The Hungarian minority thus reacted to the policies of the Romanian state and elite, which shows that a chain-reaction mechanism operated. The Romanian state elite from Transylvania on the other hand had experienced Magyarizing policies from the dualist period and were prepare to implement a similar Romanianizing to increase the political and economic positions of the Romanians. This clearly shows how Romanian and Hungarian ethnic nationalizing was intertwined and entangled.

5.4 Census and Romanianizing

The Romanian strategy to re-categorize ethnicity was implemented in the first statistical data compiled on the city in 1920. The result in the city was an increase of the Romanian share from 3 per cent (Hungarian census of 1910) to 12 per cent. In a similar way the Hungarian category was reduced from 97 to 66 per cent. The main reason for the substantial decrease of the Hungarians was the introduction of the Jewish category, as they represented 21 per cent of the population in 1920.47

In another set of local data the Romanian share was even higher (17 per cent), which indicates that statistics were difficult to rely on. In addition, this report claimed that the city had a population of over 58,000, even though the population had only been 34,000 in 1910.48 Elemér Jakabffy, a Hungarian minority leader, argued that if the 70-per-cent increase of the city’s population was correct, despite the war, revolution and Spanish flu (a global influenza pandemic in 1918–1919), then Satu-Mare was the ‘fastest growing city in Europe’. The Romanian statisticians declined that it was a printing mistake and maintained that the city’s population was 58,000 as of 1920.49

Jakabffy also questioned the accuracy of the increase of Romanians from about 900 persons in 1910 to 9,741 in 1920.50 The Romanian statisticians argued that everyone had been able to ‘declare their own nationality’ and

45 Satu Mare, 18 Dec. 1927, 1.
50 Elemér Jakabffy, Erdély statisztikája (Lugos, 1923), vi.
that many Greek Catholics, who under the pressure of Magyarization had declared themselves as Magyars, ‘now were free to declare themselves as Romanians’.\(^{51}\) One explanation for this change was that individuals with a indifferent relation to national identity were easily able to accommodate to the ruling nation and to declare whichever nationality offered them the best returns.\(^{52}\)

The debate of local census of 1920 and questioning of the results from the Hungarian side were politically dangerous from the Romanian perspective, as the new borders had been based on ethnic arguments and were open for revision. The Romanian authorities therefore decided to seize and prohibit Jakabbfy’s publication that critiqued the Romanian-compiled statistics on Transylvania.\(^{53}\)

In 1927 Valer Pop, an anti-Semitic deputy in the Romanian parliament brought up the issue of the Romanianization of the cities. Pop claimed that ‘especially in the cities, the dominating position is taken by the minorities’, and ‘the Hungarian, German and Jewish elements are together oppressing the Romanians and the Government need to fight this at all fronts’.\(^{54}\)

The Minister of Interior, Octavian Goga, confirmed that indeed ‘It is our duty to protect our Romanian element permanently and progressively in its logical and healthy endeavor to penetrate, slowly but infallibly, from the country into the towns’.\(^{55}\)

In 1927 a new local census was undertaken using name analysis to establish ethnic origin.\(^{56}\) This re-definition increased the share of Romanians in the city to 29 per cent and the Jews to 25 per cent, while the Hungarians decreased to 43 per cent.\(^{57}\) The Romanians were nevertheless not a majority in the city. However, through this re-categorization the Romanians became in majority at the county level, as the Romanian share in the Satu Mare County rose to 63 per cent.\(^{58}\) The borders of the county had been adjusted in 1925 in order to maximize the Romanian share in much the same way that Hungarian authorities had done in the dualist period. This was part of the strategy to prove that the county had a Romanian majority and remove any demographic argument for revision of the border.

\(^{51}\) *Patria*, 9 Dec. 1922, ctd in E. Jakabfy, “‘Meddő próbálkozások’”, *Magyar Kisebbség* (1923), 22-9 (22-3).


\(^{53}\) Szász, *The Minorities in Roumanian Transylvania*, 49.

\(^{54}\) ‘A romániai városok nacionlizálása’, *Magyar Kisebbség* (1927), 234-6. 311


\(^{57}\) ‘Mennyi lakosa van Szatmárnak’, *Szamos*, 18 May 1927, 3.

Romanian official Sylvius Dragomir explained that ‘The rapid increase of the Romanian population in the Transylvanian towns is a fact proven by all our statistics’. But this result was obtained, not by substituting a ‘Romanizing’ regime for the ‘Magyarizing’ regime of pre-war days, but simply by allowing ‘the demographic evolution to allow its free and normal cause.’ He gave examples from Satu Mare County and explained that the Romanian share in ‘Carii-Mari’ (Nagy-Károly) had increased from 1 per cent in 1910 to 19 per cent in 1920 because these Romanians had been classified as Magyars by the Hungarian authorities but in reality were of Romanian origin.59

The Hungarian view by contrast was that ‘the Magyar character of the towns is not the result of an artificial denationalization but the cultural, civilizing influence of the towns themselves’. Furthermore, they argued that the low urban share of the Romanians was a sign of their ‘cultural inferiority’.60 Both sides regarded the increasing of their own ethnic category as ‘natural’ and the policies of the other national regime as part of deliberate policy to denationalize. These accusations in a propaganda war involved a basic difference in defining ethnicity in which both sides argued that the other side used ‘falsified statistics’, while in truth both sides used an ethnic categorization as instruments to serve their own national economic and demographic interests.

The local censuses undertaken in 1920 and 1927 clearly prove how ethnic categories were constructed in order to fulfill the political aim of Romanianizing. The main strategy was to re-categorize and divide the Magyar category into new categories by using denominational backgrounds and ethnic origin as new criterion in order to maximize the Romanian share. The result was indeed an increase of the Romanian share compared to the Hungarian census taken in 1910, even if Hungarians still constituted the ethnic majority in the city of Satu-Mare. The share of Romanian increased but the religious definition of Romanians imposed a definite limitation on the scope of Romanianization. In this sense was a full Romanianization doomed as ‘unrealizable folly’ in the same way as a similar Magyarization had been during the dualist period.

5.5 The Swabian Question

One important case that shows the Romanian strategy of dividing the Magyars in Satu Mare County was how they approached the Swabian Question. During the dualist period the local German-speaking population of Swabian origin had been Magyarized in large numbers. One reason for this was that,

60 Szász, *The Minorities in Roumanian Transylvania*, 57.
in contrast to the Romanians, they lacked a responsive elite to mobilize resistance against the trend of Magyarizing. The mostly peasant Swabians immigrated to the properties of the Károlyi family during the eighteenth and nineteenth centuries.\textsuperscript{61} The Swabians were Roman Catholics and many of them had been Magyarized through the Church, the educational system and intermarriages during the dualist period. During the Romanian regime the local Swabian elite initiated a movement of re-Germanizing, which Romanian authorities and intellectuals supported. In addition, Swabians received financial and political support from Germany, indicating a transborder mechanism.

In the Hungarian census of 1910 there were only 7,250 who declared German as mother tongue in the Szatmár region. However, the reconfiguration in the local census in 1920 increased the German (Swabian) category to 28,424, as they were defined by their ethnic origin. A comparison between the 1910 Hungarian census and the 1920 Romanian census of the Swabian villages in Szatmár County shows that the Magyar category was reduced from around 55,000 to 15,000, while the Romanian and especially the German increased in similar numbers.\textsuperscript{62} This re-categorization served the aim to divide the Swabians and the Hungarians into separate categories and to increase the Romanians in relative terms. This reveals how a relative improvement of the Romanians was given priority and, thus, how a mechanism of interethnic competition was operating. In other words, the loss of the Magyar category was counted as a relative victory of the Romanian side.

Supporters of the Swabians claimed that they were more than 40-50,000 Swabians, but the Romanian census could never confirm these figures.\textsuperscript{63} On the other side, members of the Hungarian elite claimed that a maximum of 10,000 Swabians spoke German while the rest spoke Hungarian and therefore should be regarded as Magyars.\textsuperscript{64} Swabian intellectuals responded that some of them ‘speak Hungarian but they are Swabians’, because they were aware of their Swabian origin and had ‘Swabian blood’.\textsuperscript{65} The Hungarian

\textsuperscript{61} S. J. Traubinger, \textit{Die Schwaben in Sathmar} (Stuttgart, 1927), 42.
\textsuperscript{62} Árpád Varga, \textit{Fejezetek a jelenkori Erdély népesedéstörténetéből} (Budapest, 1998), 42.
intellectuals on the other hand claimed that the main part of those having Swabian origin had ‘in their language and minds become totally Magyar’.  

The Romanian authorities supported the re-Germanizing trend. During the 1920s Swabian schoolchildren were forced to attend Roman-Catholic schools having German as the language of instruction. This was implemented against the will of some Magyarized parents, who preferred the Hungarian language, at least according to the surveys conducted by Magyarized Swabians. The process of re-Germanization was therefore mainly implemented from above with the support of the Swabian elite and the Romanian authorities and intellectuals.

The re-Germanization was also supported in the economic field. In 1924 a local branch of the Swabian Central Bank was opened in Carei (Nagy-Károly/Groß-Karol). Members of the Hungarian elite regarded the establishment of the bank as ‘serving the purpose of removing the Swabians from the dependence of the Magyar socio-economic network’ and as an ‘economic tool of assimilation’. However, the German bank managers denied that the aim was to re-Germanize, claiming they were ‘independent from any political movement’. Still, I believe that the establishment was a sign of ethnic division, as it served the aim of the German elite to become more independent in economic terms in a similar fashion as the Romanian banks had done during the dualist period.

Swabians founded also their own cultural association known as the Deutsch-Schwäbische Volksgemeinschaft in 26 villages and established 3 German cultural houses. By the end of 1930 they had 26 primary schools with 60 German teachers and a German section of the high school in Carei. Another tool of the re-Germanization was the establishment of the local German newspaper, Mitteilungen der Deutsch-Schwäbischen Volksgemeinschaft Sathmar. The newspaper was bilingual (German-Hungarian) because of pragmatic considerations, as they could not reach the Magyarized Swabians without including articles translated into Hungarian. In addition, the

67 Twenty-six Roman-Catholic primary schools had to change to German as the language of instruction in 1921 according to Prefect decree 188/1921. See Elemér Jakabffy, ‘Meddő próbálkozások’, Magyar Kisebbség (1923), 22-9 (29).
68 Szamos, 7 Dec. 1923, 2.
70 Loránt Tilkovszky, ‘A szatmári németseg a két világháború között’, in H. Gehl and V. Ciubută, eds, Relații interetnice în zona de contact româno-maghiaro-ucraineană din secolul al xvi-lea până în prezent (Satu Mare, 1999), 226-47 (227).
72 Szatmármegyei Közlöny, 8 June 1924, 2.
newspaper received Romanian state support because of its aim to separate Germans from the Hungarians.  

In 1927 when the Hungarian Revisionistic League was established the Swabian question became part of international politics, because the Swabian elite favored Satu Mare County remaining in Romania, while the Hungarian elite preferred the inclusion of it and other parts of Transylvania with Hungary.  

The issue was tied to development in Germany and the establishment of Verein für das Deutschtum im Ausland [Association of Germans Abroad]. During the 1930s the Swabian question turned into a question of ‘racial struggle’. The local Swabians supported Hitler with hopes of receiving financial and political support.  

The conclusion is that the Swabian question shows how an interethnic competition mechanism operated. Romanian leaders supported a division of the Magyar category by breaking the Germans’ identification with a Magyar identity in order to improve the relative position of ethnic Romanians. The result of this was an institutionalization of ethnicity. The Swabian elite drove the revival of the Swabians with support from the Romanian authorities, which indicate the operation of an elite mechanism. The revival provided the Swabian elite with ethnically marked workplaces, mainly in the educational system, and established a Swabian bank and a Romanian-state-supported newspaper. The support from Germany indicates that a transborder mechanism was operating in which Swabians received economic support in exchange for political support of the German cause.

5.6 Romanian Cultural Offensive

The Romanianizing of education had started already in 1919 with the Romanian changing of the guard. At that point the city was almost entirely Hungarian speaking, and the main aim was to replace the Magyar hegemony with a similar Romanian one. In the first place the Romanian strategy was to re-Romanianize the Magyarized children of Romanian origin. Secondly, it aimed at spreading the Romanian language and culture to the minorities.  

When the school inspector in Satu-Mare established a local Romanian pedagogical journal he claimed that Romanian teachers had been ‘assaulted by Hungarian cultural and social currents, between the banks of which streamed their entire life’ because ‘to read a Romanian book, or to speak Romanian in public, was considered a crime’ during the dualist period. Fur-

74 MOL P 1077 Keleti Akció vol. 6, 1933-34, 7.  
75 Verein für das Deutschtum im Ausland.  
76 Magyar Kisebbség (1934), 349  
77 Dariu Pop, ‘Clădirile școlare’, Satu Mare, 4 Feb. 1923, 1.
thermore, he claimed that the Romanian intellectuals ‘feeling that they were regarded with suspicion and spied upon, abandoned Romanian life in all of its forms, even in their families, conforming entirely to the Magyar influences and environment’. 

The Secretary of Education claimed in 1920 that education had to serve the interest of the state and that ‘education must be nationalised’. Therefore the formal Romanianization of the state schools in Satu Mare County was implemented quickly. The result was that a majority (54 per cent) of all schools in Satu-Mare County were Romanian already in 1920. Among the denominational schools the former Greek-Catholic schools under the Magyar eparchy were Romanianized. Romanianization was also implemented in secondary schools. In Mihai Eminicesu High School, the largest secondary school in Satu-Mare, almost all students were ethnic Romanians (from 94 to 98 per cent) during the first four years, despite the fact that before 1919 it had been an entirely Hungarian-speaking Catholic high school.

The Romanians leaders adopted a similar strategy to the one applied by the Hungarian authorities in the dualist period. Romanian authorities required the usage of the Romanian language in all state schools, while non-Romanian languages were only permitted in confessional schools of the minorities. These schools received state support, albeit relatively less than Romanian ones. This strategy declared by the State Secretary was to crowd out the non-Romanian confessional schools by reducing their financial support and thus forcing many of them to close down, which was identical to the Hungarian strategy towards the Romanian schools during the dualist period. In this way had the system of using economic methods in the educational system spread from Szatmár County to the rest of Hungary during the dualist period and was returned by the Romanians in the interwar period. This clearly shows the entanglement of nationalizing policies.

Another similarity with the Hungarian strategy was that certain subjects were compulsory to teach in the state language, including the constitution, history and geography. The law required non-Romanian schools to teach these subjects in Romanian. The result of this provision forced many of the Hungarian Reformed and Catholic high schools to close in 1923–1924 be-

80 C. Martinovici and N. Istrate, eds, Dicționarul Transilvaniei (Cluj, 1921), 95-6; Dariu Pop, ‘Progresul realizat de învățământul primar în județul nostru’, Satu Mare, 16 Mar. 1924, 2.
81 Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 265.
82 Szamos, 28 July 1923, 1.
84 Satu Mare, 15 July 1923, 3; Macartney, Hungary and Her Successors, 307-9.
cause they could not find teachers with sufficient knowledge of Romanian.\textsuperscript{85} Knowledge of Romanian became an important asset in finding employment and earning income, as knowledge of the state language was limited in the ethnic borderlands.

The main difference between the dualist Hungarian and the interwar Romanian system was that the Romanian one restricted members of certain religions from attending other minority schools. The Primary Education Act of 1924 stipulated that ‘citizens of Romanian origin who have lost their mother tongue may not send their children to any school, public or private, other than a school in which instruction is given exclusively in Romanian.’\textsuperscript{86} This provision had in reality been implemented during the first years of Romanian rule. However, the Hungarian Greek Catholics of Romania had filed a petition against the provision that Greek Catholics with Hungarian as maternal language were regarded as Romanians and not allowed to study in Hungarian schools.\textsuperscript{87}

Magyarized Jews were in a similar fashion not allowed to count Hungarian as their mother tongue, and thus could not attend Hungarian-language schools. Instead, their schools had to use Hebrew as the language of instruction. For most Orthodox Jews in Satu-Mare Hebrew was considered a sacred language, used only in religious contexts and was not accepted in everyday conversations. Therefore Orthodox Jews sent their children to Romanian state schools. In the main Romanian high school this phenomenon was apparent, as many Jewish students enrolled there.\textsuperscript{88} The result of this was a certain cultural Romanianization of Jewish children, even if their parents maintained a Magyar orientation.\textsuperscript{89}

Even if schools were formally Romanianized there was nevertheless a lack of Romanian teachers and financial resources. In addition, in Satu Mare the Hungarian language was still dominant in society and difficult to replace in reality. Bucharest regarded the dominance of the Hungarian language in Satu-Mare as national danger because ‘all its Romanian inhabitants – 4,000 out of 50,000 – only speak Hungarian and read only Hungarian newspapers’.\textsuperscript{90} One Romanian intellectual encouraged Romanians ‘only to speak

\textsuperscript{85} Magyar Kisebbség, 1924, 571.
\textsuperscript{86} Macartney, Hungary and Her Successors, 306.
\textsuperscript{88} Ioan Viman, Învățământul secundar din părțile sătmărene în perioada interbelică 1919–1940 (Satu Mare, 2007), 667.
\textsuperscript{89} Rendkivüli Újság, 30 June 1924, 2; Macartney, Hungary and Her Successors, 313; Mendelsohn, The Jews of East Central Europe between the World Wars, 181-2.
\textsuperscript{90} ‘Un perical național”, Satu Mare, 30 July 1922, 1.
Romanian!” In addition, the lack of Romanian readers created a crisis of the Romanian book and newspaper market.92

The location of the city next to the Hungarian border made it vulnerable. In the same year the famous Romanian historian and politician Nicolae Iorga (1871–1940) wrote an article in the local Romanian newspaper declaring that the city of Satu-Mare had a special task and position to defend the national borders.93 These issues were also brought up by the highest local political authority, the prefect of Satu Mare, who reported in 1923 that there was a need for ‘increased Romanian cultural activity’.94

In order to defend the national borders and to increase re-Romanianization, the local school inspector launched a ‘cultural offensive’ in which he urged the Romanian banks in Satu-Mare County to donate money to support ‘the Romanian cultural promotion through supporting primary schools’.95 Similar campaigns to attract financial support from local banks for nationalizing projects had been a recurrent method during the dualist period. The Romanian adoption of these economic methods shows how a mechanism of reciprocity was operating, as the Magyars had undertaken similar campaigns during the dualist period.

Addressing the importance of Romanianizing the border regions, in 1924 the Romanian government passed a law establishing the so-called ‘Cultural Zone’ around the ethnic borderlands, which included border counties such as Satu-Mare and other areas with a high share of non-Romanians. The official aim was to ‘intensify the teaching of Romanian in the zone of mixed population’. The Minister of Education Constantin Angelescu stated in 1924 that ‘We have to fortify our frontiers, not only by soldiers, but also by men of learning who work upon the mind’.96

The law provided that ethnic Romanian teachers moving from the Romanian Kingdom into the Cultural Zone were given 50 per cent higher salaries and 10 hectares of land.97 This cultural offensive was also part of a re-colonization of the Romanian lands in order to defend the national borders. The Hungarian minority journal *Magyar Kisebbség* complained that law violated the constitution and the provision of equality, as it provided ‘blood

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93 Nicolae Iorga, ‘Granițe naționale și politice’, *Satu Mare*, 23 July 1922, 1.
94 DJSM PJSM 1923/30.
money’ for citizens of Romanian origin. Of course, the Hungarian government had imposed a similar zone at the Hungarian-Romanian border in 1917. After 1920 the Romanian government more or less took over the concept, indicating the entangled development of minority policies.

In 1930 the Hungarian Party of Romania (Országos Magyar Párt/Partidul Național Maghiar) filed a petition with the League of Nations claiming the real aim of the Cultural Zone was to ‘promote Romanianization’ of state schools and to destroy Hungarian culture. They claimed that the preamble of the Law argued that the border zone had lost its ‘racial character’ and that this was used as ‘a regular argument in favor of the oppressive regulations directed against the Hungarian minority.’ The petitioners argued that establishment of the Cultural Zone violated Article 9 in the Minorities Treaty, which provided equality among citizens.

One of the arguments used by the Hungarian Party was the fact that all Hungarian kindergartens in Satu Mare had been abolished. Another issue was that the Hungarian population faced a ‘double burden’, as they had to contribute to Romanian state schools through their general taxes and at the same time support their own confessional schools. The Hungarian churches were also facing economic difficulties because they had lost much of their land in the land reform. Finally, they complained about the concept of ‘Romanian origin’ because it was not defined in the law; as a result, many Hungarian children were refused attendance in Hungarian schools because Romanian officials did not consider these children’s names sufficiently Hungarian sounding. These complaints resemble the situation of the Romanians during the dualist period, including how Romanians complained about the cultural surtax that had been implemented against their will. In the same way that Hungarian authorities failed to make loyal Hungarian citizens out of dualist Hungary’s Romanian inhabitants, Romanian authorities failed to make loyal Romanian citizens out of interwar Romania’s Hungarian inhabitants.

The Romanian government replied that the Cultural Zone in dualist Hungary had involved the establishment of 800 kindergartens and the suppression of Romanian denominational primary schools, and therefore the object of the Romanian Cultural Zone was ‘to remedy this painful and regrettable inferiority of the Romanian element, for which the policy of the former Hungarian Government was responsible’. They argued that the establishment of the Cultural Zone only affected the ‘Romanian element’ and not the Hun-

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100 Jakábffy, ‘Petition about the Cultural Zone’, 158, 161-3.
garian, because the Romanians were in a majority in these areas. This further strengthens the argument that a reciprocity mechanism was operating in which the Romanian authorities applied similar methods of nationalizing as the Hungarian authorities.

Romanian intellectuals in Satu-Mare supported the cultural offensive throughout the 1920s. However, the results of the offensive were mixed. Indicators show that mainly a formal Romanianizing was achieved, but that in reality the Hungarian language still dominated the city and its surroundings. The Romanian strategy to divide the Magyar category had been relatively successful. The Swabian elite were instrumental in de-Magyarizing the Swabians, and the young Jewish generation adopted the Romanian language. Some of the progressive Jews also supported the construction of a separate Jewish category, but the split between Magyars and Jews was mainly driven by Romanian authorities through the local censuses and in the school system.

In 1928 a school inspector visited a village near Satu-Mare called Vetiş, which had a large Greek-Catholic population. He reported that none of the attending children, ‘not even the Romanians [i.e. Romanians by origin], knew the state language after ten years of Romanian rule’. On the other hand, a local Romanian intellectual regarded the cultural offensive as successful because the establishment of the Cultural Zone had strengthened the Romanian schools near the border and increased the number of Romanian students. He regarded these achievements as a way of struggling against the economic oppression that the Romanians faced vis-à-vis the minorities.

The cultural offensive in Satu-Mare had also accomplished a ‘Romanianized exterior of the cities, as all streets had Romanian names’ and all shops had signs in Romanian. Romanian associations and culture were promoted and received disproportionally higher financial support from the city’s budget than the minorities. Clearly, the Romanian cultural offensive improved the position of Romanian ethnicity, even though it did not replace the Magyar hegemony with a similar Romanian one.

105 DJSM PMSM 1920-28/4, 114-5.
5.7 The Romanian Constitution of 1923

In 1923 the Romanian parliament debated the drafting of the new Romanian constitution. Vintila Brătianu, leader of the Liberal Party, claimed that ‘The first principle that must inspire the new Constitution is that it shall preserve the unitary national character of the National State to which we are entitled by the overwhelming majority of our race’. The ethnic orientation of the draft of the constitution was also marked by Article 22, in which the Romanian religions were defined as the Orthodox and the Greek-Catholic religions. Thus, these two churches received a privileged position and state support.

Article 5 stated that everyone was equal before the law and that all ‘Romanians without distinction of ethnic origin, language or creed’ enjoyed all freedoms. However, the constitution did not qualify the term of ‘Romanians’. Leading representatives of the minorities requested that the term ‘Romanian citizens’ to be introduced. They argued that the ethnic understanding of the term of ‘Romanians’ would turn them into second-class citizens and targets of Romanianization. However, none of the leaders of the Romanian parties agreed and the ambiguous term ‘Romanians’ remained undefined in the constitution.

Another issue in the constitution was Article 2, which forbade the colonization and occupation of ‘foreigners’ on Romanian land. This was problematic because the Hungarian side claimed that in the ‘preamble to the Constitution spoke of foreigners as being Romanian nationals of non-Romanian ethnic origin’. This would deny Hungarians, Jews and others the right from possessing land and created confusion about property rights.

The leaders of the minorities demanded an implementation of the Alba Iulia declaration, which provided the ethnic borderland with political autonomy and minority representation based on proportionality in the local governments. However, Brătianu was reluctant to award any autonomy and claimed that ‘The Romanian state, forming the national integrity of the Romanians, is not the result of Alba Iulia’. Rather, the basis of the state ‘is the treaty with the Allies sealed with the blood of 800,000 soldiers’. This position was reinforced by the Minorities Treaty of 1919. It stipulated that minorities were entitled with the rights to establish their own schools and social

and religious institutions at their own expense, but not political autonomy in ethnic borderlands.

Therefore, the Romanian government used the Alba Iulia declaration selectively. It was used to legitimize the establishment of Greater Romania yet invalid for awarding local autonomy to the minorities. If the provision would have been implemented, cities such as Satu-Mare would have been governed by Hungarians. The Romanianizing ambition and the ethnic exclusiveness of the constitution were showed when Brătianu closed the discussion in the parliament by stating that ‘in the organization of a national unitary state, there is only one nationality: the Romanian nationality’.\textsuperscript{110}

This resembled the tension during the dualist period between the civic and ethnic definitions of Hungarian citizenship, in which the Magyar leaders had given the ethnic and exclusive definition the upper hand. In a similar fashion equality between ethnic categories and non-discrimination were enforced by the law, \textit{de jure}, but in reality the ruling nation was privileged, \textit{de facto}. Support for the ruling nation and especially its elite were given priority over establishing inclusive institutions and protections against discrimination. The situation in Romania also resembled dualist Hungary in the sense that an informal social force of ethnic privilege dominated over the formal protection against discrimination. This ambiguity created an unstable institutional environment for conducting long-term economic investments.

As the Romanians in Transylvania were underrepresented in political terms from the start, while the Magyars possessed a dominant position, one can argue that the Romanians were entitled to promote Romanian ethnicity in order to adjust for the underrepresentation. However, the Romanian leaders did not aim to implement only ethnic proportionality in the political systems but instead to replace Magyar hegemony with a similar Romanian one. Thus, the Romanian elite aimed at replacing Magyar ethnocracy with a Romanian ethnocracy and thereby undermining the social conditions for achieving long-term stability and sustainable economic growth.

5.8 Romanianizing the Administration

The ambiguity of the terms ‘Foreigner’ and ‘Romanian’ in the constitution was also related to Article 8, which provided that only ‘Romanians, regardless of ethnic origin, are allowed to function in the public, civil and military service’. However, it also provided that ‘Foreigners cannot be admitted, except in exceptional cases as permitted by law’. This created an ambiguity as Romanian leaders often labeled minorities as ‘foreigners’. One Romanian leader claimed that ethnic Romanians ‘naturally deserved’ to fill the places

\textsuperscript{110} \textit{Monitorul Oficial al României: Dezbaterile Adunării Deputaţilor}, 20 Mar. 1923, 1295.
in the public sector as this ‘would correct the historical injustice’. However, the constitution did not exclude ‘Romanians’ with a non-Romanian origin, i.e. minorities. Despite the legal protection of the minorities, the ambiguity of the terms made the status of the minorities uncertain.

The ethnic understanding of the term ‘Romanian’ in the constitution was shown only a couple of months after its introduction, as the prefect of Satu Mare launched a campaign to Romanianize the public sector. The mayor of Satu-Mare reported in 1923 to the prefect that only 20 per cent of the civil servants in the city hall were ethnic Romanians while 77 per cent were Hungarians. Regarding the knowledge of the state language only 41 per cent knew it, despite that all of them had promised in 1919 to learn Romanian within a year.112

There was a certain disagreement between the prefect, who were more eager to Romanianize the administration by removing non-Romanians in an ethnic sense, and the mayor, who was reluctant to this. The mayor replied to the prefect that ‘regarding the Romanianization of the administration and reduction of Hungarian officials’ it was important ‘to keep in mind that these officials had performed precious tasks for the Romanian state during a period of difficult times’ and if they were replaced, ‘it was necessary to arrange their pension’.113

The mayor Ferenţiu had been a member of the Magyar elite in the dualist period had a certain interest to protect his Hungarian colleagues. His position rendered critique and he was accused of not serving the ‘general and Romanian interest’. In order to free him from these accusations he requested a commission to evaluate his work and the commission did not find any reasons for complaints.114

The outcome was that the administration only required the civil servants to learn Romanian as first way of Romanianizing. The first language exam was conducted in the fall of 1924 and only 14 failed the exam out of 51. The questions had been ‘easy’, reported a Hungarian newspaper. However, even those who failed could remain in office until someone who spoke Romanian sufficiently claimed the position. Only one person failed to such an extent that he was immediately dismissed, because he did not know a word of Romanian, according to a Hungarian newspaper.115

The Romanian press on the other hand was not pleased that the minority officials remained.116 One Romanian newspaper launched a campaign against this and published all names of non-Romanian officials to increase the pres-

111 Müller, ‘Orientalism and Nation’, 74-5.
112 DJSM PMSM, Acte confidențiale, 1923/7, 35.
113 DJSM PMSM, Acte confidențiale, 1923/7, 36
115 Hétfői Friss Újság, 6 Oct. 1924, 1.
116 Satu Mare, 11 Feb. 1925, 3.
sure of Romanianizing. The mayor responded by retiring and by removing Hungarian officials for shorter periods until they learnt Romanian. In 1927 the prefect ordered 15 civil servants to be transferred to other parts of Romania in order to learn Romanian. He claimed that ‘at the border there should be only Romanian clerks’. The prefect’s vision of Romanianizing was therefore to replace ethnic Hungarians with Romanians, while the mayor was more in favor of teaching the Romanian language to ethnic Hungarians.

The Romanian ethnic share of the staff in the city hall grew gradually during the 1920s, from 6 per cent in 1920 to 22 per cent in 1929. This increase was only modest, but it was a clear trend of Romanianizing. The Romanian authorities succeeded in establishing a Romanian share of officials that was on parity with the Romanian share of the population in 1927. This means that they overcame the Romanian underrepresentation that was established during the dualist period.

The increase of Romanians in the administration was motivated by a reciprocity argument as well as security reasons. The security aspect was explicitly stated in a decree in 1923 regarding the share of ‘foreigners’ among firemen. The decree stipulated that the share of minorities should not be more than 20 per cent in order to avoid Hungarian irredentism. The vice-prefect reported that the instructions of the local fire station in Satu-Mare were written in Hungarian. This Hungarian orientation was therefore regarded as a security risk, as the Hungarian-speaking environment fostered irredentism.

The conclusion is that the leading administrative positions were taken over by ethnic Romanians and that the Romanianizing readressed the Romanian underrepresentation. Romanian authorities succeeded in establishing a Romanian share of officials that was on parity with the Romanian share among the population in the city.

The major obstacle for a faster Romanianization was the lack of educated Romanians. This trend entailed an elite mechanism that provided individuals with incentives to invest in Romanian ethnicity, but also forced a more pragmatic definition based on a linguistic criterion. Hungarian orientation became associated with irredentism and induced a development of suspicion and lack of trust. At the same time Romanian ethnicity was promoted, which provided the elite with economic and political possibilities, but divided society along ethnic lines.

117 România de Nord, 21 Mar. 1926, 1.
118 DJSM PMSM, Acte confidenţiale, 1923/11, 3-6.
119 Voînta poporului, 6 Apr. 1927, 2.
120 DJSM PMSM, Acte confidenţiale, 1933, 38.
121 DJSM PMSM, Acte confidenţiale, 1927/14, 30-5.
122 Livezeanu, Cultural Politics in Greater Romania, 171.
5.9 Ethnocracy

The Romanian government in Bucharest aimed at controlling the ethnic borderlands and imposed a system of prefects to rule over the counties. Since the Romanian takeover in 1919 all prefects in Satu Mare County were ethnic Romanians. The Minister of Interior appointed the prefect, who had the right to dissolve the communal and county councils. In addition he had also the right to dismiss the mayors. The prefect was therefore responsible to the government in the capital Bucharest and not to the local citizens.\(^{123}\) The powerful prefects used their power just as the prefects in dualist Hungary had done. They manipulated the elections in order to achieve wanted results in support for the elite in the capital.\(^{124}\)

The Romanian authorities re-arranged the administrative regions in 1925 in order to reduce the Hungarian majorities.\(^{125}\) Three counties (judeţi) with large shares of non-Romanian populations were modified in order to achieve a relative Romanian majority.\(^{126}\) Hungarian authorities in the dualist period had undertaken similar reforms.

In the political field the ethnic institutionalization of parties started in 1922 when the Hungarian Party was established; subsequently, German and Jewish parties were founded. The program of the Hungarian Party was to establish local political autonomy and to protect the rights of the Hungarians against the Romanianizing ambitions.\(^{127}\) A Romanian intellectual urged the Romanians to unite their struggle, as they were a minority in the city and had a vulnerable position near the border.\(^{128}\) The political system was thus ethnically divided in a similar manner as in Hungary during the dualist period, with minorities having their own parties.

In the Romanian parliament the minority parties were as marginalized as the Romanians had been in the Hungarian parliament. In 1922 and 1924 the Hungarians only received one and two MPs, respectively, representing 1.6 million inhabitants.\(^{129}\) The Hungarian Party never had any real political influence on the national level. Still, it had influence on the local level, e.g. through its representation in the city council of Satu-Mare.

\(^{125}\) Ibid. 488.
\(^{126}\) The share of non-Romanians before the reform was: Satu Mare 65 per cent, Bihor 53 per cent, and Sâlaj 38 per cent. After the reform a Romanian relative majority was established with a Romanian share of Satu Mare 46 per cent, Bihar 42 per cent, and Sâlaj 49 per cent. László Diószegi, ‘A romániai magyarság története 1919–1940’, in B. Barabás et al., eds, *Hetven év: A romániai magyarság története 1919–1989* (Budapest, 1990), 37.
\(^{127}\) Szatmári Hírlap, 21 Feb. 1922, 1-2.
\(^{128}\) *Satu Mare*, 29 July 1923.
While the Romanian state was in a formal sense a democracy, in reality it was an elite-dominated ethnocracy. The Romanian elite used the state to promote their own interest at the expense of the minorities. This undermined democracy and divided the political system along ethnic lines. The state became an instrument for the Romanian elite and was thus not serving the interest of all its citizens, which undermined the conditions of economic prosperity.

5.10 Conclusions

When the city of Satu-Mare was taken over by Romania the process of Romanianizing was launched from the first day. This takeover changed the ethno-national setting in a fundamental way, as the process of Magyarizing was replaced with a similar process of Romanianizing. The Romanian authorities applied similar methods as the Hungarian authorities had applied during the dualist period. Politics had been institutionalized as mainly serving the interest of the ruling national elite in Hungary during the dualist period, a feature that would continue during the interwar period in Romania.

However, there were three important differences between the Magyarizing in the dualist period and the Romanianizing in the interwar period. The first was that Magyar identity had been mainly defined in ethno-linguistic terms, while Romanian identity was based on ethnic origin defined by religious belonging. Inclusion in the Magyar category demanded a person learn the Hungarian language and declare this as the preferred language, while inclusion in the Romanian category demanded an assumed Romanian origin or a conversion of religion. However, it is important to note that in Satu-Mare a linguistic definition of Romanian ethnicity was also accepted for pragmatic reasons.

The main Romanian strategy in the interwar period was to replace the ethno-linguistic definition with a denominational definition in order to increase the share of Romanians and reduce the share of Magyars. The result was indeed an increase of Romanians; however, the Hungarian side accused the Romanians of falsified statistics just as the Romanian had complained of the Hungarians during the dualist period. The demographic share in each of the ethnic categories was a sensitive issue because of the new borders. However, the truth is that both sides used an ethnic categorization that served their own national economic and demographic interests.

The Romanian elite aimed at improving the demographic position of the Romanians by dividing the Magyar category into Hungarians, Germans and Jews. This strategy was shown in the case of the Swabian question, in which the Romanian authorities together with the Swabian elite encouraged Hungarian-speaking Germans to re-Germanize through the education system.
This shows that an interethnic competition mechanism operated in which the Romanian elite aimed at improving their own situation by dividing the Magyar category.

A second difference was that during the interwar period the Great Powers supported the enlargement of Romania in exchange for minority rights. In dualist Hungary the Law of Equality of Nationalities functioned as similar protection. However, the importance of international support and the role played by the League of Nations in monitoring the situation of minorities was new. Even though the Great Powers forced minority protections into the legal system of Romania, they were unwillingly to let the local populations in the ethnic borderland decide to which country they wanted to belong. Instead, the economic interests of the Great Power took the upper hand in awarding Romania large parts of the Hungarian and Romanian ethnic borderland.

A third difference was that in dualist Hungary a Magyar hegemony was established in which the private and the public sectors were completely Magyarized. These initial conditions with the subordination of the Romanians made Romanianizing a great challenge. Nevertheless, the Magyar hegemony was broken and the Romanian situation improved, resulting in a proportional ethnic representation in the public employment sector. However, in the political field, and especially regarding top political positions, the Romanians dominated completely. The ambitions and the trend of Romanianizing showed that the real aim was to replace the Magyar hegemony with a Romanian one. This was undermining the possibility of uniting all citizens in Romania and turning them into loyal citizens as they were regarded as foreigners.

The formal Romanianizing of the city of Satu-Mare was a relatively fast process. In civic terms Romanianizing was implemented in a formal way, as all civil servants became Romanian citizens. However, Romanian citizens with a Hungarian origin were not fully trusted and the Romanian elite aimed at replacing them with persons of Romanian origin in order to deepen the Romanianization. This indicates that a mechanism of low trust based on ethnic origin was operating. Even though Romanian citizens and those who spoke Romanian were considered better than other foreigners, a real Romanian had to have a Romanian denominational origin.

There were several methods and mechanisms operating in the ethnic borderlands of Romania that resembled the situation of the dualist period in Hungary. One important feature was that the tension between ethnic and civil definitions of citizenship continued. However, both Magyar and Romanian leaders promoted the ethnic and exclusive definition of national belonging, as the state was turned into an ethnically exclusive institution. In a similar fashion was equality between ethnic categories and non-discrimination guaranteed de jure, but the ruling nation was privileged de facto. Supporting the ruling nation and especially its elite took priority over establishing inclu-
sive institutions and protections against discrimination. Thus the informal social force of promoting ethnic Romanians was stronger than the interest to protect the rights of the minorities. This created a political instability that was detrimental for economic transactions.

Another feature in both the Hungarian and Romanian systems was that an elite mechanism was operating in which political power and economic returns were based on and instrumentalized ethnicity. Public resources were distributed to promote the ruling elite. This redistribution mechanism gave signals to invest in Romanian (previously Magyar) identity at the expense of the minorities.

In the changing of the guard in Satu-Mare the construction of ethnicity is clearly proved as former members of the Magyar elite redefined their identity by changing their names from Hungarian to Romania. The new leadership of Satu-Mare had been advocates of Magyarizing during the dualist period, supporters of the socialists’ ideas during the Hungarian republics, and promoters of Romanianizing during the interwar Romanian regime. These persons possessed the right ethnic attributes – fluency in Hungarian and an assumed Romanian origin – that enabled them to survive during the shifts of national regimes and instrumentalize their ethnic identity for maximizing their political and economic positions.

One can definitely assume that they in were indifferent in national terms, as they accommodated and profiled themselves depending on the national regime and context, which turned out to be successful. It is important to note that this option was not open for everyone. The stretching of a person’s identity had certain limitations, but the shifts among the elite from being hardcore Magyars to Romanians proves how ethnicity was instrumentalized for political and economic reasons.

The ethnic support and orientation of the Romanian state and public sector created a response by the Hungarian minority to obstruct Romanianizing just as the Romanian minority had done during dualist Hungary. This indicates that a chain-reaction mechanism operated in which the minorities organized their own political parties. The Romanian political system became ethnically divided to a similar extent as that of dualist Hungary, with dominant and influential parties governed by the national ruling elite and marginal minority parties without any real political influence.

Another similarity between dualist Hungary and interwar Romania was that the situation in the ethnic borderlands was decisive for national educational policies. The discrimination of the Romanian language and identity in the educational system of the dualist period motivated the Romanian authorities to improve the status of the Romanian language and the situation of the Romanian students. Thus, the promotion of the Romanian ethnicity was motivated by arguments of reciprocity. However, the Romanian leaders did not plan simply to equalize the situation between the ethnic categories, but
instead to replace the Magyar hegemony with a Romanian one. This ethnic favoritism reinforced bifurcation and divided the society along ethnic lines.

Despite the provisions and promises enumerated in international treaties and Romanian law, the minorities were marginalized in the ethnic borderlands as Magyar ethnocracy was replaced with Romanian ethnocracy. Even though one can argue that it was necessary to implement a positive discrimination in favor of the Romanians in order to implement ethnic equality and adjust for the discrimination from the dualist period, it was obvious from the centralizing of political power in Bucharest that the Romanian elite was not willing to share any real political power with the local minorities. This undermined democracy and divided the political system on ethnic lines.

Romanianization was thus based on the experience of Magyarization, something that has to be acknowledged by Hungarian and Romanian historians, who otherwise mainly only concentrate on their own sufferings. Politics in the ethnic borderland was almost completely focusing on ethnic shares and categorization in which mechanisms of inclusion and exclusion not only decided the chances of creating an inclusive society, but also decided the socio-economic status of individuals.

All in all, this shows how a mechanism of reciprocity operated and how entangled the political systems between dualist Hungary and interwar Romania were. The upside of this was a more equitable situation compared with the dualist period, at least regarding employment in the public administration. The downside was that several detrimental mechanisms were in operation: elite, low trust, redistribution, chain-reaction, interethnic competition, which all contributed and reinforced ethnic bifurcation.

The social and political criteria for creating sustainable economic growth in interwar Romania was not met. Even if the state imposed minority protection this was a formal provision that lacked a genuine and full support among all leading Romanian politicians. In reality, most Romanians believed that they should receive special support from the state at the expense of the minorities. The Romanian state lacked autonomy and did not serve all its citizens equally. In addition, there was a lack of commitment to create a social and cultural unity, even if a land reform had been implemented.

For example, the local Romanian cultural offensive program in Satu Mare was directed to divide the Magyar hegemony. It did not aim at replacing the ethnic Magyar culture with an inclusive civic Romanian cultural. Romanian ethnicity was based on a narrow denominational criterion which excluded large sections of the populations because of their religious belonging.

Romanianizing contained elements of local pragmatism of tolerance, but the detrimental mechanisms overshadowed those supporting inclusion and equality. The conclusion is therefore that the mechanisms associated with Romanianizing in the ethnic borderlands in the 1920s supported the creation of vicious circles. Still, the overall effects of these were not fully visible. The
economic consequences of these mechanisms and effects will be shown in the following chapter.

This chapter has contributed by showing how the Romanian rule in many ways was continuation of the Hungarian rule in the dualist period. It also provided insights of instrumentalization of ethnicity among leading members of the local elite. The foundation for ethnic nationalization was control of political power and in this sense was Satu-Mare Romanianized regarding the most important political positions even though the minorities were represented at the local city council. The ethnocratic character gave signals to invest in Romanian ethnicity, even though local conditions demanded a pragmatic and stepwise process of implementing Romanianization. Still, the direction of Romanianizing was undeniable and the early promise of local minority rule was replaced with Romanian ethnocracy. Ethnocracy gave the Romanian elite an instrument to Romanianize also the economic sector, which was mainly in Hungarian and Jewish hands.
The economy of the ethnic borderlands had been more or less Magyarized before 1919, as shown in chapters 3 and 4. This included agricultural land, which was mainly in the hands of large Magyar landowners. The aim of the Romanian leaders was therefore to remedy this economic subordination and to break Magyar hegemony. Romanianizing the ethnic borderlands was also necessary to secure the borders. In many places Romanians were in the minority, especially in the cities along the Hungarian-Romanian border.

The changing of the guard enabled a Romanian political and administrative control over public institutions. The peace treaties also gave the right of the Romanian state to seize former Hungarian state property and institutions. The Allies supported Romanianizing of the economy, using ethnic and economic reasons for awarding Transylvania to Romania. However, Romania was bound to respect legal provisions regarding minority protection, which included the respect of private property rights. The Romanian leaders therefore had to find indirect methods to Romanianize the economy.

The Romanian underrepresentation in the economic sector in the city of Satu-Mare in 1919 was significant, as the Hungarians and Jews (Magyars) owned all companies, banks, and other financial. In this respect Satu-Mare was no exception. In most cities in the ethnic borderlands, especially along the Hungarian-Romanian border, such as Oradea and Arad, almost all companies were in the hands of non-Romanians. One survey showed that ethnic Romanians owned only 3 out of the approximately 1,000 larger industrial companies of the former Hungarian territories.¹ This underrepresentation of Romanians made Romanianizing a major challenge.

The purpose of this chapter is to analyze the political economy of Romanianizing Satu-Mare between 1919 and 1930. The analysis involves the social mechanisms and methods of Romanianizing the economic sectors of banking, large industry and agriculture. Of special interest is to see how the Romanian elite utilized the political control over state and public institutions to pursue their ends. In other words, how was ethnocracy instrumental in Romanianizing the economy? The chapter will conclude with an examina-

tion of the economic effects of Romanianizing in the 1920s for the minorities and the economy in general.

6.1 Regulations and Control

In 1919 the new Romanian regime faced a number of economic problems in Transylvania, including the economic subordination of Romanians and the deep recession caused by the war and the Hungarian communist regime. In Satu-Mare the mayor requested additional funding from the Romanian National Council, as the city had a deficit of 1 million crowns. Another measure was to levy an additional surtax to balance the budget.

When the Romanian Council took over governance of the city they also imposed a regulated economy in which all prices were fixed. They requisitioned foodstuff and supplies from all companies. All workers were ordered to go return to their jobs, strikes were forbidden and martial law was imposed. Special permission was needed from the Romanian police for travelling outside the city.

In addition, the Romanian prefect of Satu Mare County declared that priority was given to strengthening the Romanian national economy, which was interpreted in ethnic terms by the minorities. The regulated economy during the first period enabled the Romanian leaders to promote the interests of the Romanians and especially their own private interests.

6.2 Strategies of Romanianizing the Economy

The peace treaties entitled the Romanian state to seize and nationalize former state-owned companies as well as companies owned by foreign citizens through a legislative process was known as nostrification. Nostrification legally enforces the transfer of foreign (former enemy-) owned property to wherever possible into domestic ownership, preferably into the hands of the ethnic majority whose interests the state chiefly represented. This was to be realized by the purchase of shares in enterprises and banks from their foreign

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2 Szamos, 17 Feb. 1920, 1.
3 DANIC, Consiliu Dirigent, Ad.tia jud. şi com., 1919/49, 10-14, 19.
4 Közélet, 1/1, 16 Mar. 1920, 2.
5 Közélet, 1/4, 19 Mar. 1920, 4.
6 Szamos, 26 Oct. 1920, 1.
7 Szamos, 26 Oct. 1920, 1.
9 Szamos, 17 Feb. 1920, 1.
owners. Nostrification was a first step of civic-orientated nationalizing, which enabled the Romanian administration to take control over important economic institutions. It was civic in the sense that it mainly aimed at transferring ownership of property from foreign to Romanian citizens.

While the Romanian administration completely nationalized former Hungarian state-owned companies, it could only temporarily seize those private companies which were owned by ethnic Hungarians or Germans opting for Romanian citizenship. Special inspectors were appointed for all large companies until the owners decided whether they would opt for Romanian or a foreign citizenship. This increased the administrative control of the Romanian Council and the Romanian leaders. However, the main issue was to find methods to Romanianize the private companies in an ethnic sense, i.e. to increase the share of the Romanian elite among shareholders, managers and staff in the private companies owned mainly by Jews and Hungarians.

The chief editor of the Romanian bank journal Revista Economică addressed this issue in mid-1919, only a couple months after the Romanian occupation. The journal was the main organ of the Romanian banks in dualist Hungary. It had claimed the banks were non-political and defended them against Magyarization and the accusations that they conducted anti-state activity. However, in the new Romanian national context the editors became instead advocates of using political methods to Romanianize banks and companies.

The chief editor claimed that the Romanian state and society should take responsibility for Romanianizing the companies: ‘The quicker the nationalizing of the industrial and commercial enterprises from here [Transylvania] is going to be completed, the sooner … Greater Romania will be consolidated from an economical point of view as well’. Furthermore, he stated that ‘today [these companies] are in foreign hands, Hungarian and German’. The term of ‘foreign’ referred both to the foreign citizens but also to the minorities in Romania. The nationalizing of these companies was not possible, he argued; he therefore suggested that new companies and banks should be established with the support of the Romanian state. The state should via a special bank provide ethnic Romanian companies and banks with favorable loans. This was an indirect method in which the Romanian companies would grow in relative terms in comparison to minority companies by receiving support from the Romanian state.

13 Ibid.
Using the Magyar past as an argument he claimed that ‘If our Romanian banks from Transylvania under Magyar administration with its terrorism managed to acquire a total capital of 100 million crowns, then it would not be surprising if in Greater Romania they would double or triple their capital’. Furthermore, the Romanians from the Old Romanian Kingdom (Regat) should join the Transylvanian Romanians in the struggle.\textsuperscript{14} This indicates that a mechanism of reciprocity operated in which Romanian bankers assumed the Romanian state would support ethnic Romanian companies as compensation for discrimination during the Magyar regime. The implication of the suggestion was an increased role of the state in the economy. It clearly showed that fair competition between Hungarian and Romanian banks was not even considered, and that the Romanians possessed a certain national right to receive economic support from the Romanian state because of their ethnic orientation.

6.3 Romanianizing the Banking Sector: Casa Noastră

During the dualist period the Romanians did not have a Romanian bank in the city, even though there were a few Romanian banks in Szatmár County. Preparations were made in 1913, but the Romanian bank (Salvator) was never established. In the fall of 1919 the mayor sent a request to the central Romanian Council to inform that the city was in need of a Romanian bank.\textsuperscript{15} At the same time, the Central Bank for Industry and Trade was established by the Central Council in order to support Romanian banks and industries. Thus, the strategy proposed by the Romanian bankers was implemented, as the state assumed responsibility for supporting Romanian banks and companies.

In December 1919, half a year before the border treaty was finally signed, the mayor invited a group of local Romanians to establish a Romanian bank in Satu-Mare. Several of them had been members of the Magyar elite during the dualist period, but subsequently Romanianized their names and utilized their assumed Romanian ethnic origin. They accommodated the Romanian national cause and became leading members of the new Romanian elite.

At the end of 1919 the bank had its statutory meeting and several local, top Romanian politicians bought shares in the company, including the mayor (Ferențiu), the prefects (Racoți, Barbul), the school inspector (Dariu Pop), a Romanian lawyer (Andrei Doboși), a Romanian consortium and a Romanian

\footnote{\textsuperscript{14} Ibid.}
\footnote{\textsuperscript{15} ‘Banca orasului Satu-Mare’, 18 Sept. 1919, DANIC, Consiliu Dirigent, Ad.tia jud. și com. 1920/94, 31-3.}
bank from Baia Mare (Casa Română). The new bank was called ‘Casa Noastră’, which means ‘our home’ in Romanian.\textsuperscript{16} The name itself revealed the Romanian claim of the disputed borderlands.

The bank received financial support through a large loan from a Jewish-Romanian bank in Bucharest, Marmorosch Blank, which in return received two places on the board of managers.\textsuperscript{17} Both the mayor (Ferenţiu) and the prefects (Barbul, Racoţii) were members of the board together with 3 other ethnic Romanians. These were the most influential Romanian politicians in the city and in Satu Mare County, thus reinforcing the strong ethnic and political connection.

Casa Noastră merged with Szatmári Kereskedelmi Bank (The Trading Bank of Szatmár), which faced economic difficulties because of the change of national regime. The manager of Szatmári Kereskedelmi Bank, a Hungarian-speaking Jew named Mór(ic)/Mauritiu Reiter Junior, had been working as a supply manager for the city in close contact with the founders of Casa Noastră, especially with mayor Ferenţiu and Octavian Papp. When the two banks were fused Reiter became a manager of Casa Noastră and his participation marked a mixed ethnic character of the bank.\textsuperscript{18} A majority of the managers were of assumed Romanian origin like Octavian Papp, who became the managing director, while the remaining two were Hungarian-speaking Jews.

Casa Noastră differed from the other Romanian banks in Satu-Mare County because it was not an exclusively ethnic Romanian bank, even though it was predominately Romanian because of its name, capital and majority of Romanian managers. Despite its somewhat mixed ethnic character – for example the annual report was given in both Hungarian and Romanian in up to 1922 – the shareholders and the prefect, Barbul, regarded it to be a Romanian bank.\textsuperscript{19}

Apart from Casa Noastră two other nationwide Romanian banks established branches in the city: Banca Românească and Banca Română. These establishments increased competition for the local Hungarian and Jewish banks, which generally lacked the political protection and support from the Romanian state.

In order to protect their interests the Hungarian banks established the Hungarian bank syndicate in 1922. Several Jews were also involved in this association, as they defined themselves as Magyars. In Satu Mare County all 20 ‘Hungarian’ banks became members; actually they were Magyar because Jews were included. The syndicate was similar to the Solidaritatea associa-

\begin{itemize}
  \item \textsuperscript{16} DJSM TJSM Dosare de firme, Satu Mare, 523, 1, 3, 9, 44.
  \item \textsuperscript{17} Ibid. 63.
  \item \textsuperscript{18} Aladár Várady and Géza Berey, eds, \textit{Erdélyi Monografia} (Satu-Mare, n.d. [c. 1934]), 423, 426.
  \item \textsuperscript{19} \textit{Satu Mare}, 17 Oct. 1926, 1.
\end{itemize}
tion of Romanian banks during the dualist period. The syndicate aimed at promoting Hungarian economic autonomy in Transylvania by providing Hungarian agriculture, industry and commerce with credits. The establishment of the syndicate institutionalized an ethnic division in the banking sector. The Romanian state supported the Romanian banks and the minorities organized themselves in separate institutions to substitute for the lack of state support.

Representatives of the Hungarian banks accused the Romanian National Bank of discriminating against the non-Romanian banks by providing mainly ethnic Romanian banks with cheap credits. The Romanian National Bank had certain requirements before providing a bank with credit, which included a Romanian bank certificate and having their regulations and book keeping in the Romanian language. These requirements were therefore administrative ways of Romanianizing the banks in a similar way as the Hungarian system had forced the Romanian minority banks in the dualist system.

The credit policy of the Romanian national bank favored Romanian banks, as they received credit anywhere from 300 to 700 per cent of their total capital, while the Hungarian banks received credit only up to 9 per cent of their total capital. The low flow of credit to the Hungarian banks forced them to rely more on their own financial resources. The loans provided by the Romanian National Banks were given with an interest rate of 6 per cent, while the market rate was around 40 per cent. This means that Romanian Central Bank provided Romanian banks and bankers with heavy subsidies worth millions of lei. The different treatment between Hungarian and Romanian banks was, according to one Hungarian, regarded as a ‘national gift’. Thus a redistribution mechanism operated in which public resources were distributed to the Romanian elite.

A second problem of the Romanian National Bank’s policy was that the inflation of the Romanian currency created an unstable monetary situation with high interest rates. In addition, the representative of the Hungarian bank syndicate requested that the bank should stabilize the Romanian currency. Many Hungarians had lost substantial values during the conversion from crowns to lei because the rate was set to two crowns for one leu, an unfavorable rate for Hungarians. As Hungarians in general possessed more assets

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23 Ibid.
than Romanians they lost more on this currency exchange than Romanians, on average.

The methods implemented to Romanianize the banking sector in Satu-Mare gave fast results. By the end of 1922 the Romanian share of capital and profit had increased from practically nothing in 1919 to about one third (see table 4).

Table 4 Banks of Satu-Mare City in 1922

<table>
<thead>
<tr>
<th>Bank</th>
<th>Rom.</th>
<th>Share capital</th>
<th>Total assets</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casa Noastră</td>
<td>1</td>
<td>10,000</td>
<td>63,932</td>
<td>1,756</td>
</tr>
<tr>
<td>Bancă de Scont și Comerț</td>
<td></td>
<td>10,000</td>
<td>133,462</td>
<td>2,294</td>
</tr>
<tr>
<td>Casa de Păstrare a Jud. Sătmar</td>
<td></td>
<td>6,000</td>
<td>29,271</td>
<td>693</td>
</tr>
<tr>
<td>Banca Română</td>
<td>1</td>
<td>3,000</td>
<td>13,513</td>
<td>216</td>
</tr>
<tr>
<td>Prima Casă de Economie din Sătmar</td>
<td></td>
<td>2,700</td>
<td>56,139</td>
<td>600</td>
</tr>
<tr>
<td>Banca de Cereale și Credit</td>
<td></td>
<td>2,500</td>
<td>38,724</td>
<td>427</td>
</tr>
<tr>
<td>Banca de Credit</td>
<td></td>
<td>1,000</td>
<td>13,918</td>
<td>152</td>
</tr>
<tr>
<td>Banca de Scimb si Comerț</td>
<td></td>
<td>100</td>
<td>825</td>
<td>22</td>
</tr>
<tr>
<td>Sum</td>
<td>2</td>
<td>35,300</td>
<td>349,784</td>
<td>6,160</td>
</tr>
<tr>
<td>Romanian share</td>
<td>25 %</td>
<td>37 %</td>
<td>22 %</td>
<td>32 %</td>
</tr>
</tbody>
</table>


This means that only 3 years after the establishment of the Romanian regime the Romanian ethnic share of the banking sector was equal to the city’s ethnic Romanian share of the population. Casa Noastră was the main contributor to this, as it succeeded in becoming the largest bank in the city during the first three years of operation. The bank succeeded in establishing and buying other important local companies, including the hotel Dacia (formerly named

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25 Based on calculations of total share capital, assets and profit of all banks in the city in which Casa Noastră and Banca Română were categorized as ethnic Romanian, see I. Teodorescu, ed., Statistica Societăților pe acțiuni din România în anul 1923 (Bucharest, 1924), 136-9.
Pannonia) and the cinema Urania. The most important of these was the wagon factory Unio, which received a state-contract with the Romanian Railway Company (Căile Ferate Române, CFR). This success was due to the involvement of several high-ranking Romanian politicians, the financial knowledge of the Jewish bankers and the bank managers’ political contacts and networks. In their annual report the directors of Casa Noastră thanked the Romanian National Bank (Banca Naţională) for the credit they had received.

Many of the Hungarian and Jewish local banks on the other hand faced economic difficulties because of the change of national regime, and some of them had to be liquidated or merged. One of them was Banca de Scont şi Comerţ / Szatmári Leszámitoló és Kereskedelmi Bank, the second largest bank in the city measured in share capital and the largest measured in total assets (see table 4). It was liquidated in 1923 together with the companies it owned, including a leather factory. Two other Magyar banks (Banca Populară din Sătmar and Banca Economică şi Industrială din Sătmar) were also facing difficulties, and merged with Prima Casă de Economie din Sătmar (The First Saving Bank of Sătmar) (see table 4).

Prima Casă de Economie din Sătmar was owned and founded under its Hungarian name, Szatmári Első Takarékpénztár, by the Hungarian nobility and some Magyarized Jews. In the mid-1920s one of the leading Romanian politicians, Teofil Dragoş, was invited to become the managing director of the bank. Dragoş had been Vasile Lucaciu’s economic adviser and bank manager at Aurora Bank in Baia Mare (Nagy-Bánya) during the dualist period. Leading Magyars had accused Aurora of being a Romanian irredentist bank and a Romanian garrison on the inner economic. However, eventually Dragoş gained the trust of the Magyars and even received a Hungarian noble title during the dualist period. Thus, The relationship between Dragoş and leading Magyars reveal an important aspect of pragmatism among the local elite.

Dragoş had established good relations with the leading Brătianu family in Bucharest, who were the leaders of the Liberal Party, when he negotiated...
financial support for Aurora in 1919 and 1920. Dragoș became the president of the Liberal Party in Satu Mare County. Later, after he became the prefect of the county, the Hungarian owners of the bank Prima Casă de Economie din Sătmăr invited him to become the manager and shareholder of the bank. His participation was crucial for the bank’s survival and position during the 1920s. By 1928 the management of bank was represented and mainly owned by ethnic Romanians and as none of the former local Hungarians of the bank had any formal position.

In 1927 the city’s largest factory, Unio, owned by Casa Noastra, received a 20-year contract from CFR. Both the company and the bank expanded and increased their share capital. In 1929 the board of managers of Casa Noastra included the Romanian political leadership of the city, including the mayor of Satu-Mare and the prefect of the county, but also former ministers from Bucharest, such as Mihai Popovici (1879–1966). The strong political connections ensured the success of the bank and provided the leaders with high incomes.

The expansion of Casa Noastra increased the Romanian share in the banking sector in Satu-Mare. In 1929 the share of Casa Noastra was 55 per cent, measured in share capital, and 70 per cent of the total profit from the local banking sector. This means that Casa Noastra had become the dominant bank and key financial institution in the city’s economy (see table 5).

The three Romanian banks benefitted from having high-ranking politicians in their board of managers. The importance of these political connections is clear, as together these three banks represented 62 per cent of the total assets and 76 per cent of all the profit from the local banking sector in 1929 (see table 5).

The conclusion is that a successful bank required Romanian political contacts in order to prosper, which shows how an elite mechanism operated. This fact is supported by the observations of an American committee, which claimed that control of the government and the Romanian Central Bank was essential for ‘obtaining business opportunities, positions and incomes’. Romanian political leaders directed financial resources from the state to their own banks. This redistribution mechanism enriched the Romanian elite at the expense of the minorities and their elites.

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33 Gustav Leonhardt, Compass: Finanzelles Jahrbuch 1930: Rumänien (Vienna, 1930), 430.
34 Satu Mare, 19 June 1927, 2.
35 Számtár város közigazgatási és szakkimtárá (Satu-Mare, 1929), 4.
36 Based on calculations on total share capital and profit. See Institutul de Statistică Generală a Statului, Statistica societăților pe acțiuni din România în anul 1930 (Bucharest, 1930), 227-32.
37 American Committee on the Rights of Religious Minorities, Roumania: Ten Years After (Boston, MA, 1928), 16.
The result in the city was that a Magyar banking hegemony was replaced with a Romanian one, in which the Casa Noastră took a leading position. This Romanianizing of the local banking sector was pragmatic: Jewish know-how became instrumental, and Romanian politicians became willing shareholders and managers in minority dominated banks. The more Romanian politicians that were represented in the bank the higher profit it yielded. Ethnicity and political contacts were rewarded in economic terms.

**Table 5 The Banks of Satu-Mare City in 1929–1930**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Rom.</th>
<th>Share capital</th>
<th>Total assets</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casa Noastră</td>
<td>1</td>
<td>50,000</td>
<td>694,948</td>
<td>15,136</td>
</tr>
<tr>
<td>Casa de Păstrare a Jud. Satu Mare</td>
<td>12,000</td>
<td>223,809</td>
<td></td>
<td>3,712</td>
</tr>
<tr>
<td>Banca Română</td>
<td>1</td>
<td>10,000</td>
<td>106,027</td>
<td>1,242</td>
</tr>
<tr>
<td>Banca Comercială</td>
<td>10,000</td>
<td>23,967</td>
<td></td>
<td>461</td>
</tr>
<tr>
<td>Prima Casa de Economie din Sătmar</td>
<td>5,000</td>
<td>26,409</td>
<td></td>
<td>68</td>
</tr>
<tr>
<td>Banca de Credit</td>
<td>2,000</td>
<td>70,437</td>
<td></td>
<td>842</td>
</tr>
<tr>
<td>Banca de Scimb și Comerț</td>
<td>1,000</td>
<td>6,900</td>
<td></td>
<td>121</td>
</tr>
<tr>
<td>Banca de Credit mărunț și Economie</td>
<td>500</td>
<td>4,677</td>
<td></td>
<td>53</td>
</tr>
<tr>
<td>Sum</td>
<td>1</td>
<td>90,500</td>
<td>1,051,147</td>
<td>21,635</td>
</tr>
</tbody>
</table>

**Romanian share**

|            | 38% | 62% | 71% | 76% |


### 6.4 Romanianizing Large Industry: Unio

Research on the nationalization of the Romanian economy in the interwar period has mainly focused on nostrification from civic-perspective. In the Romanian context this was a process in which Romanian companies, banks
and state took over foreign (mainly Hungarian) owned companies. In a formal sense many of the foreign – in civic terms – owned and state owned companies were indeed nationalized. However, the ethnic aspect of nationalizing has usually not been fully investigated. In this section I will show how the industrial sector was Romanianized in an ethnic sense by establishing new factories using political connections in a similar pattern as in the banking sector.

In the dualist period all large industries in the city were owned and managed by Magyars. During the war the industry was heavily affected by the economic crisis, as about half of the 20 industrial units had to close down. When the Romanians took over the city the remaining industrial enterprises received inspectors appointed by the Romanian National Council for a temporary period.

Romanian economic leaders highlighted the underrepresentation of the Romanian large industry and regarded as ‘an extremely important issue’ the need to Romanianize by strengthening the ‘Romanian element’. In order to remedy this situation a suggestion was made to establish a Romanian Economic Institute with the aim ‘to nationalize enterprises dependent on foreign capital from the liberated territories’. With the help of credit from this institute Romanian companies could either establish new companies or buy companies from foreigners. Foreigners in this context involved both non-Romanian citizens as well as those assumed of having a non-Romanian origin, in particular the Hungarian and Jewish minorities.

In 1922 the National Liberal Party came to power and advocated the economic doctrine of ‘prin noi înșine’ [on our own]. This policy had also been the guiding policy before the war and aimed at increasing Romania’s economic national independence. It involved an ethnic dimension with an anti-Semitic edge towards the claimed Jewish overrepresentation in the economy. The aim was to create national economic independence, to support the national industry and to create a strong Romanian middle class that could transform Romania into a modern state. Thus, they aimed at industrializing and Romanianizing the economy.

In 1924 the economist and politician Mihail Manoilescu – who later became a member of the board of Unio, the largest company in Satu-Mare (Unio), as well as a noted international theorist on economic nationalism –

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argued in a speech that the country had to unify its political interests in order

to create a national economy. He stressed that it was important to impose

equality for everyone and argued that those who used Romanianization

against the minorities were only doing this in order to monopolize the econ-

omy for their own purposes. This last comment was a critique of the Libe-

rals, who used arguments of Romanianization only as pretext to enrich them-

selves, according to him.

Manoilescu argued that Romanianization at the expense of the minorities

was detrimental for the economic development of the country. At this point

Manoilescu echoed the ideas of Oszkár Jászi and the institutional theory
given in the introduction.42 Manoilescu advocated a more equitable situation

in the ethnic sense by promoting ethnic Romanians without applying any
direct methods that would harm the unification of the economy. While his

view had limited support, it nevertheless reveals that there were indeed cur-

cents in Romanian political life that realized the importance of establishing

inclusive institutions for the broader interest of the country.

Ultimately, the economic interest of the Romanian elite took the upper

hand once the economic policy was implemented. This was similar to devel-

opments during the early dualist period, when after the experience of 1848

the Magyar leaders initially supporting the idea of inclusion and realized the

importance of unification. Manoilescu’s support for equality should there-

fore be understood in the context of the newly established Romania in which

a national unity was crucial for its survival.

The Romanian government led by the Liberal Party assigned a Special

Economic Commission the task of finding ways to Romanianize and nostrify

the economy. Nostrification concerned the seizure of property from ‘for-

eigners’ and its reallocation to Romanians, but because of the blurred cate-

gorization of foreigners as minorities and non-citizens, it also had an ethnic
dimension.43 Nostrification was sanctioned by the Peace Treaty of Trianon

and article 232 gave the Romanian state the right to take over foreign owned

companies and institutions in the annexed territories.44

In order to Romanianize the private companies the Romanian government

introduced provisions demanding companies have at least 3/4 Romanian
citizens on the board of directors and a minimum 2/3 of the shares in the

hands of Romanian citizens. Companies that did not fulfill these provisions

were classified as foreign companies and levied with higher taxes.

However, the right of former Hungarian citizens to apply for Romanian
citizenship made it possible for many ethnic Hungarians and Jews to cir-


York), 111.
44 Iván Berend and György Ránki, Economic Development in East-Central Europe in the 19th

cumvent nostrification. Through these provisions many Jewish and Hungarian families in Satu-Mare could maintain their companies by applying for Romanian citizenship.\(^{45}\) By becoming Romanian citizens, as they were entitled by the minority treaties, these minorities were given rights to become members of the board and shareholders. The only requirement was that they prove they had lived in the city before 1914.

One example of how a company circumvented Romanianization was the Hungarian- and Swiss-owned forest company Beltiug, which owned 10,600 cadastral yokes of land and forest. The company’s headquarters was in Budapest and its share capital was regarded as ‘enemy’ and therefore subject of nostrification. However, the company avoided this by establishing a Romanian company in which the owners invited Romanians on their board of managers, among them a secretary from the Ministry of Interior. Through this measure the company succeeded in maintaining 8,000 cadastral yokes, which was exempted from the general land reform.\(^{46}\)

The government gave the Economic Commission the administrative power to distribute certain licenses. A Hungarian report on the interwar period claimed that the Romanian governments used ‘administrative ways to nationalize’ the Hungarian companies.\(^{47}\) Indeed, political control of the regulated economy enabled Romanian leaders to promote their own political and private interests.

Another method of Romanianizing the industry was through a mining law introduced in 1925, which confirmed that all the country’s mineral resources were the property of the state and gave the state the power to grant mining concessions to companies.\(^{48}\) This included the mines of Baia Mare in Satu Mare County, which the state took over and subsequently awarded one of the largest companies in the county, Phonix, a concession to mine.

The primary method to Romanianize the ethnic borderlands was thus by establishing new companies and giving them state support. Romanianizing was first implemented by establishment of the Romanian bank Casa Noastră in 1921 when they established the industrial complex of Unio, which produced railway wagons. Unio won a valuable state contract with the Romanian Railway (CFR). Of course, Casa Noastră and Unio had high-ranking Romanian politicians – including the Minister of Finance – on their boards, which strongly contributed to their economic success.\(^{49}\)

\(^{45}\) DJSM TJSM Dosare de Firme, Satu Mare, dos. 846, 8.
\(^{47}\) Budapesti Kereskedelmi és Iparkamara, Erdélyi gazdasági sérelmek (Budapest, n.d. [c. 1940]), 2.
\(^{49}\) In 1928 Mihai Popovici was president of Casa Noastra and the former Minister of Finance, and A. Cottescu, chairman of the board of the Romanian Railway, together with the prefect of
Apart from Unio a second Romanian company was founded called Dac. This company produced ceramics and was owned and managed by same group of Romanians that owned Casa Noastră. Already in 1924 these companies became the two largest companies in the city, representing 45 per cent of all share capital and 58 per cent of all profit in the industrial sector. Thus, Romanianizing had broken the Magyar hegemony only a couple of years after the new political regime.

While these two Romanian companies expanded, the nearly 20 Hungarian and Jewish companies faced severe economic difficulties. In 1923 the Hungarian-Jewish mills of the city were in great difficulties because prices were fixed centrally, whereby the Regat (core part of Romania) profited at the expense of Transylvania. In Satu-Mare the prices were among the lowest in the country. The oldest mill in the city applied for funding from Hungary via the so-called Eastern Action (Keleti Akció), but it was denied. The Eastern Action was Hungarian homeland policy to support ethnic Hungarians in Romania to help them survive and prosper.

Consequently, the Hungarian mill went bankrupt in 1928 and the Romanian bank Banca Românească bought the mill and the remaining property. This case shows clearly how political control promoted the Romanian companies at the expense of the minorities. Competition among companies and banks was unequal, as the ethnic orientation or political contacts of these companies and banks determined their profitability.

In 1923 the Romanian government established National Industrial Credit Association (Societatea Națională de Credit Industrial) in order to promote Romanian industry. This credit was provided by the Romanian National Bank and gave favourable loans with low interest rates. In the same year one Hungarian-Jewish bank went bankrupt and several industries, among them a leather factory, had to close down. These Hungarian-Jewish industries and others had been promised credits by politicians from the Liberal Party, yet these credits never came through.

Satu Mare and the mayor of Satu-Mare. See Dezső Klein, *Érdélyi és Bánáti közgyzdasági lexikon* (Oradea, 1929), 31.

50 DJSM TJSM Dosare de firme, Satu Mare, dos. 614, vol. ii, 3.
51 I. Teodorescu, ed., *Statistica Societatâilor pe acțiuni din România în anul 1925* (Bucharest, 1925), 166-173.
52 Szamos, 30 Sept. 1923, 1.
53 MOL P 1077 Keleti Akció, vol. 6 1933-34, 287.
54 DJSM TJSM Dosare de firme, Satu Mare, dos. 943; Szamos, 8 May, 1927, 7.
57 Satu Mare, 29 Aug. 1923.
58 *Rendkívüli Ujság*, 14 July 1924, 1.
Loans from the National Industrial Credit Association accelerated the growth of ethnic Romanian industry, financing 12 per cent of all large manufacturing companies in the country, which represented 31 per cent of the total value of all industrial products produced.\(^59\) Thus the process of Romanianization involved about one-third of the total industry of the country.\(^60\) This means that a redistribution mechanism operated in which large sums of money were used for industrialization and Romanianization.

Minority firms were discriminated against when it came to state contracts. Romanian firms received the lion’s share of permits needed for import and export.\(^61\) These disadvantages of non-Romanian companies in the ethnic borderland resulted in a situation in which the companies in the Romanian Old Kingdom had three times higher profit on average than the companies in Transylvania.\(^62\)

A company’s ethnic Romanian character and its proximity to the political centre of the country were clearly awarded in economic terms. This indicates that an exploitation mechanism operated whereby the Romanian elite used ethnically based political control to increase economic returns at the expense on the minorities in the ethnic borderlands. The prerequisite for this was indeed ethnocracy. The outcome was detrimental for achieving fair competition and a dynamic industry and banking sector.

The Hungarian Party complained about Romanianization and the discrimination of non-Romanian companies and banks. Hungarian leaders claimed that they were regarded as ‘foreigners’ and demanded that the Special Economic Commission be dissolved.\(^63\) The ethno-national direction of Romania’s economic policy was highlighted by a foreign observer who argued in 1928 that the ‘The spirit of nationalism has been a determining factor in the country’s economic policy’. Furthermore, he claimed that international security aspects influenced this nationalistic policy, as the ‘extraordinary efforts made by Romania to keep the management of economic activity under national control is, in part at least, dictated by the fear of Hungarian penetration in Transylvania’.\(^64\)

In 1927 many companies in the city of Satu-Mare went bankrupt. As a sign of the economic difficulties, only 40 per cent of all taxes were paid by the companies.\(^65\) However, the factory Unio continued to expand, especially


\(^{60}\) Spulber, *The State and Economic Development in Eastern Europe*, 112.


\(^{63}\) Béla Hexner, ‘A gyáripar helyzete és főbb sérelmei’, *Gazdasági sérelmeink és ki-vánságaink*, ii (Kolozsvár, 1929), 82-90 (88-9).


\(^{65}\) Szamos, 20 May 1927, 7.
after renewing its contract with the Romanian Railway. Unio was one of the
main producers of railway wagons in Romanian; 25 per cent of all wagons
were produced in Satu-Mare. Both Casa Noastră and Unio more than dou-
bled their share capital (Unio from 20 to 50 million lei) as a result of the new
contract. However, new contract stipulated that the factory had to be moved
from the city within 4 to 10 years and that this move would be financed by
the state.66

Unio was very profitable, with dividends of 20 per cent from 1925 to
1930; its profits peaked in the years 1929 and 1930.67 The expansion of Unio
increased the Romanian dominance over the local industry, as Unio repre-
sented 59 per cent of all share capital and 85 per cent of all profits from the
city’s industrial sector in 1930.68 Another important industrial company was
the Princz factory, owned by a Magyarized Jewish family, which also suc-
cceeded to gaining a contract to repair locomotives for the Romanian Rail-
way. Even if the Princz factory had a relatively large share capital – the sec-
ond largest after the Unio – it was far from being as profitable as Unio (4 per
cent versus 23 per cent of dividends) (see table 6).69

This means that in 1929 – ten years after the change of national regime –
the industrial sector had been largely Romanianized, as industrial companies
owned and controlled by leading Romanian politicians accumulated the li-
on’s share of all profits. It was a sign of concentration as there were only one
large Romanian company. It indicates that state-involvement mechanism
was operating. This notion was further reinforced by the fact that the Roma-
nian companies relied on top political contacts and state contracts, which
indicates that a redistribution mechanism was operating in which public
means were used for enriching the Romanian elite and politicians.70

The former Magyar hegemony was replaced with Romanian hegemony in
which the Romanian elite dominated both the political and the economic
sectors. Romanian hegemony was achieved at the expense of the minorities,
who suffered in this transition, but it also removed fair competition between
banks and companies with different ethnic profiles. Members of the minority
elite could survive by nurturing political contacts and by accommodating the
Romanian regime at both the local and national levels, which indicates a
certain degree of pragmatism. However, in general, they could not achieve

66 Szamos, 19 June 1927, 8; ‘Augmentarea capitalului social al Fabricei de vagoane “Unio” şi
Satu-Mare 1928 (Satu-Mare, 1927), 87-8.
67 DJSM TJSM Dosare de firme, Satu Mare, dos. 528, 5; Gustav Leonhardt, Compass: Finan-
zielles Jahrbuch 1938: Rumänien (Vienna, 1938), 376.
68 Based on calculations from Institutul de Statistică Generală a Statului, Statistica societăţilor
pe acţiuni din România în anul 1931 (Bucharest, 1932), 569-73.
69 Ibid.
the same positions and economic rewards as the Romanian elite and their companies.

Table 6 Industrial Companies of Satu-Mare City in 1929–1930

<table>
<thead>
<tr>
<th>Industrial Company</th>
<th>Rom.</th>
<th>Share Capital</th>
<th>Total assets</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unio fabrică de vagoane</td>
<td>1</td>
<td>40,000</td>
<td>98,876</td>
<td>9,275</td>
</tr>
<tr>
<td>Frații Princz</td>
<td>15</td>
<td>37,701</td>
<td>707</td>
<td></td>
</tr>
<tr>
<td>A. Reiter</td>
<td>3</td>
<td>14,040</td>
<td>173</td>
<td></td>
</tr>
<tr>
<td>Prima fabrică de țigle și de cărămidă</td>
<td>3</td>
<td>11,470</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>Frații Weisz fabr tesat</td>
<td>2</td>
<td>5,270</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Forestieră Bélgiug</td>
<td>1,5</td>
<td>62,743</td>
<td>251</td>
<td></td>
</tr>
<tr>
<td>Fii Alexiu Markovits com. de spirt</td>
<td>1,2</td>
<td>8,830</td>
<td>261</td>
<td></td>
</tr>
<tr>
<td>Fabr. textile</td>
<td>1,0</td>
<td>1,969</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Presa Liberă</td>
<td>1</td>
<td>2,944</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>1</td>
<td>67,700</td>
<td>243,843</td>
<td>10,973</td>
</tr>
<tr>
<td>Romanian share</td>
<td>22 %</td>
<td>59 %</td>
<td>41 %</td>
<td>85 %</td>
</tr>
</tbody>
</table>


6.5 Romanianizing Commerce

Satu-Mare was an important trading centre and, through the railway, connected different parts of the county. Trade was heavily restricted from the Romanian take-over in 1919 until 1924. During this period new laws prohibited the import of competitive merchandise. After 1924 Romania imposed additional tariffs, which restricted foreign trade. Protectionism was regarded as the wonder weapon of economic nationalism by leading Romanian theorists such as Manoilescu.71 Foreign trade was also regulated, undertaken only

71 Berend, Decades of Crisis, 234-5.
by companies with special permits. Under these circumstances, the new border generated illegal trade, and smuggling became an important business in the city.  

For traders and craftsmen, Hungary’s industrial law from 1884 was valid in Transylvania, and new licenses were issued by the Romanians if taxes were paid. These licenses were bilingual and issued both in Hungarian and Romanian until 1922, after which they were only issued in Romanian.  

After the Romanian take-over all shops had to change their sign names to Romanian. In case they wanted to have a sign in a foreign language a special tax had to be paid. It was also forbidden to use Hungarian letters on products, as all labels had to be exclusively in Romanian. After 1923, if the bookkeeping was not executed in Romanian then a certain tax had to be paid. In this way a certain degree of Romanianization was implemented.

Before 1919 there were no Romanian traders in the city. Those established in the 1920s were heavily underrepresented throughout the period. When one of the first Romanian shops opened, a Romanian newspaper reported the event and encouraged Romanians to buy from there. In the Romanian bank journal all Romanian traders, craftsmen and lawyers were listed in the same fashion to encourage Romanians to use only them.

In 1924 a Romanian journalist noted that ‘The Romanian merchants are confronted with many difficulties today, just as in the past’. He reported that there were only ‘83 Romanian shops out of 6,213 in the county’. Furthermore, he noted that ‘there is no obvious progress in small industry and commerce as the cities have remained in the hands of the foreigners’.

Another Romanian observer commented that commerce was ‘exclusively in the hands of the Jews’. He urged that ‘Romanians from any part of the country should come here and undertake trade or industry, and the authorities and the governments must encourage them’ because ‘it is still the territory of our [Romanian] country.’

The reason for the lack of merchants in Satu-Mare was because they ‘faced difficulties’ because of ‘national feelings’ among the customers, according to a Romanian trader. Non-Romanians disliked the ‘colonization by

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75 Gábor Balás and Andrea Domokos, Erdély rövid jogtörténete 1947-ig (Budapest, 1991), 121.
76 ‘O întreprindere comercială românească’, Satu Mare, 30 Jan. 1921.
77 Revista Economică, 23 Dec. 1923, b1-b15.
78 A. Davidescu, ‘Judeţul Satu Mare’, Almanachul Judeţului Satu-Mare 1925 (Satu-Mare, 1924), 16.
79 ‘Negustori şi meseriaşi’, Satu Mare, 21 Feb. 1923, 1.
the Romanian merchants’ and made ‘use of any kind of dodderly, resorting even to competing by excessive prices’. Therefore he argued that ‘in the public interest and for the sake of commercial colonization of this region, it is desirable and we insistently demand the authorities to end these anti-national abuses’. Finally he noted that the biggest hotel, Hotel Dacia (formerly Hotel Pannonia), was led by a non-Romanian manager.80 This was a sign of pragmatism. Even though the hotel had been renamed ‘Dacia’ (after the Dacian and Roman provinces that covered Transylvania) in order to reinforce the Romanian claim on the ethnic borderland, a Hungarian manager was hired to run the hotel.

Another explanation for the lack of Romanian merchants was the lack of space to establish shops. According to a local Romanian intellectual, the Romanian merchants should be treated with certain privilege because ‘After the sacrifices made by the Romanian people for the realization of Greater Romania, we would prove a most unworthy nation if we did not strive from now on to re-conquer the position we lost in the economic field’. He anticipated that ‘this shameful situation of indigenous Romanians unable to obtain a shop location in this town will soon come to an end’.81

Demands were also made that Romanians should support each other as together they represented an ‘economic force’ at the border. According to this idea young Romanians should be sent to the cities to ‘dedicate a career in trade, which has to be Romanianized unconditionally’. If all Romanians would buy only from ‘honest and skillful’ Romanian traders, then the non-Romanians would be convinced of the economic power of the Romanians.82

Jewish and Hungarian traders complained about the restrictions on trade and demanded the restoration of free and non-regulated trade.83 Regulations on trade caused several shops and companies to close down, especially in 1924 and 1927.84 However, illegal trade flourished, especially with the export of cattle and alcohol and the import of textiles.85

This smuggling involved all ethnic groups, including Jews, Hungarians and Romanians, according to one Hungarian memoir.86 However, the Romanian prefect Barbul accused Jews of profiting from this illegal trade by using Romanian peasants as couriers. Barbul claimed that the ‘Jews get rich and

81 Hodișan, ‘Comercianți români fără localuri’, Satu Mare, 28 Mar. 1923.
82 ‘Reprezentăm noi Românii o forță economică aici la graniță?’, România de Nord, 21 Mar. 1926.
83 Szamos, 27 July 1923, 1; Someșul Nou – Uj Szamos, 20 May 1923, 3; ‘Transylvanian Small Trade Ruined by the Roumanians’, Hungarian Nation (1921), 19.
84 Rendkivüli Újság, 16 June 1924, 1; Szamos, 8 May 1927, 7; Ferenc Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’ (Budapest, 1953), 282.
85 Szatmári Hírlap, 3 Dec. 1928, 2.
86 Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 283.
the Romanians are ending up in prison’. He therefore suggested that the Romanian parliament ease regulations on trade in order to support the Romanians because the Jews had a monopoly of both the legal and illegal trading.\textsuperscript{87}

The conclusion is that commerce was partly Romanianized with the help of regulations and pressure, but during the 1920s a majority of the commercial companies in Satu-Mare remained in non-Romanian, mainly Jewish hands. One reason for the underrepresentation of Romanians in commerce was that the Romanian political elite was more interested in the banking and industrial sectors, where they more easily could use their control over public institutions to pursue their own interests. Another reason was that Jews dominated this business, had more experience, and relied on well-established routines and contacts. This shows how an intermediary mechanism operated in which Jewish identity became connected to commerce and trade. This reinforced an interethnic competition with increasing demands to use state regulations to promote Romanian commerce at the expense of Jews.

6.6 Land Reform

Researchers have previously regarded the land reform in Transylvania either as mainly motivated by social motives or mainly motivated by national considerations to redistribute the land to ethnic Romanians.\textsuperscript{88} I argue that even if the reform in the ethnic borderlands had a general social aim and provided land to people from all ethnic categories, it still gave much more land to Romanians than any other category. In practice it replaced a Magyar landowning elite with Romanian one, even though land was somewhat more equally distributed in interwar Romania than in dualist Hungary.

The promise of land reform in Transylvania was included in the Alba Iulia Declaration in 1919 in large measure to gain the support of Romanian peasants for the inclusion of Transylvania into Romania. The Hungarian peace delegation complained about the land reform in 1920 and stated that ‘under the pretense of social improvements’ the Romanian authorities took land from Hungarians and ‘conferred exclusively on Romanians, with the


\textsuperscript{88} Authors who have argued that the land reform was mainly social include Iancu, \textit{The Ruling Council}, 178; and Hitchins, \textit{Rumania 1866–1947}, 347-9. Other researchers argue that distribution was part of selective expropriation aimed at nationalizing. For this perspective, see Henry Roberts, \textit{Rumania: Political Problems of an Agrarian State} (New Haven, 1951), 39; Niall Ferguson, \textit{The War of the World: History’s Age of Hatred} (London, 2006), 168; Ivan Berend, \textit{Decades of Crisis: Central and Eastern Europe before World War II} (Berkeley, CA, 1998), 289; Rogers Brubaker, \textit{Nationalism Reframed: Nationhood and the National Question in the New Europe} (Cambridge 1996), 91.
sole aim of subverting the balance of races, and of their economic strength’.\textsuperscript{89} The Hungarian side therefore clearly perceived the land reform as part of the general aim of Romanianizing economic resources for the benefit of ethnic Romanians.

In the Romanian senate the land reform was debated in 1921. Confirming Hungarian suspicions about the aim of land reform, one senator stated that ‘if we want these areas to acquire a truly Romanian character, if we want to convert them into thoroughly Romanian districts, then we must give the Romanians possession of the land’. Furthermore, another senator claimed that ‘by the Transylvanian land reform are we not only rectifying a social injustice, but we are establishing the foundations for the rise of the oppressed Romanian element’.\textsuperscript{90} This means that the Romanian land reform in the 1920s was motivated by past Hungarian discrimination under the dualist regime, which shows that a mechanism of reciprocity was operating.

The land reform started in July 1921. The seized land in Satu Mare County was redistributed mainly to Romanians. Among those who received land, 71 per cent were ethnic Romanians, even though the Romanian element represented 53 per cent of the total population of Satu Mare County. Non-Romanians were under-represented in the land redistribution, especially the Jews (0.5 per cent Jews received land despite the fact that they made up 4 per cent of the total population).\textsuperscript{91} The overrepresentation of Romanians was also valid for the whole of Transylvania, in which 82 per cent of the recipients were ethnic Romanians.\textsuperscript{92}

However, the land reform was slowly implemented. In 1924 there were still 46 large estates with more than 200 cadastral yokes in the Satu Mare County. The delay created economic problems as large shares of land could not be cultivated in time. Another problem was that many poor peasants did not have enough financial means to invest in agricultural tools and machines. One Hungarian journal reported in 1923 that the reform had ‘not brought any general economic advantages’.\textsuperscript{93}

The re-distributed land of Satu Mare County included 45,000 cadastral yokes of land from the Hungarian Count József Károlyi and 14,000 cadastral yokes of land from Baron Vécsey. Parts of Vécsey’s property were distributed to 27 Romanian villages. Even if the Hungarians were underrepresented in the land reform, some Hungarians received land despite previously not

\textsuperscript{90} \textit{Monitorul Oficial} 1921, 69-73, ctd in Sándor Bító, \textit{The Nationalities Problem in Transylvania 1867–1940} (Boulder, CO, 1992), 382.
\textsuperscript{92} Sylvius Dragomir, \textit{The Ethnical Minorities in Transylvania} (Geneva, 1927), 114.
\textsuperscript{93} \textit{Szamos}, 3 Oct. 1923, 5.
possessing any land at all. Thus the land reform in general involved a degree of improving equality.

Several of Hungarian magnates opted for Hungarian citizenship and moved to Hungary, but desired to keep their holdings in Romania. However, after their land was seized in the land reform the Hungarian optants sent a petition to the League of Nations. They regarded the seizure of their land as a violation of the Peace Treaty’s provision that they could maintain their private property in former Hungarian territories. In the memorandum they argued that the land reform aimed at Romanianizing; such measures, they claimed, did ‘not serve any agrarian purpose but are designed to affect the economic ruin of the owners in question’. They denied that it was mainly large Hungarian landowners who were affected, suggesting instead that the Hungarian ‘victims are very numerous and they belong to all ranks’.

The compensation for the land was paid in non-transferable bonds at a price that corresponded to only 1 per cent of its real value; according to the petition, therefore, this was not ‘expropriation’ but ‘confiscation’. The Hungarian complaint also argued that there were differences in how the Romanian land reform was executed in Transylvania versus the Old Kingdom, as in Moldavia and Wallachia there was an upper limit to how much land could be redistributed while in Transylvania no such limit was set.

The Romanian newspaper Satu Mare regarded the Hungarian complaint as irredentism and reported that the ‘Hungarian magnates in Budapest are against democracy’. It furthermore claimed that the Hungarian peasants had no reasons to complain because they had also received land and had been given linguistic and cultural rights.

The Romanian delegation, led by diplomat and politician Nicolae Titulescu, defended the land reform in 1923. Titulescu claimed that ‘518 Romanian large landowners had faced the same destiny as the Hungarians ones’ and that there were only small differences between the regions; moreover, that those differences were motivated because of differences in the extent of arable lands. As well, he defended the ethnic dimension of the land reform and the preferential support for those Romanians who participated in the war: ‘We desired to increase the interest of the Romanian peasant...and to create a type of peasant-holding for a class of peasants whose interests we

97 Satu Mare, 11 July 1923, 1.
have at heart – namely those who fought in the war, war-orphans and widows’. 98

The Romanian delegation also argued that there were substantial ethnic differences, as Romanians in Transylvania owned on average one cadastral yoke while non-Romanians owned on average six. The principal cause of this was the ‘the spoliation of the Romanian population for the benefit of the great Magyar landowners,’ i.e. the former policy of economic Magyarizing during the dualist period. 99

The Hungarian side claimed that the consequence of the land reform was ‘to weaken the Magyar and correspondingly strengthen the Romanian element in Transylvania’. The Romanian side admitted this in principle, but claimed that the ‘real motive behind this campaign are the private interests of those who are presently in power in Hungary’, referring to the Hungarian optants, i.e. those Hungarians from the parts of Hungary ceded Romania who opted for Hungarian citizenship instead of Romanian.

The Romanian delegate claimed that ‘These families, far from seeking to protect the interests of Magyar minorities, are endeavoring to protect their own interests even to the actual detriment of peasants of Magyar nationality, who, like all others, will benefit by the agrarian reforms’. 100 The petition of the Hungarian optants dragged out and, in time, ‘fanned the flames of Romanian-Hungarian hostility’. 101 Eventually, the Hungarian and Romanian states concluded an agreement in 1930 in which Hungarian optants were reimbursed for their lost land. 102 The Hungarian large landowners with landed property in Romania could thereby receive compensation through the help of Hungary, which shows how transborder and elite mechanisms operated.

The Transylvanian reform had provisions for giving preferences to war invalids and families of those soldiers killed in the war, which were almost exclusively ethnic Romanians. One British expert concluded that ‘land was not given to those who could make the best use of it, but to those who suffered most in the War’. 103 Thus land was distributed on ethno-national merits.

In the city of Satu-Mare land was not only given to soldiers and their families but also to Romanian officials and officers; in total 8,223 cadastral

100 Ibid. 336.
yokes of land was re-distributed to 468 Romanians. Apart from individuals Romanian educational, cultural and religious institutions also received land from the city.\textsuperscript{104} While the Romanian churches, namely the Orthodox and Greek Catholic Churches, received lands, the minority churches, especially the Roman Catholic Church, lost parts of their lands.\textsuperscript{105} This clearly showed how ethnicity became influential in the redistribution of landed property in the city.

As a response to the Romanian land reform the Hungarian government launched a secret support program for ethnic Hungarians called the Eastern Action. The aim of the action was ‘to serve the economic interests of the Hungarians in Transylvania and support Hungarian landowners with credits’. Through a transfer from Hungary via an ethnic Hungarian bank in Cluj, two large landowners in Satu-Mare received large, favourable loans from Hungary in 1928.\textsuperscript{106} This was part of the Hungarian strategy to strengthen Hungarian institutions and resist Romanianization while waiting for border revisions and the re-unification of its lost territories with rump Hungary; however, the Eastern Action policy primarily supported members of the Hungarian elite. This reinforced a transborder mechanism in which the interests of the external homeland overlapped with the economic interests of the minority elite.

Even if researchers are divided in their view about whether the Romanian land reform was mainly social or national, most of them agree that it did not improve the standard of living for the majority of the peasants nor did it increase agricultural productivity.\textsuperscript{107} Thus redistribution of land was associated with substantial costs in which everyone paid a price. The result of the land reform in Satu-Mare was that the Magyar hegemony was broken and that the Romanian share of land increased, albeit at the price of reduced productivity and large parts of land uncultivated. The redistribution of land was not professionally implemented and thereby the agricultural output fell.

In equality terms the ethnic support to Romanians was motivated because of the structural inequality that the Hungarian regime imposed during the dualist period. However, the primary aim of the Romanian regime was not to make land possession equal, but rather to redistribute land to those who deserved it best from an ethno-national point of view. Thus the social argument was mainly used as a pretext to undermine Magyar hegemony. In reality land was reserved and redistributed mainly to support Romanian ethnicity, even though it made land possession somewhat more equally distributed.

\textsuperscript{104} Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’, 252-3.
\textsuperscript{105} Dulgău, ‘Aspecte ale aplicării reformei agrare din anul 1921 în judeţul Satu Mare’, 423, Miklós Endes, \textit{Erdély három nemzete és négy vallása autonomiájának története} (Budapest, 1935), 497.
\textsuperscript{106} MOL P 1077 Keleti Actio, vol. ii, 429, 640.
\textsuperscript{107} Hitchins, \textit{Rumania 1866–1947}, 353; Mitrany, \textit{The Land & the Peasant in Rumania}, 569
6.7 Colonization

Researchers have previously highlighted the use of colonization as a method of consolidating the new Romanian borders.\(^{108}\) I will support this and show that the Romanian colonization of Satu Mare was a method of direct economic support to ethnic Romanians aiming at Romanianizing villages. However, it did not achieve the expected outcome.

When land reform was undertaken in the 1920s large parts of lands (around 25 per cent) remained in government custody. In 1923 the Romanian minister of agriculture declared ‘we must keep the confiscated areas in Transylvania, from the Timiș-Torontal through Arad, to Satu Mare, to enable us to resettle those Romanians who live abroad or on our Alps, because I feel that they alone, representing the cradle of Romanian nationalism, are entitled to this land’.\(^ {109}\)

Land was therefore expropriated in Satu Mare County for colonizing purposes. Around 20,000 cadastral yokes were expropriated from large Magyar landowners and re-distributed to ethnic Romanians moving to colonies and villages near the border.\(^{110}\) On an initiative from Dariu Pop, the local school inspector of Satu Mare, a colony called Lucăceni was established near the Hungarian-Romanian border with Romanians from Vasile Lucaciu’s village, Șișești.

The Romanians from Lucaciu’s village were regarded as trustworthy from a national point of view, as they had been under the leadership of the famous national leader and priest who had passed away in 1922. They had also suffered from the Magyarizing policies during the dualist period. These 176 families were awarded 10 cadastral yokes each, 348 cadastral yokes of common pasture and 50 cadastral yokes of forest.\(^ {111}\) The landed property was expropriated from Hungarian landowners and gave the Romanian families an economic opportunity to improve their situation. The colonization combined the social, economic and national ambitions of the Romanian leaders.\(^ {112}\)

In Horea, another colony established in 1924, Orthodox Romanians came from other parts of Transylvania, including Cluj and Turda.\(^ {113}\) In total 5 ‘Romanian nests’ were established along the border with around 200 families; each family was given 16 cadastral yokes from the land of Hungarian magnates.\(^ {114}\) The colonization movement received support from the Agricul-


\(^{110}\) Tudoriu, ‘Reforma Agrară în jud. Satu-Mare’, in A. Davidescu, ed., *Almanachul Județului Satu-Mare 1925* (Satu-Mare, 1925), 16-9, 17.

\(^{111}\) Ioan German, *Plasa Carei, jud. Sălaj* (Carei, 1937), 52, 67.

\(^{112}\) *România de Nord*, 1 Dec. 1925, 3.


\(^{114}\) ‘Cuiburi românești’, *Satu Mare*, 20 July 1924, 1
tural Ministry, which according to the local newspaper was willing to ‘spend large sums of money on colonization’.\textsuperscript{115}

In 1925 Romanian Prime Minister explained that the ‘western border of Romania was bad’ because it was not a ‘natural or racial frontier’ and therefore it had to be improved by colonization.\textsuperscript{116} Around this time the Romanian government launched a program of internal colonization. Out of 111 colonies established along the Hungarian-Romanian border, 19 of these were established in Satu Mare County, with two in the proximity of the city of Satu-Mare.\textsuperscript{117} In total, 703 colonists received 13,805 cadastral yokes by 1938.\textsuperscript{118}

The program was not a total success, as Romanians became denationalized in some villages, as in Lazuri near Satu-Mare. Having moved into Hungarian-speaking villages, the colonizers were unable to maintain their Romanian language. Instead, they accommodated by learning and using Hungarian.\textsuperscript{119}

Another problem was that land expropriated for colonizing purposes remained uncultivated. In 1923 the Hungarian agricultural journal \textit{Gazdák Lapja} complained that around 3,000 cadastral yokes of land was not in use; it argued that regardless if the land reform and the colonization was motivated from a ‘racial, national or social point of view’, in reality it was nothing but ‘suicide’ and a catastrophe.\textsuperscript{120} Romanian nationalists and supporters of the policy made similar complaints, arguing that the Romanian colonists were given land yet did not receive any capital to be able to work the land. ‘Instead of being our element of resistance, most of them have become the element of misery’, remarked Vasile Scurtu about the plight of the colonists and the mismanagement of the reform. Many Romanian colonists were therefore compelled to sell their land, which, according to Scurtu, was bought primarily by Jews and Hungarians.\textsuperscript{121}

Colonization as a Romanianizing method was relatively expensive and certainly more difficult than anticipated. Land had to be reserved and then the most suitable Romanians for working the land and adapting to the new environments had to be identified and relocated. The colonization scheme shows that a redistribution mechanism was operating, in which Romanian ethnicity was promoted. However, the effects were limited and the colonizers had always good argument to receive more support. This reinforced the

\textsuperscript{115} Satu Mare, 3 Aug. 1924, 1; ‘Hungarian Ambassador to the Foreign Ministry’ in I. Romsics, ed., \textit{Magyarak kisebbségebén és szórványban} (Budapest, 1995), 172.
\textsuperscript{116} Szász, \textit{The Minorities in Roumanian Transylvania}, 62.
\textsuperscript{117} Victor Jinga, \textit{Probleme fundamentale ale Transilvaniei} (Brașov, 1945, repr. 1995), 371.
\textsuperscript{118} S. Dărâmuș, ‘Situația coloniilor și starea coloniștilor din județul Satu-Mare’, \textit{Brazda}, 2/1, 1938, 8-12, 10.
\textsuperscript{119} Ibid. 11.
\textsuperscript{121} Vasile Scurtu, \textit{Probleme naționale la granița de vest} (Bucharest, 1937), 17.
ethnic division in society and made Romanian colonizers a privileged category of citizens at the expense of the minorities.

6.8 Ethnic Economic Support System

All ethnic categories in the city received financial support based on an ethno-national basis. The Romanian associations and churches received relatively more support from the Romanian state and the local authorities than did the minorities, especially the Jews, who were the most discriminated against.\(^{122}\) Even if the Romanian state argued that they were not discriminating against the minorities it was obvious that the minorities received less than ethnic Romanian on average.\(^{123}\) One example was the state support for associations and cooperatives, in which the Romanian citizens received higher state support per capita than the minority citizens.\(^{124}\)

Another example was state support to churches to some counties of Transylvania, in which Romanian churches received 66 per cent of all support despite the fact that the Romanian followers constituted only 24 per cent of the population.\(^{125}\) This was also the case in Satu-Mare as Romanian (Orthodox and Greek-Catholic) and Hungarian (Protestant and Catholic) churches received the same amount of support in 1928, but if we compare the share per capita the Romanians received much more. The Jews were the most discriminated against, as they did not receive any support. The Romanian state supported the erection of Romanian churches (Greek-Catholic and Orthodox) in Transylvania as a way of Romanianization. Around 500 Romanian Greek-Catholic churches were erected through public means in Transylvania between 1920 and 1940.\(^{126}\)

Instead of financial support from the Romanian state, the Jewish community in the city received support from the American Jewish Joint Distribution Committee.\(^{127}\) It supported the building of a Jewish hospital in the city and house of Jewish apprentice’s home.\(^{128}\) It also supported the establishment of a Jewish credit co-operative in 1926. A report by the Committee claimed that 'Jewish merchants were completely cut off from their former markets in

\(^{122}\) DJSM PMSM 1920-28/4, 114-15.
\(^{124}\) Rózsa Nádas, Szövetkezetek Erdélyben (Budapest, 1940), 10; MOL P 1077 Keleti Akció, vol. ix, 1934-5, 864.
\(^{125}\) Magyar Kisebbség (1933), 463-5; LON Archives, R 3898, 1933–1947: 4/30204/335.
\(^{126}\) American Committee on the Rights of Religious Minorities, Roumania, 97.
\(^{127}\) Samu Fekete, A szatmári zsidó kórház 1937–1942 (Szatmárőr, 1942), 15.
Hungarian cities, currency was fluctuating and the prices of the necessities of life had risen beyond the reach of the so-called well-to-do.\(^{129}\) The Jewish community also relied on their own resources and organized a ritual bath, sport club and handicraft association, even if they were divided along Orthodox and Zionist lines.

The separate Jewish hospital was established because of the difficulties faced by Jews in state hospitals, where Jewish doctors could not find positions and Jewish patients could not maintain their rituals.\(^{130}\) Anti-Semitism was a growing issue for the Jewish population during the 1920s. Anti-Semites had thrown stones at one of the synagogues in Satu-Mare in 1923.\(^ {131}\) In 1923 Alexander C. Cuza (1857–1947) established the National Christian Defence League (Liga Apărării Național Creștine, LANC) with an anti-Semitic program. By contrast to their situation in the dualist period, the general situation of the Jews under the Romanian regime had deteriorated.

One Romanian intellectual denied any anti-Semitic movement and claimed that the discrediting of Romania as a state and society hostile to the Jews only served irredentism directed from Budapest.\(^ {132}\) However, the violence increased. In Moldavia pogroms occurred in 1925 in the towns of Piata neamț and Foçșani. In Transylvania a pogrom took place in 1927 in Oradea after the fascist organization Legion of the Archangel Michael (Legiunea Arhanghelului Mihai) held a congress, for which they received a subsidy by the Ministry of Interior. Five synagogues were wrecked and Torah scrolls burned in public squares. After that riots spread all over the country.\(^ {133}\)

Zionists supported the re-colonization of Palestine and in Satu-Mare Zionists established a local branch of the Transylvanian Jewish National Association (Erdélyi Zsidó Nemzeti Szövetség) in 1926. The organization attracted funding for buying land in Palestine and to Hebrewize Jewish institutions in Satu-Mare, including schools and kindergartens. In 1930 a Zionist conference was held in Satu-Mare, with several Zionist youth organizations represented in the city.\(^ {134}\) These initiatives were partly supported by the Romanian authorities, the aim being to dissimilate Jews from Magyar category.\(^ {135}\)


\(^{130}\) Fekete, *A szatmári zsidó kórház 1937–1942*, 4-5.


\(^{132}\) Carorman, ‘Mișcarile antisemite’, *Satu Mare*, 2 Jul. 1924, 1.


Hungary gave support to ethnic Hungarians in Romania, mainly through Hungarian churches and schools. This kind of economic support compromised a significant part of the Hungarian state budget. As previously mentioned the Hungarian government launched a secret state-led operation called Eastern Action. Through this scheme the Hungarian government even supported Hungarian landowners and industries in Romania through a Hungarian bank in Transylvania. The noble Teleki family for example, was given 150,000 pengő worth of credits in order to resist the Romanianizing trends. One of the Hungarians in Satu Mare, Sándor Nagy, received 100,000 lei for taking over Lajos Károlyi’s glass factory (he never paid back his loan and a lawsuit was filed against him). Another Hungarian magnate (Csaba Adorján Domahida) from Satu Mare received a loan in 1929 of 14,000 US dollars. The ‘Eastern Action’ policy mainly supported the Hungarian elite in Transylvania, who through their contacts in Budapest took personal advantage of Hungary’s revisionistic aims.

In 1934 the Romanian local newspaper *Graniţa* revealed the Hungarian action as ‘sensational’, concluding that members of the Hungarian ethnic party received financial support from Hungary. The strong economic and ethnic ties between Hungary and the ethnic Hungarian leaders in Romania caused a further deterioration of political relations between ethnic Hungarians and ethnic Romanians in Romania.

The conclusion is that a system of ethnically based support that was established before the First World War continued through the interwar period. Both the Hungarian and Romanian state redistributed public money based on ethnicity and supported the ruling nation in their respective countries as well as their co-nationals in neighboring countries. The ethnic support system was institutionalized and reveals how a transborder mechanism was operating. This fundamental principle in which the state supported its own ethnic category at the expense of the minorities reinforced ethnic bifurcation. The exclusion of minorities from state support created incentives for minorities to establish separate ethnic economic institutions such as banks, companies, associations, and co-operatives. The Romanian state became in reality a discriminatory state that used public money to support Romanian ethnicity. This undermined the creation of social and cultural unity and the support of loyal citizens.

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137 MOL P 1077 Keleti Akció, vol. 6, 1933-34, 289, 304. In 1927 the pengő replaced the crown as the Hungarian unit of currency.
138 MOL P 1077 Keleti Akció, vol. 6, 1933-34, 288, 329, 344.
139 Ibid. 318, 335.
6.9 Economic Development

Romania’s general economic development during the 1920s showed signs of moderate improvement. Initially the First World War created negative economic effects on the development, but from the mid-1920s Romania had recovered to pre-war levels. In Satu-Mare half of all large companies had to close down during the war, but by the end of the 1930s the city had almost 40 large companies. Transylvania had been one of the least developed areas in Hungary, but compared to other parts of Romania it was relatively developed. Up to 1929 the city’s development was improving. The total assets of the local banks had increased by 70 per cent in real terms from 1922 to 1929. The lion’s share of this capital increase came from Romanian banks.

Greater Romania was more agrarian and less industrialized than was dualist Hungary. Though Szatmár County was part of the less developed areas of dualist Hungary, in interwar Romania it was turned into an industrial zone. The program of nationalist industrialization grew and profited the industrial sector, but on the other hand it hindered the agrarian sector by milking it of its resources. The result of the land reform indicates that production and productivity declined. For example, productivity in the eastern part of Hungary (including western parts of Szatmár County that remained in Hungary) was higher (index of 79) compared with western Transylvania (index of 51).

If we compare the city’s industrial employment in the pre-war and interwar period it was reduced from 53 per cent in 1910 to 50 per cent in 1930. The number of large companies had on the other hand increased from 16 in 1910 to 39 in 1930; however, the population during this time increased from 34,000 to around 54,000. This indicates that the economy of the city had developed moderately compared to the pre-war period.

The strategies to Romanianize by establishing new Romanian banks and industries brought capital and investments into the local economy. In this way, Romanianizing improved economic development. However, the price

142 My calculation of total assets valued in deflated prices regarding banks and joint-stock companies in Satu Mare 1922–1929, based on figures published in *Statistica societăților anonime din România, 1923, 1930*.
144 Verdery, *Transylvanian Villagers*, 274.
147 Sabin Manuilă, ed., *Recensământul general al populației României din 29 Decembrie 1930*, vol. x (Bucharest, 1938), 716.
of this Romanianization was high, as only one-third of all companies (both small and large firms) established before 1919 managed to survive under the new regime.\textsuperscript{148} Thus two-thirds of all companies – all owned by Magyars – were forced to close down. This structural change following the new Romanian regime promoted Romanian ethnicity at the expense of the minorities. This was visible both in the large industry and banking sectors, as one Romanian bank and the two Romanian industrial companies dominated their respective sectors by producing the lion’s share of all profits.

The priority of industrializing and Romanianizing was successful from the perspective of the Romanian elite. However, living standards for the common people remained low. Even if many Romanians received land, they often lacked the means to cultivate it. The result of Romanianizing was that it enriched the Romanian elite at the expense of the minorities and the Romanian peasants. This conclusion is supported by Mariana Hausleitner’s research on another part of the ethnic borderland, Bukovina. Hausleitner has correctly concluded that nationalism transformed from a ‘means of modernization to a substitute for modernization’, and that Romanianization did not achieve any general prosperity.\textsuperscript{149} Romania suffered from a redistribution crisis in which the state was milked by the elite. The heavy focus on industrializing the Romanian economy was only a pretext for receiving state support.

6.10 Conclusions

The results from this chapter show how Romanian leaders succeeded in breaking the Magyar economic hegemony by using the political power of the Romanian state to control and influence public and private institutions. By the end of the 1930s the share of Romanian banks in the banking sector had gone from zero to 76 per cent as measured in profits, and from zero to 71 per cent as measured in total assets. Among large industrial companies the Romanian factory Unio accounted for 85 per cent of all profits. Companies with top ranking Romanian politicians were thus the most profitable in the city. The difference was outstanding. Even though some minority companies managed to survive, a majority of were forced to close. This undermined equal and fair competition among companies and banks, resulting in politicized economic transactions. It was obvious that profit was linked with connections of top ranking politicians.

\textsuperscript{148} Ibid.
\textsuperscript{149} Mariana Hausleitner, ‘Romanization of the Bukovina, 1918–1944’, in B. Murgescu, ed., \textit{Romania and Europe} (Sibiu, 1999), 84-92 (90).
The main method of Romanianizing was the state-assisted establishment of new banks and new industrial companies. The Romanian elite promoted these companies by using the state and the Central Bank, which provided them with favourable loans, state contracts and trading permissions. The common denominator for a successful business was to have as many high-ranking Romanian politicians on the board as possible, as was the case with Casa Noastră bank and the railway wagon factory Unio.

Ethnocracy enabled the Romanian elite to channel public money to their own companies via the state. This clearly shows how a redistribution and elite mechanism operated in which Romanian ethnicity and in particular the Romanian elite gained both in political and economic terms. Incomes were also redistributed from the ethnic borderlands to the Regat and to the political centre of the country in Bucharest, which indicates that an exploitation mechanism operated.

A minor Romanianization was implemented in the commercial sector and among craftsmen. However, in these fields Romanianization was not as successful as in the large industrial and banking sectors. Romanian authorities imposed restrictions in the commercial sector to reduce foreign trade, which negatively affected the trade in the city. Still, the Jews maintained a dominant position in the commercial field, indicating that an intermediary mechanism operated in which Jewish identity was associated with trade and commerce.

While land reform had both social and ethnic motives, the ethnic motives overshadowed the social ones. Land was distributed primarily on the bases of national merits, like being a soldier in the Romanian army, instead on social needs or the capability to cultivate the land. The reform in Transylvania was directed by a reciprocity mechanism aiming at improving the situation of the ethnic Romanians and to remove the hegemony of the Magyar large landowners.

One example of this was that large shares of land were seized from the Magyar landowners and preserved for colonizing purposes. The result was a breaking of Magyar hegemony at the expense of production and productivity. Romanian peasants who received land lacked financial resources and know-how to cultivate the land efficiently. The cost for this redistribution was a lower agricultural output, which affected everyone.

Hungarian members of the large landowning families from Satu Mare County opted for Hungarian citizenship; with the support of the Hungarian state they could receive reimbursements for their lost estates. The Hungarian elite that remained in Romania could apply for money from Hungary to support their companies and maintain their land. This shows that a transborder mechanism operated which supported Hungarian ethnicity in general and the Hungarian elite in particular.

The exclusive support of the Romanian state for Romanian enterprises incentivized minorities to establish separate economic institutions. Just as the
minority Romanians had done in the dualist period, so too did the Hungarian
minority establish their own bank syndicate in interwar Romania. The ethni-
cally based economic support system continued in both countries, whereby
the ruling nation used its political control over public institutions to pursue
national interests while also supporting co-nationals in neighboring coun-
tries. The minorities had to rely on their own institutions with support from
their respective external homelands.

Even if the banking and large industrial sectors had been Romanianized,
these Romanian institutions were far from purely Romanian in an ethnic
sense. For example, the Romanian bank Casa Noastră had Hungarian-
speaking Jews on the board of managers. Romanianizing was thus underta-
klen with a certain degree of pragmatism to adjust for local circumstances. The
instrumentalizing of ethnicity enabled members of the minority elites to ac-
commodate to the new economic and political realities of Greater Romania
and ultimately to reap some of the economic benefits.

On the one hand, state support for new Romanian banks and companies
discriminated against the minority companies, which in turn had detrimental
effects on the country’s economic development. The state supported Ro-
anian enterprises and discriminated against minorities in order to reward Ro-
anian ethnicity in economic terms. Romanian ethnicity was defined in
exclusive terms, presupposing that all Romanian Orthodox and Greek Cath-
olics in Transylvania were ethnically Romanian by origin. For peoples of
other rites and faiths assimilation was therefore difficult, especially for the
Jews. Industrialization and Romanianization overlapped and involved a large
transaction cost, which was financed with public money at the expense of the
minorities and the agriculture.

On the other hand, state support for Romanian companies provided the
city with new companies and employment opportunities for everyone, even
for minorities, which promoted economic development in general. Roman-
ianization created a duality in the economy with a few Romanian state sup-
ported companies competing with several smaller companies owned by the
minorities. This made the economy more dynamic and competitive and ex-
plained the moderate recovery of the city during the 1920s at least in com-
parison with the crisis that marked the city’s development during the last
years of the First World War and the following turmoil.

However, the problem was that the Romanian leaders were not interested
in imposing equality or inclusive institutions. Instead they worked in their
own interest and with the aim to replace the Magyar hegemony in the Trans-
sylvanian economy with a Romanian one. The cost in economic terms was
that public money was used for promoting banks and large industrial compa-
nies owned by the Romanian elite. The result was that the economy became
more dependent on the state and political support.

The full negative impact of ethnic tensions and bifurcation was balanced
against the moderate economic growth since the Romanian takeover. Still,
this gave small hopes for a sustainable long-term virtuous circle based on non-discrimination and equality. Instead, several mechanisms (ethnocratic, redistribution, reciprocity, exploitation and intermediary) ensured vicious circles with increased ethnic division and exclusion coupled with less favourable conditions for economic growth.
7. Romanianizing Intensified: Satu-Mare City
1930–1936

During the 1920s the economic development of the city of Satu-Mare had caught up to pre-war levels and improved since the crisis following the Great War. However, in the beginning of the 1930s the Great Depression hit the city’s economy profoundly. The Great Depression started with the collapse of agrarian prices in 1929, to which the Romanian Government responded by imposing protective tariffs. Incomes were dramatically reduced, with salaries decreasing by over 50 per cent between 1929 and 1933.\(^1\) The unemployment rate reached an all-time high. In Satu Mare County alone, 11,000 people became unemployed.\(^2\) One of the consequences of the Great Depression was the triumph of the principle of nationality, which reinforced the self-contained national economy.\(^3\)

The economic depression further increased the demand to intensify Romanianization and increase the ethnic edge. Romanian leaders argued that ethnic Romanians were underrepresented in all-important sectors in the ethnic borderlands, but especially among free professions (like lawyers, journalists etc.), traders and craftsmen. Radical nationalists demanded a legal enforcement of ethnic proportionality, even though such measures would violate constitutional rights and the principle of equality. Romanian politicians tried instead to find ways to promote the employment of ethnic Romanians without direct discrimination. This chapter will therefore focus on the methods the Romanian authorities used to intensify Romanianization, especially in the labor market and in the public sector, in the context of the Great Depression.

The international political context of the 1930s’ Europe was marked by a drift towards the extreme right, with the rise of the Nazis in Germany and fascist movements in several European countries. Romania was no exception to this rightward drift, as fascist and extreme nationalist parties gradually increased their influence. These parties were convinced that the socioeconomic problems were caused by the minorities and advocated methods to

\(^1\) Anton Drăgoescu, ed., *Istoria României: Transilvania*, ii (Cluj-Napoca, 1999), 968.
\(^2\) *Szamos*, 16 July 1930, 1.
\(^3\) E. J. Hobsbawm, *Nations and Nationalism since 1870: Programme, Myth, Reality* (Cambridge, 1990), 131, 133.
limit their participation in the economy in order serve their own short-term political and economic interests.

The question of revising the border from the First World War became a pressing issue for all of Europe. Hungary increased its revisionist efforts by using propaganda and international political pressure. The ethnic borderland in Transylvania, and especially the Satu Mare region, was highly contested because of the large share of Hungarians living there. Romanian leaders therefore supported an intensified Romanianization in order to secure the borders.

7.1 Census of 1930

Romanian statisticians had criticized the 1920 and 1927 local censuses in Satu Mare County and the results were not regarded as trustworthy, especially not by the minority leaders. In 1930 and with the support of the League of Nations the first Romanian national census was undertaken that met international standards. The census imposed a complex criterion system including nationality, native language and religion.\(^4\)

The census reported that Satu-Mare had a population of 51,495 inhabitants. The share of different nationalities, based on self-declaration, showed that the city had a relative majority of Hungarians (43 per cent), while Romanians were the second largest nationality (32 per cent) and Jews the third (21 per cent). In linguistic terms the Hungarian majority was even larger, as 59 per cent declared Hungarian as mother tongue (Magyars), while only 27 per cent Romanian.\(^5\) This means that 16 per cent declared Hungarian as mother tongue, but declared another nationality (around 10 per cent as Jewish and 5 per cent as Romanian).

In religious terms 33 per cent of the city’s population declared that they belonged to Orthodox and Greek Catholic Churches, which were defined by the Romanian Constitution as Romanian religions. This was slightly more than the share of Romanians by nationality because there were also some Hungarians who belonged to the Greek Catholic Church.\(^6\) Thus, a decade of Romanianization policies had yielded the maximum demographic representation of ethnic Romanians.

The Hungarian government’s way of defining ethnicity was based on the declared native language. From its perspective the city had an absolute Mag-


\(^6\) Ibid. 718.
yar majority of 59 per cent based on their reinterpretation of the 1930 Romanian census data. This provided them with a strong argument to claim the city on ethnic grounds as they regarded the city to be essentially Magyar.

The Hungarian minority journal concluded that, compared with the last Hungarian census of 1910, exactly 36,426 Magyars had been Romanianized, 27,716 Germanized, and 10,474 Judaized in Satu Mare County. The result of these trends was that a 60 per-cent Romanian majority was established in the county. This was mainly achieved by introducing a new way of defining ethnicity by replacing the ethno-linguistic definition with a self-declared nationality which most perceived in denominational terms, by making Jews a separate category, and by encouraging people with Swabian origin to define themselves as Germans and not Magyars.

The census showed that regarding occupations the Romanians were overrepresented among peasants (45 per cent of the Romanians were peasants compared with 32 per cent of the total population) and civil servants (53 per cent) and underrepresented among industrial workers (21 per cent), in the financial (18 per cent) and commercial sector (9 per cent) in Satu Mare County. The Hungarian nationality was also overrepresented among peasants (50 per cent of the Hungarians were peasants compared with 43 per cent of the total population), but even more among the industrial workers (53 per cent). Jews remained overrepresented in the financial (38 per cent compared to 21 per cent of the total population) and even more in the commercial sector (68 per cent), according to the census.

After the census was taken the Romanian local authorities of the city made a confidential report on the ethnic situation in Satu-Mare. It concluded that the Romanian element was under the threat of de-nationalization because of the dominance of the Hungarian language. Furthermore, it reported that Romanians declared themselves as Romanians even though they did not speak the Romanian language.

Furthermore, it was reported that the Romanians were overrepresented among peasants and significantly underrepresented among all free professions. Among traders and craftsmen there was almost a complete lack of Romanians. The report argued for the need to ‘encourage the co-operation of the Romanian element in industry, production and in the agricultural field’.

A suggestion was made in the report made to establish a large industry to employ Romanians, as 50 per cent of the unemployed from Unio were Romanians. Furthermore, it claimed that the Hungarians had isolated themselves and organized separately. The minority press discredited ‘all that is Romanian’, and declared that the minorities would struggle against all na-

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7 Magyar Kisebbség, 1937, 315.
9 DJSM PMSM, Acte confidenţiale, 1931/31, 33-4.
10 Ibid.
tionalizing operations. According to the report, the Jews were divided into two fractions. The large category of Orthodox Jews had good sentiments toward the Romanian state. A smaller group of Jews were connected to the Hungarian Party and declared a Hungarian nationality in the census.11

The ethnic interpretations of the census clearly show how ethnicity was instrumentalized from Romanian and Hungarian points of view to serve their political and economic interests. Still, the Romanians were a minority in the city, but succeeded in gaining a majority on the county level. The taking of the census served as a report on the ongoing Romanization and as input for an intensified Romanization. The underrepresentation of Romanians in the economic sector increased the demand of state involvement and an intensification of the Romanization.

7.2 Politics Ethnicized

Romanian leaders had implemented a political system in the 1920s in which the most important political positions in the ethnic borderlands were held by ethnic Romanians, such as the mayor and the prefect. Still, the Hungarian Party had some influence on local politics through their representation in the city council of Satu-Mare. A certain degree of pragmatism during the 1920s had relieved ethnic tensions in the political field. This pragmatism included a co-operation among elite members with various ethnic identities and origins, including leading Romanians. Also for pragmatic reasons the Hungarian language was tolerated in the public sector.12

However, after the Great Depression and the census in the beginning of the 1930s this pragmatism was criticized. One Romanian politician claimed that the Romanian National Peasant Party (Partidul Naţional Țaranesc), which came to power in 1928, had ‘sold the county and city of Satu-Mare to the Hungarians’. The Peasant Party had decentralized the administration by giving the local councils more power, thereby increasing the influence of the Hungarians.13

The fact that the Hungarian language was used as a semi-official language in the local administration was also criticized. Romanian leaders were suspicious that Hungarian revisionism had spread among civil servants and the public. The Hungarian leaders on the other hand claimed their right to use Hungarian in the local administration and referred to the Alba Iulia declara-

11 Ibid.
12 Gyula Tankóczi, Satu-Mare város tükre (Satu-Mare, 1936), 13; Szamos, 1 Feb. 1930, 1; Szamos, 23 Feb. 1930, 1
tion. They even proposed that the Hungarian language should be recognized as an official language in the city, but the Romanian leaders rejected this.\textsuperscript{14}

The Hungarian Party complained with the assistance of the Hungarian government to the League of Nations. In 1930 they sent a general petition in which they listed all their grievances. One of the major complaints regarded the Romanian land reform, which they claimed ‘was not primarily undertaken for economic motives, but for national aims’. This was evidenced by the Romanian government’s preservation of more than 300,000 hectares in the ethnic borderlands, mainly for colonizing purposes.\textsuperscript{15}

The mayor of Satu-Mare, who during the 1920s had represented a pragmatic Romanian leadership, reported in 1930 about the urgent ethno-national problems in the city council of Satu-Mare. He claimed that it was impossible to organize the city council because ‘the Socialists and the Hungarians were united in a common front against the Romanians’. He reported that the Romanians were in the minority and held only 12 seats out of 39.\textsuperscript{16}

Based on the mayor’s report the prefect decided to dissolve the city council of Satu-Mare in December 1930.\textsuperscript{17} This marked a new period of intensified Romanianization, which was a clear break with the former pragmatism and relative trust between leading members of the Hungarian and Romanian elite.

An Interim Commission replaced the city council for a short period in 1930–1. One Hungarian member of the city council complained that the commission used all its money for ‘chauvinistic’ reforms, i.e. to promote Romanian ethnicity.\textsuperscript{18} The economic support for Romanian ethnicity at the expense of the minorities was more visible in the context of a major economic recession, which increased ethnic tensions.

In order to secure Romanian power on the city council a new election system was imposed in 1931, which gave the Romanians a majority (41 versus 39).\textsuperscript{19} The Romanian parties also unified their political interests under ‘a Romanian bloc’. It aimed at defending the Romanian national interest at the border by increased Romanianization, with the slogan of ‘Romania for the

\textsuperscript{14} DJSM Primaria, Acte confidenţiale, Report 11 Apr. 1933, 1933/37 60; România de Nord, 29 May 1929; Satu Mare, 13 Apr. 1930, 3.

\textsuperscript{15} ‘A romániai kisebbségi magyar nemzet politikai, kulturális és közgazdasági helyzetképe a genfi kongresszus előtt’, Magyar Kisebbség (1930), 609-38.

\textsuperscript{16} DJSM PMSM, Acte confidenţiale, Report 23 Nov. 1930 by Ferenţiu, 1930/28, 61.

\textsuperscript{17} Ibid. 60.

\textsuperscript{18} Szatmári Népszava, 1/11, 1931, 2.

\textsuperscript{19} Szatmári Népszava, 1/8, 1931, 2.
Romanians’. Prefect Barbul argued that the minorities had to ‘accommodate to the moral and material interests of the [ethno-] nation’. In 1933 the Romanian government re-installed the Interim Commission and the city lost its local autonomy as it became a permanent institution. The government appointed Romanian nationalists such as Ștefan Benea and Vasile Scurtu. Scurtu, who was appointed as the vice president, was very critical of the lack Romanianization of the city since the 1920s. The Commission therefore regarded the continued Romanianization, especially in the public sector, as its most important task.

The minority parties questioned the legality of this political institution and demanded seats on the Commission. Eventually only one minority member was appointed out of 12 in 1933. In a city where the Romanians were in minority this was far from an equal representation in ethnic terms. This reinforced Romanian ethnocracy and removed democracy, de facto. Thus, an ethnocratic mechanism operated that was triggered by the economic and political context marked by recession and ethnic tensions.

The local minority press described the political development as a ‘struggle between nationalities’, in which the aim of the leading Romanians was to discredit the minorities by all means. The main political agenda of the minority parties was to defend their interests against Romanianizing.

Progressive Jews organized themselves in a separate party (Partidul Evreiesc) and openly supported Zionism. The majority of Jews in Satu-Mare, who were Orthodox, were represented by their religious leaders, including the Hasidic Satmar Jews lead by Rabbi Joel Teitelbaum, in all matters, even concerning economic and administrative issues. One example of this was when the Interim Commission issued a decree in 1934 obliging all shop owners to open on Saturdays, a measure aimed at Romanianizing the commercial sector. However, the Orthodox Jewish leadership succeeded in receiving an exemption enabling the Jewish shops to remain closed on the Sabbath, as they always had done.

The Hungarian Party leader Elemér Jakabffy claimed that the Romanians aimed at destroying the Hungarian middle class by imposing atrociously
high taxes on Hungarian traders and craftsmen. In addition he claimed that ‘pure Hungarian-owned banks and industrial companies were forced to employ people [Romanians] with no experience or competence, and these people received profit only because they were part of the government network or were canvassers and born as Romanians’. The Hungarian Party therefore aimed at defending the ‘economic rights of the Hungarian middle class’ against this trend of Romanianizing.\textsuperscript{28} This shows how a chain-reaction mechanism operated in which the intensified Romanianization was met with increased ethnic consciousness and unification of political interests among the minorities.

The strong connections between the Hungarian Party and the Hungarian bank association unified the national and private interests of the Hungarian elite. One Hungarian journalist, György Ferenczy, repeatedly criticized the leaders of the Hungarian Party in his own newspaper \textit{Kimondom} [I speak up]. He claimed that the Hungarian leader Elemér Gyárfás was ‘the first-class enemy of the Hungarians of Romania’, as the Hungarian Bank Syndicate only served Gyárfás’s ‘private economic interests’.\textsuperscript{29} Ferenczy correctly pointed to the fact that the Hungarian minority elite used ethnicity for protecting their own business.

Socialists also complained about how the Hungarian and Romanian elite focused on the ethno-national issues for their own interests at the expense of the peasants and the unemployed workers. In his novel \textit{A változott viszonyok miatt}… László Baradlai, a Magyarized Jewish socialist from Satu-Mare, described the situation of a typical village in the 1930s:

Four thousand people live here. Half of them are Romanian peasants and the other half are Hungarian. All of them are poor. They do not care about the nationality question. The only things they care about are their empty stomachs and misery. The village has a few and ragged Jews.\textsuperscript{30}

Baradlai’s lines pointed to the common socioeconomic problems of the ordinary people during the Depression and how the ‘nationality question’ was the luxury and source of income of the ethnic elites.

The Hungarian Party received about one-quarter of the total votes in Satu Mare County in 1928. During the 1930s, however, that share was reduced, and in the last free election in 1937 the Hungarian Party only received 14 per cent, which means that most Hungarians did not vote for the party.\textsuperscript{31} Romanian leaders called the Hungarian Party the ‘Magnates party’ because, they argued, the party only protected the interests of the large Hungarian land-

\begin{itemize}
  \item \textsuperscript{28} Szamos, 12 July 1932, 1-2.
  \item \textsuperscript{29} Kimondom, 12 May 1934, 1.
  \item \textsuperscript{30} László Baradlai, \textit{A változott viszonyok miatt}… (Satu-Mare, 1933), 68.
  \item \textsuperscript{31} Magyar Kisebbség, 1938, 36.
\end{itemize}
owners.\textsuperscript{32} To a certain extent this was true because the Hungarian party was closely connected with the Hungarian government, within which several ministers had private economic interests in receiving back landed property they lost in the Romanian land reform.

Clearly the Hungarian Party attracted mainly the elite and the middle class. In 1934 the workers and peasants organized themselves separately in a socialistic Hungarian workers’ party called the Union of Hungarian Workers of Romania (Magyar Dolgozók Országos Szövetsége, MADOSZ). The political landscape was thus primarily divided on ethno-national lines and secondarily on social-class lines.

The conclusion is that the ethnicization of politics increased in the beginning of the 1930s, after a period of pragmatic Romanianizing and the onset of the Great Depression. The Romanian government increased ethnocracy at the expense of minority influence. This shows how state involvement and ethnocratic mechanisms reinforced each other. The minority opposition was divided in ethnic and social terms, which indicates that an elite mechanism operated. This enabled the elite to live both off and for an ethnic stance. Ethnicity was defined to support the economic and political interests of the elites.

\subsection*{7.3 Revisionism and Anti-Revisionism}

The border between Hungary and Romania was disputed during the interwar years; the strip near Satu-Mare was highly contested in particular because of the large Hungarian share of the population. Hungary’s foreign policy aim to revise the Trianon Peace Treaty received international interest and support. One of the most well-known campaigns was launched in 1927 by Harold Harmsworth, 1st Viscount Rothermere, better known as Lord Rothermere (1868–1940). Rothermere, the British newspaper mogul who maintained strong personal and political interests in Hungary and, during the 1930s, advocated a policy of appeasement toward Nazi Germany and territorial revisions across Central Europe, claimed that the situation in Romania’s ethnic borderland threatened the peace in Europe:

\ldots lying immediately outside her existing frontier are two compact blocks of Hungarians, numbering about 600,000 people. Considerations of a strategic railway were mainly instrumental in securing the transfer of this population to Rumania. Matters of such insignificance must not be allowed to keep the war-spirit alive in Central Europe.\textsuperscript{33}


\textsuperscript{33} Viscount Rothermere, ‘Hungary’s Place in the Sun’, \textit{The Daily Mail}, 21 June 1927.
Rothermere also used economic arguments and claimed that the contested border was a burden for Romania on the international credit market. Romania would therefore benefit in economic ways from a revision of the border. Rothermere had personal interests in this campaign and was even proposed to take the crown of Hungary. Still, this campaign was observed by the Romanian newspapers in Satu-Mare and strengthened the Romanian conviction about the mutual revisionist interest of the Hungarians in Hungary and Romania.

In 1927 the Hungarian Revisionist League (Magyar Revizios Liga) was established with the aim to attract support for the Hungarian cause. As part of an international propaganda campaign Iván Komoróczy, the former prefect of Szatmár County, wrote The Mutilated County of Szatmár. Komoróczy claimed that the ‘Hungarian race’ stood on the same level as the ‘West’. He used ethnographic and historical arguments for the right of the Hungarians to receive back their lost national territory.

Furthermore, he wrote that ‘A frontier determination of this kind can have nothing but a destructive effect. While it ruined us, it made Romania none the happier’. These arguments resembled the core arguments used by the Hungarian delegation at the Peace Conference in 1919–1920. The assumption was that the sources of the region’s economic problems were the new borders and the Romanians’ cultural characteristics, i.e. their inferiority.

In 1933 British support for a Hungarian revision of the borders reached its peak when 161 members of the British Parliament signed a document demanding the Treaty of Trianon be revised ‘so that the Kingdom of Hungary shall have restored to it those parts of its former territory that are essentially Hungarian’. However, the British Foreign Office produced a lengthy critical report on the issue. The Foreign Office report noted that emigration to Hungary from Transylvania was considerable and that the ‘Magyar population’ in Transylvania consisted of a significant Jewish population, which was regarded as distinct national minority by the Romanian state. As well, in the Satu-Mare region lived a large Magyarized German minority (Swabians), which the Romanian state supported in re-Germanizing. Thus Hungarian claims about the demographic significance of its lost territories – and thus the justification for their return – were in some ways misleading.

Furthermore the critical report concluded that the Hungarian objections to the Romanian land reform were mainly driven by the ‘feudal rule of the Magnates of Budapest’. Finally, the situation of the Hungarians in Transyl-

34 Ibid.
35 Viitorul Sătmarului, 1 Sept. 1927, 1.
36 Iván Komoróczy, The Mutilated County of Szatmár (Budapest, 1933), 2, 13.
37 NA FO 371/16783, 156.
38 Ibid. 38-41.
39 Ibid. 38-41.
vania was not as bad as Hungarian propagandists generally made it appear, as the ‘Hungarians are allowed to use their language in their church and schools – which they are also permitted to maintain; their press enjoys a sometimes quite remarkable freedom of speech – at times almost bordering on the treasonable; Magyars are to be found amongst the employees in the state and public services’.40

The campaign itself did not result in any border revision but did contribute to the deterioration of Hungarian-Romanian relations. Nicolae Titulescu, the Romanian representative at the League of Nations in Geneva, explained that ‘Hungarian propaganda in England and its exaggerate claims have merely aroused hostility here [in Romania], and made it far more difficult for Romania to admit the idea of any frontier revision, however slight’. Furthermore, he claimed that ‘The antagonism between the Romanian and Magyar elements in Transylvania and elsewhere will certainly be intensified’.41

The consequence of the increased revisionism was that the Romanian side established an Anti-Revisionist League (Liga anti-Revisioniste, LAR) in December 1933. One of LAR’s primary tools was to fight revisionism with Romanianization. The local branch of LAR in Satu-Mare argued that ‘foreigners [minorities]’ dominate the economy of the city.42 The local leadership of the LAR was represented by the vice mayor, the prefect, and two of the leading bank managers, including Octavian Popp from Casa Noastra and the manager of Banca Româneasca.43 Several of the members worked in the public sector as civil servants or at the railway.44 They had therefore economic and national interests in intensifying the Romanianization of the economy.

The first anti-revisionist meetings were held at the end of May 1933. Subsequently, meetings were regularly arranged in the city with the support of Romanian authorities.45 According to a Romanian newspaper 20,000 people joined the meeting and people screamed ‘we don’t want any Hungarians here – counts, go to Budapest!’46 Romanians established anti-revisionist newspapers in Satu-Mare whose political agenda was an explicit anti-revisionism in opposition to the assumed irredentism among Hungarian newspapers, and whose aim was to protect Romanian interests at the border. These anti-revisionist newspapers included *Granița* [The Border], established in April

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40 Ibid. 42.
41 Ibid. 186.
43 DANIC: LAR 387/1933-34, 342.
45 *Szatmári Újság*, 7 July 1933, 2, *Szatmári Újság*, 26 Sept. 1934, 1; *Granița*, 4 Dec. 1934, 1; Octavian Ardelean, *In Serviciul Patriei* 1933–1937: Dare de seamă asupra realizărilor înfăptuite în județul Satu-Mare (Satu-Mare, 1938), 272-3.
46 *Gazeta Sătmarului*, 3 June 1933, 1.
1934; *Gazeta* in 1935; and *Frontul* [The Front] in 1935.\(^47\) In the first issue of *Frontul* the prefect of Satu-Mare promised ‘a systematic’ action for the Romanianization of the city.\(^48\)

The largest demonstration arranged by the Anti-Revisionitic League in Satu-Mare took place in 1934 at the unveiling of the statue of Vasile Lucaciu, ‘the lion from Șişești’ (see picture on frontpage). Lucaciu had been the member of the Romanian National Party during the dualist period and struggled for the rights of the Romanians (see chapter 2–4). Members of the Romanian government and high-ranking clergy from the Romanian churches took part, as did civil servants and Romanian colonists.\(^49\) Romanian sources claimed that as many as 50,000 people participated.\(^50\)

In connection to the demonstration Vasile Scurtu, one of the leading Romanian nationalists of the city, summarized the main national problems in a publication entitled *Probleme naționale la granița de vest* [the national problems of the western border].\(^51\) Scurtu was both the general secretary of the Anti-Revisionist League, a high-school teacher and the vice president of the Interim Commission governing the city of Satu-Mare (effectively the city’s vice mayor).\(^52\) His status therefore made the publication not a merely an intellectual pamphlet but also a political program for the coming years.

The publication was directed against Hungarian revisionism. Scurtu claimed that the best way to defend the border was to strengthening ‘Romanian identity’ through every possible means. This problem had been ignored during the last 18 years and ‘it was time now to wake up’ in order to ‘answer the restless hydra from Budapest’.\(^53\) Scurtu suggested that all villages should build Romanian churches, regardless of the number of Romanians, because otherwise the Romanians were under pressure of being Magyarized.\(^54\) He suggested building Romanian kindergartens, schools and cultural houses in all villages and to suspend all minority schools in the border zone.\(^55\)

Regarding the economic sector he claimed that the large industry was in the hands of ‘foreigners, whose sun rises and sets in Budapest’. Scurtu argued that the only solution to the border problem was the complete nationalization of the border zone for security reasons, just as Czechoslovakia had done along its border with Hungary. Furthermore, he claimed that ‘If we are

\(^{47}\) *Granița*, 8 Apr. 1934, 1/1; *Gazeta pentru afirmare românească*, 1 Dec. 1935, 1/1; *Frontul*, 17 Jan. 1935, 1/1.


\(^{49}\) Ardelean, ‘*In Serviciul Patriei*’, 273.

\(^{50}\) Drăgoescu, ed., *Istoria României: Transilvania*, ii, 1379.

\(^{51}\) Vasile Scurtu, *Probleme naționale la granița de vest* (Bucharest, 1937).

\(^{52}\) Adalbert Joláthy and Fransic Kövári, *Industria și comerțul municipiului Satu-Mare: város ipara és kereskedelme Lexicon* (Satu-Mare, n.d. [c. 1936]), 26.


\(^{54}\) Scurtu, *Probleme naționale*, 9-10.

\(^{55}\) Ibid. 11-4.
economically enslaved we cannot call ourselves masters of this land’.56 Regarding the low share of ethnic Romanian tradesmen and craftsmen, Scurtu suggested that ethnic Romanians should receive public contracts and tax relief in order to increase their share among these professions.57

Hungarian revisionism and the deterioration of the relations between Hungary and Romania had a negative economic impact, as trade fell between the two countries. This affected the border zone of Romania, including Satu-Mare, more than other areas of Romania.58 The demands for a revision of the Hungarian-Romanian border reinforced a transborder mechanism, which increased the low level of trust between the Hungarian and Romanian elite. The question of revisionism divided the Hungarians and Romanians. Calls for revision of Trianon and the borders also gained limited support in Britain. The solution for the Romanian leaders was to intensify Romanianization to secure the borders.

7.4 Industry and Banks

The Romanian dominance in the banking and large industrial sectors was maintained and reinforced after the Great Depression in the 1930s. The economic recession hit the minority companies much harder than the Romanians ones, which were strengthened by state support. After the worst of the depression, in 1935 the Romanian share of the industrial sector increased to 83 per cent of the capital and 97 per cent of the profits in Satu-Mare.59 In the banking sector the Romanian banks, mainly due to the dominant position of Casa Noastră, made 89 per cent of all profits, with their share of capital around 60 per cent.60 Thus by 1935 almost all profit from large industrial companies and banks in the city came from Romanian companies. The lion’s share was represented by Casa Noastră, which owned the factory Unio.

Apart from the two Romanian industrial companies there existed 33 Jewish, 7 Hungarian and 17 mixed industrial companies and workshops in the mid-1930s.61 A similar pattern followed in the banking sector with several non-Romanian banks in the shadow of Casa Noastră. These companies, most of them family-owned, survived despite not reporting any substantial profits.

56 Ibid. 14-5.
57 Ibid. 16.
59 Institutul de Statistică Generală a Statului, Statistica societăților pe acțiuni din România în anul 1935 (Bucharest, 1936), 521-5.
60 Based on my own calculations using Institutul de Statistică Generală a Statului, Statistica societăților pe acțiuni din România în anul 1935 (Bucharest, 1936), 177-83.
61 Csaba Csirák, ed., Szatmári zsidó emlékek (Szatmár nemetői, 2001), 286.
However, in 1935 it was decided that the main part of Unio, with over one thousand workers, should be moved to Brașov, situated in the centre of Romania. According to the contemporary expert and historian C. A. Macartney (1895–1978), the decision was motivated by ‘strategic reasons’. The factory produced railway wagons that were of military and economic strategic importance. If not relocated to the interior of Romania, then, in case of a border revision, the factory would surely end up back in Hungary.

The establishment of the factory in the 1920s had been motivated by the needs to Romanianize the industrial sector. However, a significant part of the workers in these sectors was Hungarian and Jewish, which was problematic for Romania’s security. The move was supported by the Romanian state as part of a general trend of centralizing Romanian industry closer to the capital of Bucharest. The factory was later moved several times and consequently the owners were entitled to receive state support. The decision to move the factory seems therefore to have been a combination of economic motives to receive state support and national-strategic considerations.

The conclusion is that local industry in and around Satu-Mare was further Romanianized after the Great Depression. This undermined the conditions for minorities to run companies. However, the risk of border changes together with a general centralizing trend de-Romanianized the city, as the largest Romanian factory moved out of the city. This reveals how state involvement and transborder mechanisms reinforced each other. In addition, de-Romanianization meant that the city received less state support. The result was that the city had less chances to develop in economic terms, even though de-Romanianizing gave minority companies room for expanding in relative terms.

7.5 Romanianizing the Public Sector

Romanian leaders regarded the intensification of the Romanianization of the public sector as necessary for economic and security reasons. The establishment of the Interim Commission had increased control the administrative and political control, which further enabled the Romanian elite to Romanianize the city. The Commission reported about how Hungarian civil servants used the Hungarian language in contact with the public. The Commission prepared a report on the share of Hungarians and Romanians in the city hall, which showed that in 1930 only 23 per cent of the civil servants were ethni-

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62 Ujság, 3 May 1935, 3.
66 ‘Report 11 Apr. 1933’, DJSM PMSM, Acte confidenţiale, 1933/37, 60.
cally Romanian. However, the share increased significantly after the Com-
mision came to power, as already by 1932 the share rose to 40 per cent
Romanian. 67

The large share of minorities in the public sector in the ethnic borderlands
was of nationwide concern and discussed in the Romanian Senate. One Ro-
manian Senator claimed that communists and revisionists were the ‘two
most dangerous enemies of the Romanian state’. Furthermore, he explained
that ‘in Satu Mare – where a Hungarian newspaper had published a revision-
ist map of Hungary – they [the railway workers] do not speak Romanian
because of the simple reason that all managers are Hungarian and nurture
Hungarian irredentist feelings’. The senator demanded that the Hungarian
railway workers be dismissed and replaced with ethnic Romanians. 68 There-
by non-Romanian identity and language became stigmatized.

In order to intensify Romanianization of the public sector the Romanian
authorities introduced language tests. In 1933 the Romanian Railway Com-
pany in Satu Mare conducted a language test and dismissed 250 workers
because they failed the test. 69 In 1934 minority teachers also had to take Ro-
manian language exams; around 70 per cent of them failed and were dis-
missed. 70

The Romanian press monitored the ethnic relations in the public sector.
For example, language tests were conducted at the electrical company in
1934 after a campaign in the Romanian press in which Hungarian managers
had been accused of irredentism. 71 Language tests were applied throughout
the 1930s in Satu-Mare and became the main method to replace Hungarians
with ethnic Romanians. 72 A language test was also required for the civil
servants in the city hall. In 1934 several Hungarians failed the test, despite
having passed similar tests in 1924. 73 The result was that several Hungarians
were dismissed. 74 By 1934 the Romanians had become a majority among the
civil servants at the city hall, representing 59 per cent of the workforce there.
The Hungarian share had fallen to 38 per cent, with only a marginal Jewish
share (only 2 out of 329 employed were Jews). 75

Leaders of the Liberal Party claimed that the county administration was
‘swarmed with minority public servants’ when the Liberals came to power in
1933. The Romanian prefect wrote in a publication about Romanianization

67 Ibid. 38.
69 Szatmári Újság, 11 Sept. 1933, 2.
70 Szatmári Újság, 10 Aug. 1934, 5; Szatmári Újság, 27 Nov. 1934, 2.
71 Hotarul, 26 Oct. 1933, 3; Szatmári Újság, 3 Oct. 1934, 3.
72 Újság, 3 Nov. 1936, 7.
73 DJSM PMSM, Acte confidențiale, 1934/38 41-7, 96-7.
74 Ibid. 1935/40 14-6, 43-4, 63, 84-92; Szatmári Újság, 19 July 1934, 1; Granița, 21 Mar.
1934, 1.
75 DJSM PMSM, 1933/2, 44-51.
that the ‘minority public servants remained, with more or less shyness, the most important agents of the Hungarian expansion politics’. ‘[B]esides the role of snitch’, he wrote, they also ‘took on the role of conspirators’.  

Measures were taken and ‘an important number of minority officials were retired on pensions’ while others ‘were eliminated from their posts, on grounds of not passing their Romanian language test’. The prefect wrote that ‘opened positions were filled exclusively by competent Romanians’. He claimed that the Liberal administration of 1933–1937 ‘was the first one since the Union that presented a pronounced Romanian character in all domains’. The Romanianization aimed at an ethnic ‘purification of the administration from minorities’. The result of this was a complete Romanianization of notaries by 1937, i.e. all of them was Romanian; among lower ranking administrators a share of 80 per cent Romanian had been achieved.

Similarly, other public sectors such as the post and telegraph offices, the court, and the financial office were Romanianized, with a Romanian shares of these sectors around 75-80 per cent by the mid-1930s. Thus, a Romanian hegemony was implemented across the public sector, as ‘ethnic purity’ became the ideal.

The Hungarian Party of Satu Mare County protested to the Interim Commission against the dismissal of Hungarians in the public sector. Valer Pop, the local leader of the Liberal Party, replied that the Romanian state was very generous to the Hungarians of Romania, considering that during the dualist period only 1.6 per cent of the civil servants had been Romanian, and thus the share of Hungarians in Greater Romania was much higher. 

Vasile Scurtu, the vice president of the Interim Commission, argued in 1936 that ‘only those who were patriotic should remain’. According to Scurtu, this should not be regarded as ‘some kind of revenge’ from the Hungarian period but only a way of selecting those ‘capable and deserving to work here’.

Romanianization was implemented all over Transylvania. The Hungarian Party therefore sent a petition to the League of Nations regarding the dismissal of 2,000 Hungarian employees in the public sector. The Hungarian del-

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76 Ardelean, ‘In Serviciul Patriei’, 105.
77 Ibid. 269.
78 Ibid. 274.
82 Ujság, 16 Nov. 1935.
84 Scurtu, Probleme naţionale la graniţa de vest, 21.
legation complained that the Romanian government sent a circular claiming ‘minority managers were dangerous from a state perspective’. The Hungarians protested against this insinuation that the Hungarian minority lacked ‘loyalty to the state’. The Committee at the League of Nations concluded that parts of the circular had violated the rights of the minorities.

The lack of national trust also played an important role in the dismissal of 283 postmasters of Hungarian origin along the ethnic borderland, including some from Satu-Mare. The Romanian delegation argued that either the candidate had lacked knowledge of Romanian, refused to use the Romanian language, behaved hostile to the state or had participated in revisionist agitation. The delegation concluded that the ‘attitude of the Romanian Government had been directed by paramount considerations of national interests’, as many of these Hungarian postmasters had been working near the Hungarian-Romanian border.

The Hungarian delegation claimed that the examination board did not ascertain whether the candidate actually knew the Romanian language but whether he had acquired knowledge about Romanian literature and history. The Romanian delegation confirmed that the exam contained two parts, one oral and one written, the latter concerning literature and history. Furthermore, they claimed that ‘a passage from a textbook of history or literature was used that related to the functions and the service of the candidate’. According to the Romanians, the exam was ‘merely designed to be able to decide whether the candidate had sufficient knowledge of the language or not’.

Against these claims by the Romanian delegation we know from a Romanian newspaper that in Satu-Mare the written part of the linguistic test contained topics such as: ‘The Great War and unification of all Romanians’, ‘Romanian Geography from the Carpathians to the Tisa’, ‘The Conclusion of the Romanian Nation’ and ‘The Romanian Revolution of 1848 and Avram Iancu’. These topics were not only picked to test the candidate’s knowledge of Romanian but also his degree of patriotism and knowledge of Romanian history. It seems from these topics that the function of the test was primarily to determine whether the civil servants had assumed a certain degree of Romanian identity.

Another important concern of the Hungarians was that Romanian nationalists in Satu-Mare, such as Vasile Scurtu, Eugen Seleș and Dariu Pop, eval-

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86 Ibid. 4/23725/335.
88 Ibid. 2-5.
89 Ibid. 5.
90 Ibid. 2-5.
91 Ibid. 8.
92 Granița, 21 Mar. 1934, 1.
uated these tests. Thus the very same persons advocating Romanianization of the administration were deciding whether candidates passed or failed, i.e. remained or were dismissed. The conclusion is that these tests were arranged primarily to exclude persons for nationalistic reasons, not to evaluate the level of language knowledge. Reasons for excluding people could have related to their political activity in the Hungarian Party and or their assumed irredentism. It any case, the language exams gave leading Romanians the opportunity to promote Romanian ethnicity and to promote trusted friends.

One committee member at the League of Nations monitoring this petition claimed in the final report that the good intentions from both sides were missing. The Romanian Government aimed at dismissing members of the minority, while the minority on the other hand did not want to assimilate. The Committee concluded that ‘officials must have an adequate knowledge of the state language’, i.e. the Romanian government had the right to dismiss those who did not know enough Romanian. However, they suggested a more gradual replacement ‘in order to avoid placing officials and employees who belong to minorities…in a precarious situation through dismissal’.

The Romanianizing of the public sector was intensified by implementing language tests. The ethnocratic and administrative control enabled the Romanian elite to replace minority servants with ethnic Romanians. The dividing line between dismissal and keeping a job as a result of the language tests was whether the person could be trusted in an ethno-national sense and had acquired a Romanian identity or not.

This form of Romanianization clearly shows how elite and redistribution mechanisms operated, in which investments in Romanian ethnicity and accommodation to the Romanian national cause was awarded in political and economic terms. This was made at the expense of non-Romanians who lost their jobs during a period marked by economic difficulties and increased ethnic discrimination. The intensified Romanianizing of the public sector strengthened the ethnocratic system and Romanian control, which then enabled Romanian leaders to intensify Romanianizing in the private sector. The public sector became even more the instrument to protect and enrich the Romanian elite at the expense of non-Romanians. This reduced the chances of creating social and cultural unity as well as achieving sustainable economic growth.

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93 Szatmári Ujság, 18 Sept. 1934, 2; Szatmári Ujság, 19 Sept. 1934, 3.
95 Ibid. 8.
7.6 Craftsmen, Traders and Lawyers: Ethnic Blocs

One of the most pressing issues for the Romanian elite was the underrepresentation of Romanians among craftsmen, traders and the free professions, like lawyers. The need for Romanianizing associations of different professions was highlighted by the Romanian mayor of Satu-Mare (Ferenţiu) in a letter to the Romanian government in 1930. He explained that the president of the Association of Industrial Workers and Craftsmen in Satu-Mare had expressed ‘Hungarian national political sentiments’, i.e. irredentism. Furthermore, he complained that the Romanians were insulted because the Association used only the Hungarian language and not the Romanian.\textsuperscript{96} The Association had 1,400 members, almost all of whom were Hungarians. The Romanian government responded that an action to support the ‘Romanian element’ was needed.\textsuperscript{97}

A Romanian newspaper article explained that the reason for the low share of Romanians in the city was due to past difficulties during the dualist period, when it had been impossible to establish a Romanian company ‘in this ferocious nest of chauvinism’. Furthermore, ‘if under the Hungarian rule a Romanian wanted to settle in the town of Satu-Mare and to try establish himself, he would have had to renounce his ancestors’ law and language and to receive the baptism of Magyarizing’. The author urged the city council to support the Romanian craftsmen and traders in the same way as the Hungarian regime had previously supported and favored Magyar ones.\textsuperscript{98}

In 1930 a separate Romanian association for craftsmen and traders was established with the support of Romanian elite. The president of the new association wrote that ‘many Romanian craftsmen and traders from Satu-Mare have been until now isolated, like foreigners in their own country’. He argued that the interests of the craftsmen should be directed by Romanian patriotism. He claimed that the Association of Industrial Workers was ‘entirely Hungarian, run in the Hungarian spirit and language’ and that ‘no Romanian, no Jew, no Ruthenian, no German could penetrate the management, because the managers, in their quality as members of a political party [the Hungarian Party], want to prove by all means that the institution they run is Hungarian’. The president made an appeal to the Romanian intellectuals of Satu-Mare to support the newly established Romanian association ‘morally and financially’.\textsuperscript{99}

One Romanian claimed in 1933 that all craftsmen and shops were in the hand of ‘foreigners [minorities]’ and that ‘they are exploiting this situation’.

\textsuperscript{96} DJSM PMSM, Acte confidenţiale, 1930/28, 36-7.
\textsuperscript{97} Ibid. 69.
\textsuperscript{98} ‘O sărbătoare economică românească la Satu-Mare’, \textit{Satu Mare}, 9 Mar. 1930, 1.
He argued that ‘Here, at the border, we need a spiritual union’ and ‘protection for everything that is Romanian’. He directed his complaint against the Jewish shops and the fact that they were closed on Saturdays. He claimed that Satu-Mare looks as if ‘our rulers are Jewish’. He urged the Romanian authorities to support the Romanianization of trade and commerce in order to create a ‘Romanian Romania’.\textsuperscript{100}

The Romanian interest to improve the situation for ethnic Romanians in Satu-Mare was organized in a political platform called ‘the Romanian professional bloc’.\textsuperscript{101} The Hungarian Party created its own ‘Hungarian economic bloc’, which aimed at resisting the economic Romanianizing in the ‘economic interests of the 2 million Hungarians’ living in Romania. The Hungarian program strived to create economic, social, political and cultural autonomy for the Hungarian minority. They demanded a suspension of the Cultural Zone, equal state support for schools and churches, economic cooperation between Hungary and Romania, and the re-employment of Hungarian civil servants in the predominantly Hungarian-inhabited areas. The Hungarian leaders declared that if this program were implemented then they would be loyal citizens of Romania.\textsuperscript{102} They demanded that their citizen rights should be protected and in return they offered their loyalty.

However, the leaders of the Romanian bloc were not interested in making any compromises with the Hungarians. The Romanian leaders demanded instead ethnic proportionality and protection of the ‘national labor’.\textsuperscript{103} One Romanian intellectual claimed that the highest priority of the state was to ensure economic prosperity for the ethnic Romanians.\textsuperscript{104}

Romanians in various professions supported an ethnic quota system for private economic reasons. Romanian lawyers and physicians in Satu-Mare supported the Romanianization and claimed that they were underrepresented in a similar fashion as traders and craftsmen.\textsuperscript{105} This movement received support at the Romanian lawyers congress held in Bucharest in 1935.\textsuperscript{106} In 1936 the congress decided on a political program to Romanianize the local Chambers of Lawyers. The program suggested ethnic proportionality among lawyers, revision of licenses and a Romanian language test for minority members.

The establishment of separate ethnic associations had been the first step in promoting Romanian craftsmen and traders. However, the minority associations remained strong beside the new Romanian one. Consequently, a new

\textsuperscript{101} ‘Blocul Profesional Românesc’, \textit{Gazeta Sătmarului}, 21 May 1933, 3.
\textsuperscript{102} MOL P 1077 Keleti Akció, iii, 207-11.
\textsuperscript{104} Traian Chirila, ‘O situaţie de inferioritate economic a românilor ce nu mai poate fi tolerată’, \textit{Graniţa}, 26 July 1934, 1.
\textsuperscript{105} \textit{Valahul}, 19 May 1935, 6; \textit{Valahul}, 9 June 1935, 3.
\textsuperscript{106} \textit{Frontul}, 22 Feb. 1935, 7.
Industry Act was enacted in 1936, which dissolved the former professional associations. The new law facilitated state expropriation of the property of several professional associations, especially those dominated by the minorities.

In Satu-Mare the Romanian government expropriated the property of the Association of Industrial Workers and Craftsmen, which had a mainly Hungarian-orientated leadership. The decision was appealed and the Association received back the property, but some of the leading Hungarians were replaced by Romanians. The Chamber of Industry and Commerce of Satu-Mare, which was a public institution, demanded the property, but the Hungarian president of the Association refused. Finally, the Romanian government took the property by force on 28 May 1937.

Minister of Industry and Commerce Valer Pop explained that the Romanian government had to find ways to support the Romanian element without violating the rights of the minorities. On his initiative special economic support was given to ethnic Romanians in Satu-Mare. The Romanian Government gave one million lei to support ethnic-Romanian craftsmen in establishing around 30 new workshops. These Romanians had been unemployed since Unio moved from the city. The money was channeled to the Romanian Craftsmen Association, which had received a landed property from the city. Valer openly declared that ‘we are nationalists and we do not hide the fact that we support our racial brothers’. However, the support helped only around 70-80 Romanians; one Romanian intellectual questioned how the other 7-800 Romanians should be able to support themselves and their families. Thus, even if the Romanian government gave support to ethnic Romanians, the support was not enough. An essential problem with ethnic redistribution was that it had no limit, as everyone belonging to the privileged ethnic category formulated national reasons to receive more.

The Hungarian reaction to the increased Romanianization was to stress the unity of the Hungarians and to struggle for the autonomy of ‘Hungarian industry’ in Romania. In 1937 the Hungarian minority leader Elemér Gyárfás launched a program of ‘minority autarchy’ in which the Hungarians

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107 Ujság, 12 Dec. 1936, 4; Szabadsajtó, 5 July 1936, 2; Szamos, 23 Feb. 1936, 5; Szamos, 7 May 1936, 4.
108 Szamos, 6 Mar. 1936, 1; Szamos, 17 Mar. 1936, 4.
109 Imre Mikó, Huszonkét év: Az erdélyi magyarság politikai története 1918.dec.1-től 1940.aug.30-ig (Budapest, 1941), 180-1; Magyar Kisebbség, 1937, 335.
110 Gazeta Sătmarului, 12 Sept. 1936, 1.
111 Ibid. 29 Nov. 1936, 1-2.
112 Szabadsajtó, 27 Mar. 1937, 5; Szabadsajtó, 29 Apr. 1937, 2.
113 Ardelean, ‘In Serviciul Patriei’, 265.
115 Gazeta Sătmarului, 11 Apr. 1937, 1.
aimed at ending all financial and economic co-operations with the Romanians because the Romanians had launched ‘a war against us [Hungarians]’. Gyárffás called for Hungarian unity and separation from the Romanian state-supported society in order to protect Hungarian economic interests.\footnote{Magyar Kisebbség, 1937, 617-5.}

The conclusion is that the Romanian leaders intensified Romanianization by seizing property and dissolving minority-controlled associations. Another method was to redistribute public money to ethnic-Romanian craftsmen. The creation of ethnic blocs divided the economy and institutionalized ethnicity as merit in the labor market. The unification among the Hungarian minorities and their resistance to the Romanianization policies reveal the operation of a chain-reaction mechanism. Methods of Romanianizing focused on the relative gains between the ethnic categories instead of creating general economic growth. This short-sighted policy increased the incomes of some Romanians but distorted competition and politicized the market.

7.7 National Labor Protection: \textit{Numerus Valachicus}

In the context of exceptional economic circumstances with high unemployment and depression, the pressure to Romanianize the labor market was increased in the 1930s. Legal protections for the national labor force were enacted in 1926 and amended and strengthened in 1930, which included the provision that non-Romanian citizens were forbidden to engage in any gainful occupation if an adequate supply of Romanian labor was available.\footnote{Macartney, \textit{Hungary and Her Successors}, 329.} The law was directed against foreigners, defined in civic terms as non-Romanian citizens; however, as the term ‘foreigner’ gained a more ethnic connotation and understanding, the law also concerned the minorities.

According to the constitution, ethnic discrimination was not allowed; therefore leading Romanians aimed at finding indirect ways. One method was to use political pressure. In 1933 the Romanian Prime Minister Alexandru Vaida-Voivod sent a circular to 550 large companies requesting they employ ethnic Romanian and minority labor proportionally.\footnote{Ibid. 325.} Another way was to launch propaganda campaigns in the press. Industries owned by minorities in Satu-Mare, such as the Hungarian-Jewish company Princz, were accused of being an ‘irredentist bastion’ in \textit{Granița}, a Romanian local newspaper.\footnote{\textit{Granița}, 23 May 1934, 3; \textit{Granița}, 4 May 1934, 2.}

The law on the utilization of Romanian staff in enterprises (Legea pentru utilizarea personalului românesc în întreprinder), which is usually referred to
as the law for protecting national labor, was amended in 1934 and stipulated that private enterprises had to employ at least 80 per cent Romanian workers and at least 50 per cent Romanian managers. Historians are still divided on how to interpret the law and its effects. Representing one side, the Romanian historian Ioan Scurtu claims that the law only referred to Romanian citizens ‘irrespective of their nationality’, as the ‘restriction targeted foreign citizens’. He concludes that the law did not affect the minorities.\footnote{Ioan Scurtu, ‘The Evolution of Romania in the inter-war period: The Status of National Minorities (1918–1939)’, \textit{Revue Roumaine d’Histoire}, 39/1-4 (2000), 189-202 (194).}

Other researchers, mainly Hungarian researchers, claim that the law applied to all minorities and in fact established a numerus clausus, i.e. an ethnic quota system.\footnote{Sándor Bíró, \textit{The Nationalities Problem in Transylvania 1867–1940} (Boulder, CO, 1992), 414; Michael Mann, \textit{Fascists} (Cambridge, 2004), 269; Naftali Kraus et al., ‘Romania’, in M. Berenbaum and F. Skolnik, eds, \textit{Encyclopedia Judaica}, vol. 17 (Detroit, 2007), 375-97; Elemér Ilyés, \textit{National Minorities in Romania: Change in Transylvania} (Boulder, CO, 1982), 92.} A third strand of researchers claim the Law did not define the term ‘Romanian’, neither in ethnic nor civil terms, but that this ambiguity created an informal social pressure that influenced the ethnic structure of the labor market.\footnote{Mendelsohn, \textit{The Jews of East Central Europe between the World Wars}, 204-5.} In support of this last strand we can conclude that the law itself neither defined the term Romanian (\textit{român}) nor the term foreigner (\textit{străin}).\footnote{‘Legea pentru utilizarea personalului românesc în întreprinderi’, \textit{Monitorul Oficial}, 16 July 1934, 4618-19.}

The local Hungarian newspaper in Satu-Mare reported this ambiguity in the law and the problem of interpreting these terms.\footnote{Szatmári Újság, 19 July 1934, 3.} In the parliamentary debate minority members requested that the law should be specified. Extreme right leaders such as A. C. Cuza claimed that the term foreigner included the minorities. Members of the Government on the other hand claimed that the term should be understood in a civil and constitutional way but were unwilling to amend and specify this in the Law.\footnote{Emil Neugeboren, ‘Wirtschaftlicher “Numerus clauses” für nationale Minderheiten’, \textit{Nation und Staat}, 1934-35, 373-8.} The minority leaders were convinced that the ambiguity was deliberate and believed that they were also included in the concept of ‘foreigners’.\footnote{Monitor Oficial, 22 Jan. 1935, 502-3.}

This ethnic understanding of the Law was reinforced in January 1935 when it was once again amended by introducing a third, ethnic category of Romanian citizens of non-Romanian origin. Under the provisions of the new Law all enterprises were requested to report their staff according three different categories: ethnic Romanian citizens, Romanian citizens of non-
Romanian origin and foreign citizens. The law required companies to report the shares of all three categories, however; fines were levied only if the shares of foreign citizens were above the thresholds, i.e. more than 80 per among the workers and 50 per cent among the managers. Even if this categorization did not legally support ethnic discrimination, it set a standard of difference between Romanian citizens of Romanian ethnic origin and those of non-Romanian ethnic origin, which was sanctioned by the state. The Romanian state thereby valued its citizens according to ethnic origin, which undermined the chances of creating an equal society and an independent state supporting all its citizens.

This new standard invited companies to make ethnic distinctions among their staff and moreover to consider ethnic origin when hiring staff. As a consequence of the Law, state authorities started to ask beneficiaries of governmental programs and state employees to prove their ethnic origin. The signal from the Romanian state was indeed that some kind of ethnic proportionality would be implemented and that Romanian ethnicity was regarded as merit. In practice the state sanctioned informal discrimination against non-Romanians.

In Satu-Mare the largest factory Unio (before it moved) followed the trend and ‘in order to respect the Law for protection of National Labor, they [Unio management] hired a number of Romanians’, according to former Romanian worker at the factory. He claimed that those Romanians who had been employed as consequence of the Law were paid much less than the minorities and were treated in a discriminatory way by the non-Romanian managers. He claimed that the Magyarized Jews were spending their high salaries in Budapest ‘together with their brothers, the Hungarian revisionists’. Vasile Scurtu claimed in similar fashion that ‘Romanian workers and clerks, who had received employment because of the Law of protecting National Labor, were paid much less than the “foreigners [minorities]”’. One Jewish owned textile factory had advertised that they were looking for workers ‘of exclusive Romanian religion’. A Romanian author supported this by claiming that ‘numerus valachicus is on its way to being implemented! Bravo!’ However, the applicants had only one day to apply and therefore the author claimed that that was just a clever way of tricking the Romanian

129 Solonari, Purifying the Nation, 28.
131 Scurtu, Probleme naționale, 14-5.
public that companies were complying with the Law, but that they in reality never really gave the Romanians a chance to apply.\textsuperscript{132}

One interesting case of the ethnic impact was when the Romanian Greek Catholic Church was built in Satu-Mare in the 1930s. Two companies from Bucharest that employed Hungarian workers from Satu-Mare undertook the construction. However, when the local Romanian nationalists discovered the companies’ hiring of minority Hungarian workers they accused the workers of irredentism and demanded a review of the company regarding its adherence to the Law of Protecting National Labor. They demanded that the workers should pass language tests before continuing their work.\textsuperscript{133} That Hungarians were building a Romanian church was obviously a sensitive issue.

Most large industrial companies in Satu-Mare, including companies owned by minorities, had by 1936 employed ethnic Romanians among the administrative staff in order to be on the safe side, according to a Romanian nationalist.\textsuperscript{134} Those companies that did not employ any Romanians, such as the textile manufactory owned by the Jewish Freund family, were attacked in the Romanian press.\textsuperscript{135}

The Hungarian minority reacted against this pressure created by the Law to hire ethnic Romanians. They claimed that it violated minority rights and the Romanian constitution.\textsuperscript{136} In a petition to the League of Nations the Hungarian Party argued that the Law had an effect on the private labor market. According to the petition, private companies were holding examinations out of fear of reprisals and dismissing those of Hungarian origin if they did not know Romanian well enough.\textsuperscript{137}

On a national level, one estimation claimed that around 80,000 workers of non-Romanian ethnic origin were rejected from the labor market, while millions became secondary citizens because of the new categorization.\textsuperscript{138} This means that the Law had an impact on the ethnic structure of employment, resulting in discrimination against minorities in favor of ethnic Romanians.

The method of using the term ‘Romanian’ and ‘foreigner’ without specifying its definition was applied in other laws. The purpose was obviously to

\begin{footnotes}
\item C. Ignişanu, ‘Cum se aplică ”numerus valachicus” la Satu-Mare?’, \textit{Frontul}, 19 Mar. 1935, 4.
\item Keleti Ujság, \textit{7 Aug. 1935.}
\item Attila Gido, \textit{Úton: erdélyi zsidó társadalom- és nemzetépítési kíséletek (1918–1940)} (Csíkszereda, 2009), 490-1; Mendelsohn, \textit{The Jews of East Central Europe}, 205.
\end{footnotes}
impose a pressure on companies to employ ethnic Romanians over ethnic minorities. For example, the Industrial Support Law in 1935 was amended in similar fashion as the National Labor Law. It stipulated that 90 per cent of the employees had to be ‘Romanian’ in order to be entitled to state support. The term ‘Romanian’ was not specified, but several companies receiving state support became reluctant to employ minorities as they expected that the legal protection of ethnic Romanians would soon be imposed. This double standard created a situation in which the informal institution and force supporting an ethnic Romanianization became a stronger force than the legal protection of minorities.

The review of the Law for Protecting National Labor began in 1935 and proceeded only slowly. By the end of 1935, only 2,565 out 270,000 industrial companies in Romania had been investigated. At the same time political discussions were concentrated around the proposal by Alexandru Vaida-Voivod to impose an ethnic quota system, the so called ‘numerus valachicus’. This proposed system would legalize the ethnic interpretation of the Law and demand ethnic proportionality in various professions, schools and public administration. The proposal aimed to mitigate the underrepresentation of Romanians in the private sector in the ethnic borderlands.

The political importance of the ethnic borderland was revealed by the fact that Vaida-Voevod established a newspaper in 1935 in Satu-Mare called Valahul [the Wallachian, i.e. the Romanian]. The newspaper aimed at attracting Romanian voters in favor of ‘numerus valachicus’ and supported this initiative by regularly publishing statistics showing the underrepresentation of Romanians in the labor market. For example, the newspaper claimed that ethnic Romanian workers earned on average only 25 per cent of what minority workers earned.

The ‘numerus valachicus’ movement was supported in Satu-Mare by the prefect and 11 ministers in the Romanian government, among them Valer Pop, who was the president of the Liberal Party in Satu-Mare. The extreme right, notably the National Christian Defence League, led by A. C. Cuza and Octavian Goga, likewise supported the suggestion. Their program targeted mainly Jews, openly declaring that Jews should be eliminated from the public sector and the economy.

In conclusion, Romanian leaders aimed at promoting ethnic Romanians in the labor market. In doing so, these leaders tried to find methods that avoid-

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139 MOL P 1077 Kelet Akció, xii, 1935-36, 1514.
140 MOL P 1077 Kelet Akció, xii, 1935-36, 1514.
141 Valahul, 10 May 1935, 1.
142 ‘Latura social-economică a proporţionalităţii etnice’, Valahul, 10 May 1935, 2.
143 Valahul, 10 May 1935, 7; ‘Numerus valachicus’, Plugul, 24 Feb, 1935, 1.
ed direct discrimination, but to support an informal institution of ethnic Romanianization at the expense of the minorities. They relied on indirect methods such as using public spending and introducing ethnic categories and legal ambiguities. They also relied on administrative pressure and launched media campaigns to persuade companies to hire ethnic Romanians. This yielded some results, albeit at the price of higher public expenditure and legal uncertainty on the labor market. Companies became more focused on hiring people with the politically ‘appropriate’ ethnic background instead of evaluating general qualifications. The major concern was that the state imposed an ethnic category that differentiated between ethnic origins and thereby undermined its role as a protector of all citizens. The Romanian state became more exclusive and was used as an instrument by the Romanian elite to support Romanian ethnicity.

7.8 Opposing *Numerus Valachicus*

The ethnic orientation of the national labor-protection legislation and the proposal of an ethnic quota system did receive criticism. Virgil Madgearu, one of the leaders of the Peasant Party, claimed that the underrepresentation of Romanians was an educational problem. The strong position of the minorities in industry and banking was the result of the exaggerated protectionism. He argued that the problem could be solved if the state supported different sectors of industry, but that this had to be done with ‘respect and peace and unity among the citizens of the state’, i.e. in accordance with constitutional provision of equality.\textsuperscript{146}

Iuliu Maniu, who was a Greek-Catholic Transylvanian lawyer and one the most important Romanian leaders in the interwar (Prime Minister 1928-33), but also a leader of the Romanian party in the dualist period. Maniu supported the view of Madgearu and claimed that the ‘numerus valachicus’ was ‘not only unjust, but also counterproductive’. Referring to the Romanian experience in dualist Hungary, Maniu explained that ‘We [Romanians] founded several banks’ not only ‘for the purpose of economic means, but to establish economic institutions separate from the Hungarians’. We also said that ‘our sun rises in Bucharest and not in Budapest’. We were hurt when a Romanian school closed down and this fact strengthened ‘our Romanian consciousnesses’.\textsuperscript{147}

Maniu argued that, in general, members of the minorities were ‘interested in creating separate institutions’ and achieving autonomy. Therefore he urged his fellow leaders to ‘remove all walls between us [Romanians] in

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\textsuperscript{146} *Magyar Kisebbség*, 1935, 171-1.

\textsuperscript{147} ‘A numerous valachicus’, *Magyar Kisebbség*, 1935, 135-140, 137.
order for them [minorities] to not feel oppressed’. ‘I also support the Romanian element, but only with just methods’, he declared. Maniu nevertheless acknowledged that ‘Hungarians, Germans and Jews are richer than us today’ and that this state of affairs ‘is not fair’. He therefore supported Romanization, but not by direct or forced methods. He advocated linguistic, cultural and religious freedom for the minorities. Still, he was a supporter of ethnocracy and claimed that the ‘power should be in primarily Romanian hands’.

Furthermore, he explained that during the dualist period the Hungarians had become rich with the help of the state while the Romanians remained poor. He therefore wanted the Romanian state to support the Christian Romanians in a similar fashion. Maniu’s vision was to establish a more equitable economic situation between the ethnic categories based on reciprocity, but with a Romanian dominance in the political system. Maniu’s vision of a relatively equal and inclusive Romanian state would have improved the conditions for achieving political stability and economic growth, as elaborated in the first chapter. However, as during the dualist period under Hungarian rule, some leaders recognized these ideas in theory; in reality, there were always compelling enough reasons for supporting one’s own elite at the expense of the minorities.

Another Romanian reaction by a Romanian intellectual, Rîmniceanu, was that the overrepresentation of minorities among the free professions was a result of the Romanianization of the public sector: as minorities were excluded from the public sector, the share of the minorities in the private sector increased. According to him the ethnic quota system was not only detrimental for the minorities but also for the economic development of the entire country, including the ethnic Romanians. He thus realized the long-term negative impact of ethnic bifurcation. Rîmniceanu pointed to the problem of achieving a complete Romanianization in the ethnic borderlands, where a large section of the population was regarded as foreigners.

The suggestion of a ‘numerus valachicus’ by Vaida-Voevod was designed to establish ethnic proportionality, and could have established a kind of ethnic equality. Vaida-Voevod argued that this system was needed for a positive discrimination of Romanians to adjust for the effects of discrimination during the previous Hungarian rule. One problem was that it aimed at implementing an ethnic proportionality based on the ethnic share of the whole population even in the ethnic borderlands, where the minorities were numerically in the majority.

Even though some leading Romanians realized that the promotion of Romanian ethnicity at the expense of the minorities was detrimental for the general development, these same politicians remained convinced that it was

150 Keleti Riport, 21 Apr. 1935, 1.
necessary. The reason for this was that they believed that the Romanians were underrepresented mainly in the private sector, but also in the universities and the public sector, and that they had an ethno-national right to receive support from the Romanian state to improve their positions.

7.9 National Labor Protection: Revised

Romanian authorities monitored whether companies continued to comply with the Law for Protecting National Labor. Romanian authorities advertised in local newspapers that all companies had to file reports on their staff according to the three categories: foreign citizens, Romanian citizens with Romanian origin and non-Romanian origin. The Chamber of Commerce and Industry was the local authority responsible for the investigation if the law was followed.\textsuperscript{151} By June 1936 the authorities investigated 2,787 companies, of which 156 were fined for violating the regulations. The share of foreign citizens in these companies was on average 30 per cent, i.e. 10 per cent over the threshold, while the share of minorities was 60 per cent, and only 10 per cent were Romanians.\textsuperscript{152}

The president of the commission for investigation the Law reported that 70–80 per cent of the managers in Transylvanian companies were minorities and that there was an acute need of Romanianizing these companies.\textsuperscript{153} In his report he claimed that ethnic Romanians only received 22 per cent of the Romanian national income while minorities and foreigners received 78 per cent.\textsuperscript{154} Thus it was obvious from the report that the Law also aimed at transforming the ethnic structure of the labor market even though it only fined companies because of too high shares of foreign citizens.

This double standard – an ethnic motive covered in civil terms – was also the case in Satu-Mare as the Law was investigated. The Chamber of Industry and Commerce in Satu-Mare reported that several of the Jewish-owned companies were not violating the Law for protecting national labor.\textsuperscript{155} Only the Princez factory had some foreign citizens employed, but the share was under the limit of 20 per cent.\textsuperscript{156} The Chamber of Labor in Satu-Mare was on the other hand using the ethnic motive of the law to persuade companies to hire Romanians. In a circular in 1936 the Chamber of Labor wrote that ‘in the interests of the Romanian elements in the north of the country, where

\textsuperscript{151} Gazeta, 8 Jan. 1936, 3.
\textsuperscript{152} Constantin Moteanu, \textit{O prima etapă in politica de naționalizare a vieții economice: legea pentru protecția muncii naționale} (Bucharest, n.d. [c. 1940]), 20-8.
\textsuperscript{153} Ibid. 5-6.
\textsuperscript{154} Ibid. 7.
\textsuperscript{155} DJSM Camera de Comerț și de Industrie Satu Mare, 1937/78, 53-4.
\textsuperscript{156} DJSM Camera de Comerț și de Industrie Satu Mare, 1937/78, 5-92.
small industry is in foreign [minority] hands’, craftsmen are requested to employ Romanians – preferably colonized Romanians – as apprentices. Instruction were given to Hungarian craftsmen ‘not to force [Romanian apprentices] to speak Hungarian, a language which they do not understand, and instead take the opportunity to learn the state language’.  

In 1936 the Law for protecting national labor was discussed in the Romanian parliament. Romanian Prime Minister claimed that the Romanian state had established the Law because the state could not find peace ‘until this serious danger is removed’, i.e. he connected the overrepresentation in the economy with irredentism. Manoilescu, a Romanian politician and leading theorist of economic nationalism, claimed that Romanians inherited a serious economic inequality because of the ‘artificial system of the Hungarian state’. Manoilescu claimed that the solution was to establish a corporative system that could balance all ethnical inequalities.

The Hungarian deputy Gyárfás claimed that Romanians were being ‘artificially supported’. He disputed the notion that the minorities had advantages in any sector of the economy except for the sector of small industry, where Valer Pop had promised to take action for the Romanians. Gyárfás claimed that ‘we [Hungarians] who live here today are not responsible for the differences’. He opposed the suggestion to impose ethnic proportionality, which would also protect the minority share, claiming it was counterproductive for economic development.

Minister of Industry and Commerce Valer Pop launched a campaign to support the national sentiments at the border, and in 1935 promised a ‘systematic action’ to Romanianize Satu-Mare. The next year Pop proposed an amendment of the Law for Protecting National Labor to legalize ethnic proportionality; however, the Romanian parliament rejected it. Even if the modified Law was not enforced, Pop received strong support among ethnic Romanian members of professional associations.

Pop was surprised by the isolation of the Hungarians of Satu-Mare, who according to him totally separated themselves from Romanian society. Pop argued that ‘our laws are totally equal’ between Hungarians and Romanians. He claimed that the Romanian government ‘respected the right of the minorities’. Nevertheless, he argued, ‘we have the duty to do what is best for the

162 Müller, Staatsbürger auf Widerruf, 405.
163 Ibid.
country’. Pop either regarded the positive discrimination as justified or was playing a double game in which he openly supported the principle of ethnic equality while privately promoted the economic interests of the Romanians at the expense of the minorities.

Regarding the ethnic interpretation of the Law for Protecting National Labor, a Hungarian from Satu-Mare wrote in 1937 that ‘Everyone is talking about it, and people feel that they are waiting for something serious, but they do not know when it will come’. He questioned the possibility of implementing an ethnic proportionality system, as most Romanians were employed in the agricultural sector and there would not be enough Romanians to employ in the private sector. Thus both sides, the minorities and the Romanian leaders, understood that the will of the state was to support the ethnic Romanians and that they expected that this principle would be enforced.

In 1937 the Romanian government enacted a law demanding the hiring of war veterans. Public institutions were to hire 10 per cent of its workforce from the pool of war veterans, and private companies with state contracts had to hire 2 to 20 per cent of war veterans. The law provided that workers had to verify their citizenship as well as their ethnic origin. As most war veterans were ethnic Romanians, this forced companies and public institutions to employ them.

Pop continued to promote the Romanianizing of the labor market in the ethnic borderlands. In September 1937 he issued a circular demanding 72 minority companies employ at least 75 per cent ethnic Romanians among the non-qualified workers and 50 per cent among the qualified workers and the administration. ‘[F]rom my point of view this is the first step in nationalizing [Romanianizing] the industry’, wrote Pop. He thus clearly expected the legal enforcement of an ethnic quota system. In the letter he pointed out the economic costs of creating a national industry, and that in return the Romanian state demanded minority companies to Romanianize:

The development of Romanian industry is largely the result of assistance granted directly and indirectly by the State; for the State has been pursuing a decided policy of protection in favor of our domestic industry. This protective policy demands considerable sacrifices on the part of the consumers; the country has however willingly undertaken the sacrifices because it is conscious of the importance attaching to our industry in securing the economic independence of Romania.

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164 Ujság, 7 Dec. 1937, 2-3.
165 Ernő Bányai, ‘Es a kicsérelt ötven százalékkal mit történik?’, Szabadsajtó, 13 Mar. 1937, 2.
166 Monitorul Oficial, 2 Apr. 1937, nr. 77.
168 Kurir, 19 Sept. 1937, 1.
Pop explained that Romanianizing involved a cost and recognized that indeed the ethnic redistribution was burdened a social cost, but encouraged the minority companies to implement an ethnic quota on voluntarily basis:

"We believe it is our duty … and in particular to endeavor even at the price of material sacrifices to do all in your power to further the advance in strength of the elements which are ethnically Romanian in the staff of employees paid by your undertaking. Consequently, we call upon you to provide that by the end of the present year at least the quota of employees of Romanian race."

In this last part he stressed the ethnocratic right of Romanians to receive economic support from private companies because of the state support received by these companies. The Hungarian Party obtained a copy of the confidential circular and sent a petition regarding it to the League of Nations. A committee appointed by the League of Nations with members from France, Great Britain and Sweden decided in October 1937 that the Romanian government had to withdraw the circular.

The results of the Romanianizing that had taken place in Satu Mare County between 1933 and 1937 were published in 1938 by the prefect. In the preface of the report Valer Pop wrote that he ‘warmly embraced for almost three years the interests of the Romanians of Satu Mare’. It was obvious that the circumstances of the ethnic borderland served as the base for his initiatives and his repeated efforts to Romanianize the labor market. Octavian Ardelean, the prefect of Satu-Mare, explained in the same publication that it was Hungarian revisionism that demanded the Romanians to legitimize the right of land. He legitimized the land as Romanian using arguments of historical right and ‘biological right’, because the Romanians were in majority. In addition the Romanians had ‘a competence right’, which was proved by the ‘achievement of being the best administrator’. The achievement of the Romanian administration, especially between 1933 and 1937, was also a result of the Pop’s success in waking up the ‘border consciousness among the Romanians’.

The volume reported that the protection of national labor had been a new chapter in Romania’s economic history, and that this new principle would ‘revolutionize our entire economic structure by nationalizing the industry and the commerce’. However, because of the lack of Romanian capital, an

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173 Ibid. 15.
174 Ibid. 261.
insufficient number of Romanians, as well as resistance among the minority-owned companies, the plan could not be fully implemented at the time.\textsuperscript{175}

The conclusion is that the revision of the law for protecting national labor in the ethnic borderland convinced leading Romanians and minority leaders that they could expect the legal enforcement of an ethnic quota system. Indirect methods of introducing such a system in the private sector yielded some results, albeit less than anticipated and far from the Romanian majority achieved in the public sector. These relatively poor results reinforced an increased state involvement and incentivized Romanian leaders to enact ethnic discrimination through law. The focus on ethnic origin reveals that interethnic mechanism operated in which relative gains in ethnic terms was in the primary aim. Romanian leaders believed that they could improve the situation of ethnic Romanians by using a double standard of supporting ethnic equality in theory while promoting Romanian ethnicity in reality.

\section*{7.10 Conclusions}

At the beginning of the 1930s Romanian leaders demanded to intensify Romanianization, especially in the public sector and in the labor market. One factor that triggered this demand was increased Hungarian revisionism. Ethnic Hungarians in Romania argued that the Romanian authorities discriminated against them; consequently, the Hungarian minority supported a revision of border to improve their situation. This transborder contact reduced the trust between the Hungarian and Romanian elite, as Hungarian ethnicity was associated with irredentism. Romanian leaders argued that an intensified Romanianization was the best way to reduce the Hungarian economic domination.

A second factor behind the intensified Romanianization was the Great Depression. In the context of high unemployment and heavily reduced incomes, a redistribution of incomes based on ethnicity was the best quick-fix solution for the Romanians. The economic difficulties made the state’s support for ethnic Romanians more visible, which increased ethnic tensions.

A third factor was the claim by Romanian leaders that they were underrepresented in the public and private sectors. They believed that the state should promote ethnic Romanians, especially in the context of the economic recession, which reinforced to need for improving the living conditions.

The intensified Romanianization was undertaken with a combination of methods. In the political field minority participation was almost totally removed and the ethnocratic character of the local political system reinforced. This enabled Romanian leaders to intensify the Romanianization of the pub-

\textsuperscript{175} Ibid. 262.
lic sector in the ethnic borderland. The main method was to use language tests, which in reality served mainly as a pretext for dismissing non-Romanians. Mainly those who were assumed as having a Romanian national identity and trusted from a national point of view could keep their employment. This is an important empirical contribution from this study in understanding how the public sector was Romanianized, which previously has not been fully explored.

The success in Romanianizing the public sector increased the expectations of implementing similar results in the private sectors of the economy. Romanian authorities used several ways to remove the domination of the minorities in the ethnic borderland among craftsmen and traders. One way was to seize the property of associations dominated by the minorities. Another was to dissolve the associations altogether. The Romanian state also gave direct support to ethnic-Romanian craftsmen. This ethnic favourism divided the local society in ethnic blocs. The minorities reacted by promoting unity among themselves and separation from the Romanians in order to survive. Elite members among the Romanians and the minorities could therefore live off and for a specific ethnic stance.

The Romanian leaders aimed at finding indirect methods to improve the situation of ethnic Romanians in the labor market. They imposed ethnic categorization and legal ambiguity in order to force companies to employ ethnic Romanians. They also relied on administrative pressure and launched media campaigns to persuade companies to hire ethnic Romanians. This yielded some results at the cost of higher public expenditures and legal uncertainties within the labor market. Companies focused on finding people with the ‘appropriate’ (i.e. Romanian) ethnic background instead of evaluating professional qualifications. In economic terms, improvements were measured by relative gains of the ethnic Romanians over the minorities instead of the overall improvement of the economic situation for everyone.

Some leading Romanians realized that the promotion of Romanian ethnicity at the expense of the minorities was associated with detrimental long-term effects. Still, they believed it was necessary to promote Romanian ethnicity not least because it attracted voters. Another aspect was that the Romanian elite could improve their own economic situation through a redistribution mechanism. Some of them argued that a violation of equality was detrimental; at the same time, they gave priority to Romanianization, de facto. This double standard increased the political uncertainty and caused minority leaders to lose faith in the Romanian authorities.

The indirect methods of Romanianization and ethnic quotas only marginally improved the position of the ethnic Romanians. The poor results convinced leading Romanians that ethnic proportionality with legal enforcement was necessary, as the parliament never approved a nation-wide, legal system of numerus valachicus. This reinforced state involvement and gave incentives for legal ethnic discrimination.
Romanian leaders were unable to create inclusive institutions and a civic Romanian identity. The Hungarian minorities believed that the Romanian authorities and the state discriminated against them. The intensified Romanianization in the private sector became a threat to the incomes of many non-Romanians. Calls for the implementation of an ethnic proportionality system, coupled with rising anti-Semitism, increased the fear and economic uncertainty among minorities and minority-owned businesses.

The short terms gain of the Romanian elite reinforced the belief that the recipe for a successful Romanianization was a more intensified Romanianization, even if Romanian society became divided on ethnic lines. The development in the ethnic borderland was marked by several social mechanisms reinforcing vicious circles of ethnic bifurcation. This removed any chances of establishing favourable conditions of political stability and long-term economic growth.
A drift towards the extreme right characterized the political development in Romania and Europe in the mid-1930s. The reasons for this were the economic difficulties following the Great Depression and the frustrated generation of nationalists that demanded fast and more radical solutions. In Romania the ethnocratic principle was implemented in the political system and a Romanianization was undertaken in the public sector of the ethnic borderlands. This increased the expectations among the Romanian leaders of undertaking a similar Romanianizing in the private sector. Previous efforts had not yielded desired results, therefore the demands for more radical methods increased.

Minorities experienced an increased discrimination and used their economic institutions to unite and resist. The extreme right focused on the economic positions of minorities in general and Jews in particular. They targeted the Jewish dominance in trade and commerce and demanded a forced nationalization. Anti-Semitic laws were introduced and ethno-racial quota systems were implemented in several countries, including Nazi Germany and Hungary, between 1935 and 1940.

At the end of the 1930s German and Hungarian irredentism increased in Europe. In 1938 Austria and the Sudetenland in Czechoslovakia were annexed by Germany. Hungary received parts of Czechoslovakia in 1938 as a result of the First Vienna Award (see map 11). Shortly afterwards the Hungarian government implemented the first anti-Jewish law, which limited the Jewish share among certain professions. The purpose was to reduce the Jews’ economic strength. In Romania similar demands were put forward and in 1940 a Jewish statute was implemented, which removed most of the civil rights of the Jews.

Hungary militarized the Hungarian-Romanian borders in 1938 and increased its claims on Transylvania using historic and ethnographic arguments, but also pointed to the increased discrimination against Hungarian minorities in Romania. The situation between the two countries grew tense in 1938, and most people expected either war or border revision. The militarization was reinforced after the start of the Second World War in September 1939. Both Hungary and Romania were allied to and dependent on the will of Nazi Germany, which decided over the fate of Transylvania.
The purpose of this chapter is to analyze the methods of radicalized Romanianization in Satu-Mare between 1937 and 1940, in a context marked by extreme right politics and a potential border revision or war. The chapter focuses on the efforts and methods to Romanianize the private sector and includes a summary of the economic impact of the Romanianizing in the second half of the 1930s.

8.1 The Ultra-Nationalist Government of Goga-Cuza

At the end of December 1937 Octavian Goga and Alexandru Cuza, the extreme right and anti-Semitic leaders of the National Christian Defense League, formed a new government at the behest of King Carol II. They aimed at implementing a radicalized Romanianization with numerus clausus and the exclusion of Jews from all sectors of the economy.\(^1\) Cuza declared ‘We took an oath before God, Goga and I, to return Romania to the Romanians’.\(^2\) The government declared that only the Romanians enjoyed the right to work, and ‘for this purpose only Romanians of Romanian ethnic origin are to be considered’.\(^3\)

In a short amount of time several decrees were issued to implement the principle of replacing the minorities with ethnic Romanians. One decree stipulated that only ethnic Romanians could sell products under state monopoly, including salt, tobacco, cigarettes, matches, and petroleum. A special commission was established for removing licenses of Jewish innkeepers. The Minister of Finance ordered all wine merchants and distilleries to certify their ethnic origin within 24 hours. All Jewish officials in the export office were dismissed, as were Jewish lawyers and physicians employed by public institutions. Jews were also expelled from professional associations in accordance with the recommendations previously made by the ethnic Romanian members of these associations.\(^4\)

The Foreign Minister explained that ‘this is a major cleaning of our house’.\(^5\) Anti-Semitic demonstrations were held in many cities, and synagogues were attacked and even burnt down. This induced a chain-reaction among the Jews. Jewish traders protested and stopped trading agricultural products, disrupting the food distribution and paralyzing the economy. Jews transferred money abroad for safekeeping, and many emigrated. A British observer noted that ‘Unless the Jewish business man, who holds in his hand


\(^3\) Ibid. 37.

\(^4\) Ibid. 38; *Danubian Review*, 5/9, Feb. 1938, 47-51 (50-1).

\(^5\) Sajtó, 18 Jan. 1938, 1.
perhaps more than half of the economic interests of the country, is permitted to go about his business undisturbed it is not likely that real economic stability can be re-established’.\(^6\)

In addition to the above measures, a revision of Jewish citizenships was implemented.\(^7\) This aimed at revoking the civil rights of the Jews with the purpose of subjecting them to law for protection of national labor.\(^8\) Cuza had argued later in 1938 that ‘Romania’s new constitution must be framed in accordance with the Law for the Protection of National Labor, which has been the fervent desire of all Romanians’.\(^9\)

The mayors were given 30 days to draw lists of all residents whose citizenship were suspect. On 18 January the local newspaper in Satu-Mare reported that around 3,000 adults were on the list.\(^10\) If we take into account Jewish children this means that around 6-8,000 Jews (around 70 per cent of the Jews in the city) were at the risk of losing their civil rights as Romanian citizens. Loss of citizenship meant also losing the right to own real estate and landed property and to receive a pension, work permits, and passports.

The previous decade’s efforts to Romanianize had not yielded the desired effects, and thus increased the demands to use more radical methods. This paved the way for the extreme-right Goga-Cuza-government, which quickly implemented anti-Semitic measures. However, this radicalization was met with a Jewish boycott that paralyzed the economy. This reveals that a chain-reaction mechanism was operating in which the Jews responded against state-driven discrimination. Thus, nationalization using direct and negative methods at the expense of minorities involved a general cost. When nationalizing was implemented in such a short period of time, its general negative consequences became obvious. This fact did not discourage the nationalist leaders; instead, they became convinced that other and more radical methods would solve the problems.

8.2 Royal Dictatorship

The Jewish reaction and disturbances in the economy brought down the short-lived Goga-Cuza government.\(^11\) The Romanian King Carol II out-maneuvered the rightist parties and established a personal dictatorship or

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\(^7\) Sajtó, 14 Jan. 1938, 1.

\(^8\) Joshua Starr, ‘Jewish Citizenship in Rumania’, Jewish Social Studies, 3/1 (1941), 57-80 (68).

\(^9\) Ibid.


‘royal dictatorship’ at the beginning of February 1938. The Romanian Parliament and Senate lost their power and the democratic system was replaced with an authoritarian, ethnocratic and corporatist system. Elections were held but there was only one party to vote for: the Front for National Rebirth (Frontul Renașterii Naționale, FRN). In Satu Mare 8,278 voted for the party and only 5 dared to vote against it.

The administrative level of the county was replaced with larger units. The county of Satu Mare was included in the district (ținut) of Someș. At the new district level 75 per cent of the employees were ethnic Romanians and 25 per cent minorities by 1939, with only a couple of Jews. This reinforced the ethnocratic character as all high-ranking positions were given to Romanians. However, by comparison to the Goga-Cuza government, the Romanization and exclusion of minorities was less extreme and more pragmatic under Carol II’s royal dictatorship.

The city of Satu-Mare lost its municipal rights de jure, though these rights had been lost de facto after the establishment of the Interim Commission in 1933. Martial law and censorship of the media was imposed in February 1938. Singing the national anthem was compulsory after movies and theatre performances, and in case people refused they were arrested.

In April several newspapers were suspended, among them the Hungarian-language Újság and the liberal Romanian Satu Mare. The prefect suggested in a confidential report that it would be the best for the national struggle if all but one Romanian newspaper were suspended. For this reason the new semi-official Romanian newspaper Biruinţa Română was issued in February 1938.

In 1939 the Hungarians minority in Romania formed a separate organization known as the Hungarian People’s Community of Romania (Româniai Magyar Népközösség), thereby formalizing the ethnic division of society. The Hungarian section of the FRN included Magyarized Jews such as László/Vasile Baradlai and other Jewish lawyers, which worried the Romanian prefect. A Romanian mayor and Hungarian vice mayor were appointed at the end of 1938. The appointment of a Hungarian vice mayor was an-

15 DJSM PJSM Acte confidenţial-personale 1939/7, 9.
16 Ferenc Fodor, ‘Szatmár földje, Szatmár népe, Szatmár élete’ (Budapest, 1953), 242/a.
17 Újság, 12 Feb. 1938, 1.
21 Biruinţa Română, 1/1, 8 Feb. 1938, 1.
22 DJSM Primaria, Acte confidenţiale, 1938/50, 22-3.
other sign of pragmatism. Thus the royal dictatorship admitted a certain level of minority influence, but only for those who accommodated and accepted the principles of the FRN. The strategy was to include a small share of the minority elite in order to reduce the ethnic tensions and to receive legitimacy.

At the end of February and beginning of March 1938 local newspapers published lists of all persons whose citizenship was under revision. After the publication these persons had 20 days to prove that they were eligible for Romanian citizenship. In addition, they had to pay significant administrative fees for the applications. The list had been conducted using name analysis, as the local administration lacked record of ethnic origin. The consequence of this was that some Christians, including Hungarians, appeared on the list, which created confusion. Jews could not continue their profession during the revision period. Thus, thousands of Jews lost their ability to earn legal incomes.

To conclude, the ethnic division was institutionalized with a limited political influence of the minorities. The new regime aimed at attracting parts of the minority elite in order to reduce ethnic tensions. Still, it was an ethnocentric and authoritarian system with the king as a dictator.

8.3 Romanianizing the Private Sector

The new regime aimed at a continued Romanianizing of the economy. The laws and decrees issued by the Goga-Cuza government remained in force, and the citizenship of large numbers of Jews remained under revision. Meanwhile, a new law was imposed to restrict foreign citizens from establishing companies in Romania. In May 1938 the prefect of Satu Mare issued a decree demanding the Romanianization of all company names. It stipulated that names could only be written with Romanian characters and no other languages were allowed. Until then company signs in other languages had been accepted if a special tax was paid. The Chamber of Labor replaced all former professional associations and the leadership openly promoted a continued Romanianization. The managers in the Chamber of Labor were

24 Ujság, 22 Feb. 1938, 2; 23 Feb., 5; 24 Feb., 7; 27 Feb., 4 and 2 Mar., 4; Sajtó, 22 Feb. 1938, 3; 23 Feb., 4; 24 Feb., 4; 26 Feb., 4; 27 Feb., 4; 1 Mar., 4; 2 Mar., 4; and 3 Mar., 6.
30 Conştiinţa Română, 31 Aug. 1938, 5; 2 Sept., 3.
all ethnic Romanians, as were their wives, according to their own report.31 These efforts reinforced the Romanianizing ambitions, but only marginally changed the ethnic shares.

The new regime continued to Romanianize by using languages exams among different professions in order to replace minorities with ethnic Romanians.32 However, the minorities protested. For example, Jewish inn-keepers obstructed and refused to take the exams. The result was that no exams were held.33 Thereby the Jewish dominance among innkeepers was maintained. Also the ethnic struggle among lawyers was settled, as the local Chamber of Lawyers in Satu-Mare elected one Jewish, one Hungarian and one Romanian leader.34 Initially the minority lawyers also had to undertake a Romanian language exam in April 1938, but the Hungarian leaders protested and eventually no minority lawyer was suspended.35 This revealed that the chain-reaction mechanism among the minorities in the ethnic borderland was relatively strong, which forced the Romanian leaders to pragmatic solutions.

The revision of the law for protection of national labor continued. In March and October 1938 the Ministry of National Economy published lists naming 155 companies that had violated the Law as of December 1937. These two lists included 7 Jewish companies from Satu-Mare.36 One of the Jewish companies, which was subsequently fined for violating the law, produced kosher vinegar; according to the Romanian newspaper in Satu-Mare, none of its employees was ethnically Romanian, though it did employ some Christian Hungarians. The newspaper complained that if the company could have employed Christian Hungarians, then they also could have had employed Christian Romanians.37

By the end of 1938 more companies were fined for violating the Law; in all, several hundred companies were fined.38 According to the statistics even more companies could have been fined, but the Commission lacked administrative capacity.39 The impact of the Law in Satu-Mare was noted in 1938. A Romanian intellectual wrote that ‘the Romanian element has started penetrating in the minority enterprises’, as ‘the fines of a number of companies

31 DSJM Camera de Muncă Oradea oficiul jud. Satu-Mare, 1939-40/2, 24, 41-3.
32 Sajtó, 22 May 1938, 3; Reggeli Lapok, 26 June 1938, 2.
33 Reggeli Lapok, 15 May 1938, 2.
34 Újság, 19 Mar. 1938, 6.
35 Imre Mikó, Huszonkét év: Az erdélyi magyarság politikai története 1918.dec.1-től 1940 aug.30-ig (Budapest, 1941), 179.
37 Conștiința Română, 11 Aug. 1938, 5.
for not following the Law...has had a great impact’.40 This indicates that the Law had an impact on the ethnic structure of employment.41

However, at the end of 1938 a labor inspector from Cluj declared that the Law did not give the right to an employer to dismiss employees based on an ethnic interpretation of the Law. Nevertheless, the minorities argued that thousands of minority employees had lost their job because of the ethnic interpretation.42 This official declaration in support of a civil interpretation was reinforced in 1939 when the Minister of Labor declared that the Law should not be understood in an ethnic way but instead as directed against foreign citizens. He explained that if anyone had been dismissed because of ethnic reasons he promised to rectify this.43

However, Jews who lost their citizenship were immediately subject to the Law. The revision of Jewish citizenship therefore had an impact on Jewish trade, as Jewish trading licenses were also revised.44 In September the local newspaper reported that around 2,500 Jewish families in the city were at risk of losing their citizenship.45 The result was that 37 per cent of all Romanian Jews under revision lost their citizenship (73,253 families, out which 20,384 were from Transylvania). This means that around 750 Jewish families lost their citizenship in Satu Mare, according to my estimation.46 These families lost the right to own real estate, as well as to obtain and use professional licenses and a Romanian passport. The most common reason most Jews formally could not maintain their citizenship was because they were unable to deliver the requisite documents (like birth certificate, proof of residency) in time. Another problem for many Jews was expensive application fees.47

The high costs associated with application made it more difficult for poorer Jews to maintain their citizenship. The administrative pressure created incentives for using bribes, and the whole process became an unexpected source of income for many officials.48 This shows how an exploitation mechanism operated in which ethnic Romanians used their administrative position to exploit the vulnerable situation of the Jews.

In 1939 the Chamber of Labor launched another campaign to increase the Romanian share of craftsmen and traders. The Chamber issued permits for

41 Ancel, The Economic Destruction of Romanian Jewry, 57.
42 Danubian Review, 7/2 (1939), 47-8.
43 Magyar Kisebbség, 1939, 267.
45 Ujság, 8 Sept. 1938, 3.
46 I have not found the full list. My estimation is based on figures provided by Starr, ‘Jewish Citizenship in Rumania’, 78-9.
47 Reggeli Lapok, 5 Mar. 1938; Sajtő, 5 Mar. 1938, 6.
apprenticeships, and 44 per cent of the permits issued were given to ethnic Romanians, 30 per cent to Hungarians and 20 per cent to Jews. In another effort to Romanianize, the National Industrial Credit Institute modified its regulations in 1939 to provide industrial support only to ethnic Romanians.

In 1939 a reform was launched to establish Romanian consumer co-operatives supported by the Romanian state. The aim was to establish a cooperative shop in every village, with the aim to replace the ‘foreigners’ shops’, i.e. the Jewish ones. Leading peasants also backed the establishment of co-operatives.

In 1939 a new bill was passed setting an ethnic quota for the legal profession. The Minister of Justice claimed that this law would better ‘ensure priority of the Romanian national elements’. The Law was enforced in 1940, and for the first time applied the ethnic principle expressed in Article 27 of the Constitution. The general quota for the country provided that a maximum 4 per cent Jews and 7.9 per cent Hungarians could occupy certain professions; the ethnic quota for counties with over 30 per cent minorities would be decided on a case-by-case basis. Thus ‘numerus valachicus’ was enacted and the ethnic quota system that had been proposed over the prior two years was implemented. This marked a new era of radicalized Romanianization in which direct methods were applied that openly violated against the principle of non-discrimination.

Still, leading Romanians admitted that all these efforts had not produced the desired results. One Romanian intellectual concluded at the beginning of 1940 that ‘Romanian industry and trade are simply non existent’. He argued that ‘we shouldn’t turn this into a policy of extermination’, but the state needs to encourage the ethnic Romanians to exercise their rights. British intellectual observer Arnold Toynbee (and later famous historian) also noted that the Romanians were disappointed because ‘all well-paid jobs are in the hands of the minorities’. The minorities, on the other hand, were ‘being pushed out of jobs, to which they have a professional claim, for political reasons which ought not to come in’.

Despite radicalized methods of Romanianizing it was difficult to change the ethnic structure in the private sector. One reason was the relatively low

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49 ‘La Camera de muncă din Satu-Mare se depun o intensă activitate spre romanizarea vieții economice’, Conștiința Română, 12 July 1939, 2.
51 ‘Viața economică sânmăreană’, Conștiința Română, 2 June 1939, 5.
53 Danubian Review, 8/7 (1939), 31-2.
54 Ibid. 7/9 (1940), 35-6.
share of Romanians in the ethnic borderland in general and in Satu-Mare in particular. A report about the prospects for Romanianization of the city noted that there ‘are only 14,000’ Romanians in a city of 50,000.\(^{57}\) Most educated Romanians were absorbed by the public administration and there were simply not enough Romanians available for a major Romanianization of the small industry and the commercial sectors. Leading Romanians noted that the dominance of the minorities threatened Romanian apprentices, and that the industrial and commercial sectors risked being ‘Magyarized’.\(^{58}\)

One Romanian nationalist explained that another reason for the lack of Romanian traders was because of the Hungarian state support during the dualist period. According to him the nationality law of 1924 mistook the notion of citizenship with that of nationality, and ‘by this law, lead was poured in the wings of impetus of the Romanian element’. Thus, he argued that the minorities should not have received citizenship in 1924. Furthermore, he asked ‘Can our town (Satu-Mare) be called Romanian, as well as other towns from this region, as long as 95% of its wealth is administered and circulated by foreigners [minorities]?’ He argued that the army should guarantee the safety of the country, and the middle class should guarantee the economical balance.\(^{59}\) Still, ‘nothing’ had been done during the last 20 years to support the Romanians.\(^{60}\) These statements were all exaggerations but nevertheless revealed the frustrations of a local Romanian intellectual at this time.

At the beginning of August 1940 – shortly after Romania lost Bessarabia and Northern Bukovina to the Soviet Union – a Jewish statute based on racial ground was imposed in which all important civil rights were revoked. Jews were no longer entitled to possess agricultural land, and in rural areas land was confiscated. A special tax of ‘labor for general welfare’ was imposed on Jews. Jews were dismissed from their jobs and labor permits withdrawn. This was only a prelude to the transfer of the entire economic sector into Romanian hands, i.e. the complete forced Romanianization.\(^{61}\) According to the statute, Jews were not allowed to be employed in the public administration.\(^{62}\) In Satu-Mare the Chamber of Labor prepared lists of Jews that companies could dismiss as consequence of the new statute.\(^{63}\)

\(^{57}\) DJSM PJSM Acte confidențial-personale 1938-40/4, 138.
\(^{59}\) Valeriu Moș, ‘Dece n’avem comercianți români la Satu-Mare?’, Conștiința Română, 8 May 1938, 3.
\(^{60}\) Viața economică sătmăreană’, Conștiința Română, 2 June 1939, 5.
\(^{63}\) DSJM Camera de Muncă Oradea oficiul jud. Satu-Mare, 1940/603, 8 Aug. 1940.
In the final report on the results of Romanianization in Satu Mare County in 1940, the county’s prefect reported that the share of Romanian staff in the industrial sector had increased, as 59 per cent of the workers were ethnic Romanians. However, despite the efforts made, the ethnic structure did not change significantly, as minorities still dominated among technical and administrative staff, where the Romanian share was around 40 per cent. Thus the Law for National Protection produced some results, yet Romanians remained underrepresented in leading positions in the private economic sector.64

The prefect also reported that in Satu Mare County, where the Romanian population was around 60 per cent, the share of Romanian traders was only 11 per cent. The Jews dominated the commercial sector, as 1,657 out of 2,392 traders were Jews (69 per cent). In certain other sectors, such as trade in agricultural products, the Jews totally dominated.65 Thus, the Jewish dominance in trade shows how intermediary mechanism operated.

The prefect explained that the main reason for this was that the Hungarian authorities had prevented the Romanian element from entering the field of commerce and industry during the dualist period. ‘That’s why even today, so many years after the Union, the number of Romanian traders and craftsmen are insignificant’, he explained.66 Thus the Romanian prefect explained that the failure of Romanianizing was the result of the previous Magyarizing.

Another explanation of the failure to Romanianize the commercial sector was that regulations to promote Romanians were circumvented by corruption in the administration. In the Jewish book of remembrance the authors claimed that during this ‘chauvinistic period’ when Romanianizing tried to win over the Jews, ‘money was the key to open every door’.67 This is most probably the way Jews could remain in such a large numbers in trade and commerce despite all the regulations imposed against them.

One factor that explains the Jewish overrepresentation in the commercial sector was the solidarity within the Jewish community. In an article of the local Jewish magazine in 1939 the topic of Jewish competition was brought up. A reader asked: ‘Is it was allowed to open a shop selling similar products next to a Jewish trader?’ The answer was that it was ‘forbidden’.68 Jews followed their leaders, and socio-religious factors reduced the internal competition and promoted co-operation among Jewish traders. Thereby they could maintain a dominant position.

64 DJSM PJSM ‘Studiu documentar asupra realizárilor româneşti în judeţul Satu Mare între anii 1918–1940’, 1940/55, 36.
65 Ibid. 35.
66 Ibid. 41.
The Romanian share among craftsmen was 22 per cent. Though low, it had been considerably lower during Hungarian rule, remarked the prefect in his report. The obstacle for the Romanians was the Magyarization during the dualist period, but also the lack of capital. The only major reform was the initiative of Valer Pop in 1937, when Romanian craftsmen received state support. This reform had supported the 23 Romanian craftsmen, who still operated in the city.\(^{69}\)

Apart from this the Romanian state had not made any major efforts to Romanianize the industry since Unio had moved in 1935. Instead, the state had promoted investments in the central parts of the country and especially around the capital of Bucharest in the mid of the 1930s. This centralizing policy had actually de-nationalized the industry the ethnic borderlands, including Satu-Mare, compared with the situation of the 1920s.

In 1940 the prefect reported that only around 7 per cent of the capital in the large industrial sector was owned by Romanians. The Hungarian share was around 11 per cent, while the Jewish share had increased to 71 per cent.\(^{70}\) The two largest Jewish enterprises were the Princz metal company and the textile company owned by the Freund family. Together, these two companies possessed 38 per cent of all industrial capital in the city. Romanian protectionism through trade tariffs also supported industry owned by the minorities, something that leading Romanian nationalists noted.\(^{71}\)

The conclusion is that the radicalized methods to Romanianize did not have the desired effects. Instead it led to the paradoxical result of increasing minority shares, especially in the private sector where the Jewish share increased. One of the reasons was the low share of ethnic Romanians. Another was the ethnic division of labor in which the Romanian elite dominated the public sector and the minority elite the private sector. The Romanian elite used the political and administrative control to enrich themselves and by milking the private sector using taxes and bribes. A third reason was the exclusive definition of Romanian ethnic origin which made impossible for Hungarians and Jews to become Romanians.

Minority owned industries in the ethnic borderland could maintain their position as a consequence of the centralization of the industry. They had necessary know-how and experience in running important parts of industry and trade. The Romanian state was reluctant to invest in the ethnic borderland because of the risk of border revision. This induced a vicious circle of radicalization in which the government imposed an anti-Jewish statute and ethnic quota system.

\(^{69}\) ‘Studiu documentar asupra realizărilor românești în județul Satu Mare între anii 1918–1940’, DJSM PJSM 1940/55, 42.

\(^{70}\) Based on my calculations on companies from the city of Satu Mare, ibid. 37.

\(^{71}\) Iosif Maior, Problema românizării economiei naționale (Bucharest, 1940), 69.
8.4 Romanianized Land

The Romanian land reform started in the early 1920s, but in certain cases the final decisions were made only in the mid-1930s. Valer Pop settled one of the disputes in 1935 between some Romanian villages and the Hungarian count Károlyi in favor for the Romanians.\(^{72}\) Another ethnic side of the land reform was the establishing of colonies. However, colonizing along the border had been coupled with all kinds of economic and national issues.\(^{73}\)

The colonies were established with state support and the colonizers always had good reasons for applying for more support.\(^{74}\) In 1939 the settlement of Livada complained in an open letter to the government that they were unemployed, had no money, no school and no church; they demanded the state support them for ‘cause of the Romanians’.\(^{75}\) In some of the other colonies (Peleș, Bercu and Lazuri) Romanians had been settled in Hungarian-dominated environments and subsequently de-nationalized, thereby losing their Romanian language and identity.\(^{76}\)

The result of the Romanian land reform in the county of Satu Mare was that 78 per cent of all land recipients had been Romanians, even though the Romanian share of the total population was 61 per cent in 1930. The Hungarian share of land recipients was 17 per cent, which was lower than the 25 per cent Hungarian share of the population. For the Swabians the situation was more favorable, as 5 per cent of the recipients were Swabians despite their share of the population being only 3 per cent. However, almost no Jews received land, even though their share of the population was 8 per cent.\(^{77}\)

The result of this uneven distribution of land between ethnic categories was an overrepresentation among Romanian landowners (69 per cent compared to a population share of 62 per cent in 1939) as well as Swabians (6 per cent versus 3 per cent). The Hungarians were slightly underrepresented (18 versus 21 per cent) and the Jews even more (4 versus 9 per cent).\(^{78}\) Based on per capita distribution, the Swabians and the Romanians possessed more land than Hungarians and Jews (see table 7).

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\(^{73}\) I. Rusu, ‘Colonizarea graniței de vest’, *Brazda*, 1/1, May-June, 1937, 30-1.

\(^{74}\) Prefectura 1938/4, 52-82, 1940/32; DANIC, Inspect. Regional al jandarmeriei, dosar 477, 116.

\(^{75}\) *Conștiința Română*, 3 Feb. 1939, 2.

\(^{76}\) S. Dărămuș, ‘Situația coloniilor și starea coloniștilor din județul Satu-Mare’, *Brazda*, 2/1, Jan-Feb., 1938, 8-12 (11).

\(^{77}\) ‘Studiu documentar asupra realizărilor românești în județul Satu Mare între anii 1918–1940’, DJSM PJSM 1940/55, 15-6.

\(^{78}\) Ibid.
<table>
<thead>
<tr>
<th>Ethnic belonging</th>
<th>Average size of land</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Romanian</td>
<td>1.27 hectare</td>
</tr>
<tr>
<td>One Swabian</td>
<td>2.19 hectare</td>
</tr>
<tr>
<td>One Hungarian</td>
<td>0.87 hectare</td>
</tr>
<tr>
<td>One Jew</td>
<td>0.5 hectare</td>
</tr>
</tbody>
</table>

Source: DJSM PJSM 1940/55, 15-6.

This means that the outcome of the land reform was supporting Romanian ethnicity, as it not only compensated for the underrepresentation of Romanians during the dualist period but also actually promoted the ethnic Romanians to such an extent that they became the main owners of the land. The support of the Swabians can be regarded as part of the Romanian strategy to win them over and divide them from the Magyar category.

Some researchers and contemporaries argued that the Romanian land reform had mainly a social effect, but if we look at the structure in 1939 we still find a number of large landowners (145 owning property over 100 hectares) and medium large landowners (4,265 owning between 10 and 100 hectares). The difference from the dualist period was that these had been Magyars; however, by 1939 a majority of them were Romanians (50 per cent).

While land reform had a social dimension, it did not change the inequality of land distribution, as 6 per cent of the landowners owned 42 per cent of all land in the county. Even if the distribution of land had been even more unequal in the dualist period, the major impact of the Romanian land reform in Satu Mare was the ethnic shift from a Magyar to a Romanian overrepresentation. The conclusion is that the land reform in Satu Mare mainly changed the ethnic ownership of the land and to a great extent preserved social differences. This shows how the state and public sector redistributed important assets to promote ethnic Romanians at the expense of minorities, primarily the Jews.

79 DJSM PJSM 1939/43, 2-4
80 ‘Studiu documentar asupra realizărilor românești în județul Satu Mare între anii 1918–1940’, DJSM PJSM 1940/55, 15-6.
8.5 A Drift towards War or Revision of the Borders

In 1938 the borders of Hungary were revised as part of the First Vienna Award. Hungary received from Czechoslovakia the southern borderland of Slovakia and southern Subcarpathian Rus, located just north of Satu-Mare. The new borders ended all trade between Romania and Czechoslovakia via Satu-Mare. Both Hungary and Romania were allied with Nazi Germany. Through this revision the city was surrounded immediately by Hungary to the west and north. Hungary maintained its claims on Transylvania from Romania, using arguments of minority discrimination, historical right and ethnography in an intensified effort to convince Nazi Germany to return it to Hungary.

In 1938 Romania created a military border zone (including Satu Mare) wherein the state could expropriate without compensation land and property for military purposes.\(^{81}\) In 1939 the Romanian state imposed a law stipulating that land in ethnically mixed areas could only be used for settlement purposes and only sold to ethnic Romanians.\(^{82}\) Special reports were made listing all ethnic Hungarian landowners along the Hungarian-Romanian border in September 1938.\(^{83}\)

The Satu-Mare region was of special importance in this campaign, as the share of non-Romanians was high and the ethnic structure important in the discussion of a revision.\(^{84}\) Consequently, in 1940 the Romanian government made plans for an increased colonization of ethnic Romanians in the region.\(^{85}\) However, few Romanians were attracted to settling in a disputed area near a hostile neighbor and with increased military presence. Romanian authorities complained that it was difficult to find willing colonizers. In 1940 for example a group of 35-40 Hungarians had crossed the border and committed violent attacks in Satu-Mare.\(^{86}\) According to the prefect’s description the Romanian settlers along the border ‘substantiate the most dazzling courage and loyalty’.\(^{87}\)

In 1939 the Chamber of Commerce and Industry encouraged all companies to make financial contributions to the Romanian army.\(^{88}\) In the lists of companies giving financial support we find both Jewish and Hungarian

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81 'Lege pentru crearea zonelor militare', *Monitorul Oficial*, 16 Dec. 1938, dos. 293.
82 ‘Lege pentru finanţarea preemţiunilor’, *Monitorul Oficial*, 18 Nov. 1939, dos. 268.
83 ‘Report by the Prefect of Satu Mare’, DJSM PJSM Acte confidenţial-personale 1938-40/4, 197-8.
84 *Danubian Review*, 7/12 (1940); *Danubian Review*, 8/1 (1940).
85 DJSM PJSM Acte confidenţial-personale 1940/3, 24.
86 Ibid. 43, 49, 64.
87 ‘Studiu documentar asupra realizărilor româneşti în judeţul Satu Mare între anii 1918–1940’, DJSM PJSM 1940/55, 61.
88 *Conştiinţa Română*, 11 June 1939, 4.
companies, and one of largest donations came from the Princz factory, which was owned by Magyarized Jews.\(^89\)

According to Hungarian sources, members of the Romanian elite moved from the city in 1939 because of a rumor that the Romanian government was negotiating a revision of the borders that would award to Hungary some of Romania’s Hungarian-populated areas, including Satu-Mare.\(^90\) The Romanian prefect likewise reported that the city’s Romanian elite was nervous and that many of them had sold their properties.\(^91\)

He reported that the system of having minority officials was not functioning well because the son of the vice mayor of Satu-Mare, who was ‘of Hungarian origin and known as good person’, had deserted to Hungary. Therefore the prefect suggested that minorities should be totally excluded from the administration. Ultimately, he disarmed all minorities and armed trustworthy civil servants along the border.\(^92\)

In July 1940 the prefect reported that Jewish traders kept all their money in cash, as the political and economic state of affairs became increasingly precarious, and change seemed imminent. In addition, he reported that the Hungarians were optimistic about receiving Transylvania after Romania lost Bessarabia and Bucovina to Soviet Union the previous month.\(^93\) As well, Romanian authorities in Satu-Mare prepared to evacuate the city in the event it was awarded to Hungary or a war broke out.\(^94\) Everyone expected a change in the status quo, whether border revision or war.

### 8.6 Economic Development

The national income per capita for Satu Mare County at the end of 1937 was 85 per cent of the average in Transylvania. Only 6 out of the 24 other counties in Transylvania had lower per capita income than Satu Mare.\(^95\) Transylvania had been more developed than the territories of the Old Romanian Kingdom (Regat) in 1919, but by 1937 the economic transformation and

\(^89\) DJSM Camera de Comerț și de Industrie Satu Mare, 1938-9/6, 7-60 (25).
\(^91\) ‘Report on 31 Mar. 1939 by the Prefect of Satu Mare’, DJSM PJSM Aete confidențial-personale 1939/2, 99-118.
\(^92\) Ibid.
\(^93\) ‘Report on July 1940 by the Prefect of Satu Mare’, ibid. 1940/6, 24-7.
\(^94\) ‘Studiu documentar asupra realizărilor românești în județul Satu Mare între anii 1918–1940’, DJSM PJSM 1940/55, 61-2.
\(^95\) Romanian Official Statistics, ctd in Magyar Nemzeti Bank, *A romániához csatolt magyar területek gazdasági élete* (Budapest, 1940), 54-5.
development had shifted in favor of the Regat. This clearly shows the economic impact of the radicalized Romanianizing and centralization of industries. The core Romanian territories of Moldavia and Wallachia had improved its relative economic position vis-à-vis Transylvania at the expense of the ethnic borderlands.

In 1939 a Romanian intellectual claimed that ‘Economically, Sătmar is almost destroyed’. Indeed, the threat of a war or revision of borders had a negative impact on the ethnic borderlands, especially for Satu-Mare, with its close proximity to the Hungarian-Romanian border. The anti-Semitic legislations disturbed the economy of Satu-Mare, which had a relatively large share of Jews. Moreover, transit-trade between Hungary and Romania was reduced as a consequence of deteriorated Hungarian-Romanian relations during the 1930s, and trade between the two countries ended completely in 1938 after the first Vienna Award. These negative developments started with the Great Depression. Although the economy began to improve by the mid-1930s, the relocation of the Unio factory in 1935 halted the city’s recovery and negatively impacted its economic development. The short-term ethnic favorism on the labor market also made a certain negative impact on the general economic development, and furthermore caused political instability as the minorities were discriminated, which made employers to primarily focus on short-term economic operations.

Satu-Mare was not an attractive place for major industrial investments in at end of the 1930s. The reason for this was the political instability along the borderlands, as the area was at risk of being transferred to Hungary. As well, legal requirements for the protection of national labor demanded a certain share of ethnic Romanians among the workforce of private companies. However, it was difficult to find and attract Romanian employees in the ethnic borderlands. The pressure to Romanianize companies made places such as Satu-Mare less attractive; instead, the central parts of Romania were preferred for state-led investments. The result of this was paradoxical, as the radicalization and centralization of Romanianizing had not improved the shares of ethnic Romanians in the economy and workforce, but on the contrary the minority shares had increased, especially for Jews. The forced efforts to Romanianize the ethnic borderlands were thus undermined by a vicious circle of low economic standards, political instability and increased ethnic tensions.

8.7 Conclusions

The conclusion is that the economic development in the ethnic borderland was characterized by a vicious circle of radicalization. Romanian leaders argued that the minorities were overrepresented in the private sector and believed that more radical methods were needed. The indirect methods applied before 1937 had not yielded the desired effects. Instead, new radical and direct methods were introduced in a stepwise process. The first step was taken by the Goga-Cuza government when it implemented anti-Jewish decrees. However, these attempts backfired, as Jewish resistance paralyzed the economy. The next step was to revise Jewish citizenship with the aim of revoking their civil rights and limiting their share within the Romanian economy. Yet the effects of this legislation on the private sector were only marginal. The third step was to implement an ethnic quota system, in which ethnic shares were politically determined. In a last step, the Jewish statute was imposed in which Jews lost many of their civil rights. These reforms and methods became more radical and discriminative because each, one after another, failed to achieve the desired results and because border revisions and war appeared imminent.

The Romanianization of the private sector was therefore a failure in the eyes of the Romanian national elite. The first of six main factors explaining the high share of minorities was the relatively low share of Romanians in the ethnic borderlands in general and in Satu-Mare in particular. Romanian ethnicity was defined in denominational terms (Romanian origin), which made it difficult for minorities to assimilate and accommodate as Romanians. It was only possible for Greek Catholics and Orthodox to claim a Romanian origin and become accepted as real Romanians. Compared with the dualist period was Romanian ethnicity more exclusive especially in relation to Jews.

The second factor connected to the relatively low share of Romanians was that most educated Romanians had been absorbed into the public sector. The Romanianization of the public sector was a prerequisite for a continued Romanianizing of the private. However, with a limited number of Romanians available and the essentialized (racial) definitions of ethnicity, there were not enough Romanians to Romanianize the private sector as well. Employment in the public sector enabled some Romanians to earn easy money by taking bribes. With the legal enforcement of radicalized Romanianization methods, the need for minorities to circumvent the law increased. Consequently, corruption among the Romanian authorities undermined the legal efforts to Romanianize. This created a political economy that incentivized increased administrative efforts and state involvement. In turn this increased the incomes of the Romanian elite. The political economy of radicalized Romanianization thus divided the economy into a private sector dominated by the minorities and a public sector dominated by the ruling Romanians.
The third factor that explains the relatively high share of minorities in the private sector was the institutionalization of a Jewish dominance in trade and the know-how among Hungarian and Jewish craftsmen. They had built up this experience over generations, and many of the companies in the city were family owned. Jews and Hungarians had the requisite networks and contacts for conducting their businesses. To replace these networks and contacts without major disturbances proved difficult for the Romanians. For example, the Goga-Cuza government’s attempt to force the Jews out of the economy only paralyzed the Romanian economy, leading ultimately to that government’s downfall.

The fourth factor was the co-operation and the unification among the minorities. Many Jews followed their leaders and helped one another against the state-driven discrimination. In addition they used bribes to circumvent discriminatory legislation. The Hungarian elite coordinated their interests and struggled against the Romanianizing trends with the help of Hungary, revealing how a transborder mechanism operated. As some of the leading Hungarians in Satu-Mare moved to Hungary when the political and economic situation became too difficult, and as Romanian national interests abandoned the peripheral city in favor of fortifying the center, Satu-Mare became a Jewish stronghold.

The fifth factor was the relatively strong economic position of the minorities, which gave them a certain amount of influence. In a place where the minorities dominated numerically they could use their influence to reduce the strength of certain legal reforms. One example of this was the election one Hungarian, one Romanian and one Jewish lawyer as leaders of the Chamber of Lawyers in Satu-Mare.

A sixth factor in the failure of Romanianization policies to redress the relatively high share of minorities in the private sector was that international trade tariffs supported minority-dominated industries. Romanian economic nationalism aimed at establishing economic autarky, which benefited existing companies owned by minorities, as well as the industries already dominated by minorities. An important example in this respect was the high tariffs on textiles, which protected the second largest company in Satu-Mare, the Freund textile factory.

The paradoxical result of the radicalized Romanianization clearly shows the detrimental consequences for Romania and even for the city’s ruling, ethnic Romanian elite, who preferred to leave the city and invest in the core national territories. Despite these policy failures, they continued to use the precarious situation in the ethnic borderland to legitimize the implementation of yet more radical Romanianization methods. This vicious circle of radicalized Romanianization reveals how institutionalized the idea of ethnic purification had become.

The radical methods induced several detrimental mechanisms. The anti-Semitic measures indicate that an exploitation mechanism was operating in
which Romanian ethnicity exploited the Jews. The revision of citizenship and the Jewish statute were two such examples. These methods were signs of radicalization and how the principle of equality was totally abandoned. The Romanian government, as well as ruling elite and local populations, openly discriminated against Jews with the purpose of improving the relative position of ethnic Romanians.

Economic policies became a question of relative ethnic improvement by reducing the economic capacity of the minorities, mainly the Jews. Romanian leaders paid little attention to increasing the general welfare of the population. This reveals how an inter-ethnic mechanism operated in which the economy was regarded as zero-sum game, and thus the reduction of the minority share was perceived as a simultaneous gain for the ruling Romanians. The legal exclusion and limiting of share were direct and negative methods of Romanianizing, which differed from the more positive methods implemented during the 1920s when the state promoted Romanianization through local investments.

Jewish identity became associated with intermediary positions, and much of the Romanians’ political energy aimed at reducing the Jews’ positions within commerce and trade, as well as the free professions. The state-driven discrimination came at high costs yet produced low results, as the minorities put up significant resistance to the Romanianization efforts. This shows how a chain-reaction mechanism operated to reduce the strength of state-driven measures.

The drift towards border revisions and war made the ethnic borderland unattractive. The state was therefore reluctant to make investments in the region, and no major private ventures were undertaken in Satu-Mare after the move of the Unio factory in 1935. Instead, the Romanian state promoted a centralization of Romanian industry that de-nationalized the ethnic borderland, paradoxically increasing the share of the minorities.

If we return to the theoretical concept of inclusive institutions, Romania in the late 1930s totally failed to assimilate its minorities and to create inclusive institutions promoting equality in the ethnic borderland. The result was disaffection among the minorities, which only brought war and national disintegration closer. With lacking investments, state discrimination of minorities and a drift towards war, the prospects of economic growth were low. Direct discrimination and numerous reforms aimed at reducing the economic capacity of the minorities created an institutional insecurity promoting illegal transactions and short horizons of planning. Altogether, this reinforced a vicious circle in the ethnic borderlands marked by ethnic bifurcation and low levels of economic growth. Even if parts of the Romanian elite prospered from this, their immediate self-interest at the expense of the general welfare created political instability and low levels of economic development.
Part IV: Re-Hungarianizing Hungary 1940–1944
9. Re-Hungarianizing Szatmárnémeti City 1940–1944

On 30 August 1940 Nazi Germany and Italy decided that northern parts of Transylvania, including the city of Satu-Mare, should be awarded to Hungary as part of the Second Vienna Award (see maps 10-11). Hitler regarded Hungary’s territorial and revisionist claims as justified, but he was not willing to return all former Hungarian territories of Transylvania. Romanian Foreign and delegate Minister Mihail Manoilescu fainted when the map with the new frontiers was put before him. Still, the Romanian leadership ceded the territory as they risked a joint attack from Germany, Hungary and the Soviet Union.

*Map 10 Romania’s loss of Northern Transylvania 1940–1944*

The more developed southern parts of Transylvania remained in Romania, while northern Transylvania, including Cluj/Kolozsvár, was given to Hungary. This territory included concentrations of ethnic Hungarians in the former border region, such as in Satu-Mare in the far northwest in the Szekler-land in the far southeast of Transylvania; but in between these clusters of Magyars lived a majority of Romanians. Thus, Hungary received a territory with large shares of minorities.
In northern Transylvania the Jews owned large parts of the economy, and in Satu-Mare they dominated commerce and large industry as consequence of the centralization of Romanian economic policies. In Hungary in 1938–1939 Hungarian leaders had imposed anti-Jewish laws to limit the Jewish share in the economy. These laws aimed at re-Hungarianizing and creating a Christian Hungarian-dominated society in which the Jews and the Nationalities were marginalized.

The second anti-Jewish law in 1939, entitled ‘On the Restriction of Public and Economic Encroachment by the Jews’, limited the number of Jews in the free professions and banned them from employment in the public sector. The law further restricted the number of Jews that could be employed in certain enterprises; in addition, many Jewish business licenses were revoked, and right of Jews to purchase agricultural property was strictly limited. Around 40,000 Jews lost their jobs, adversely affecting the living conditions of hundred thousands of Jews in Hungary.¹

Re-Hungarianizing was based on an ethno-religious definition in which only Christian Hungarians were counted among the Hungarian nation. The common Jewish and Hungarian past as Magyars from the dualist period was neglected, and Jews were now excluded from the Hungarian nation. This was obviously an instrumentalization of ethnicity in which the Hungarians relied on foreign support and pressure from Nazi Germany.

Regarding the Romanians, on the other hand, the situation during the dualist period with a marginalized Romanian community became the ideal for Hungarian leaders. However, re-Hungarianizing vis-à-vis the Romanians in Hungarian-controlled Northern Transylvania had to take into account a reciprocity mechanism vis-à-vis the ethnic Hungarians who remained in Romanian-controlled Southern Transylvania. The Hungarian government understood that if they discriminated against the Romanians in Hungary, then this could be turned against the ethnic Hungarians in Romania. Therefore the Hungarian leaders had to be more careful in relation to Romanians, while the discrimination against Jews was supported by Nazi Germany.

All Jewish property was regarded as Hungarian national property, which the Hungarians had the right to nationalize. Still, re-Hungarianization had to take into account the economic demands of a functioning economy and production. Hungary was under the pressure from Nazi Germany to supply it with necessary products, and yet the war created shortages of materials.

The focus of this chapter is on the implementation of re-Hungarianizing and its results. This includes the implementation of anti-Jewish legislation and the development of political economy. Of special interest is how Hungarian ethnicity was constructed in relation to Jews and Romanians, specifically how the mechanism of inclusion and exclusion categorized and determined people’s economic positions.

9.1 Re-Hungarianizing Starts: September 1940

On 1-2 September the Romanian authorities evacuated Satu-Mare and transported 150 railway-carriages of movable property, including the statue of Vasile Lucaciu (see frontpage), to Southern Transylvania.2 The Hungarian army took over the administration only a couple days after. A huge manifestation was arranged when the regent of Hungary Miklós Horthy entered the city on a white horse (see frontpage). The celebration was ‘only for Hungarians’, and Jews were explicitly asked to not participate.3 Still, some Jews participated and one Jewish testimony described the manifestation:

The Hungarian population rejoiced wildly, but the Romanians stayed in the background, observing silently. I also rejoiced. The Hungarian in me was happy to get back our lost land, and I did not realize the bitter consequences of this transfer of power.4

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2 DJSM PJSM Acte confidențial – personale, 1940/7, 1, 18.
3 Csaba Csirák, ed., Szatmári zsidó emlékek (Szatmárnémeti, 2001), 127.
Some Magyarized Jews hoped that their situation would improve with the new Hungarian rule or at least not deteriorate in comparison with the Romanian. However, a Hungarian soldier warned a Jew that ‘we did not bring anything good for your people [Jews] here’.

Indeed, the Hungarian government had imposed anti-Jewish legislation based on a racial definition of Jews, which the new Hungarian administration aimed at implementing in Northern Transylvania. According to Hungary’s racial definition of a Jew, a person was considered to be Jewish based on the religious belonging of the parents or grandparents. While discrimination against Jews was legalized, the official policy of the Hungarian Government towards the Romanians was equality, tolerance and liberty regarding language, religion and culture. Still, the central authorities in Hungary instructed the local administration that ‘the aim of the military administration is to strengthen the Hungarian race and to re-Hungarianize’, which indirectly involved the Romanians.

In the city, which received its former Hungarian name Szatmárnémeti, a fast re-Hungarianization was undertaken to remove all visible Romanian symbols and signs, including company signs, and to restore the former Hungarian street names. The Hungarian army expelled unwanted Romanians, including colonizers in the villages surrounding the city.

9.2 Ethnocracy

When the Hungarian army entered the city in the beginning of September, the governance of the city was first taken over by a military administration (September) and a couple months later by a civil administration (December). The two top positions in the civil administration were filled with Hungarians from Hungary proper (i.e. not from Transylvania or the former territories of dualist Hungary). This pattern was repeated elsewhere in the newly annexed territories, as these Hungarians were regarded as more trustworthy from a national point of view than ethnic Hungarians who had lived in Romania. László Csóka, who had been the vice mayor of Debrecen, was appointed as

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5 USC Shoah Foundation Institute, testimonies 13361, 14701, 41683, 21264, 50370 tape 1.
6 USC Shoah Foundation Institute, testimonies 8102, 29247.
7 Szamos, 7 Sept. 1940, 1; Pál Teleki, Magyar nemzetiségi politika (Budapest, 1940).
8 ‘Decree nr. 6422/1940 18 Nov.’, DJSM PMSM Comandamentul militar maghiar, 1940/13, 150.
9 DJSM PMSM Comandamentul militar maghiar, 1940/9, 130-1, 196; Conștiința Română, 18 Sept. 1940, 3.
11 The second largest city in Trianon-Hungary.
mayor of Szatmárnémeti. Csóka declared in his speech that he aimed at re-building a Christian Hungary after 22 years of suffering, i.e. to re-Hungarianize the city.\textsuperscript{12}

Ferenc Kölcsey was appointed as prefect of Szatmár County and the city. The county restored its historical boundaries from the dualist period and the prefect’s office was moved from Matészalka to Szatmárnémeti.\textsuperscript{13} Kölcsey was a Christian Hungarian (Reformed) and born in Szatmár. He had worked as a public prosecutor 1914–1918, but was dismissed during the Romanian takeover in 1919. He therefore knew well the ‘bitter destiny of the Hungarians during the Romanian Rule’.\textsuperscript{14} Kölcsey had since then worked as a lawyer and lived on his estate in the county of Szatmár on the Hungarian side until ‘Eastern parts of Hungary [Western Transylvania] were returned’ from Romania.\textsuperscript{15}

The city council was almost completely re-Hungarianized as there was only one Romanian councilor out of 54 and no Jews.\textsuperscript{16} In the county council the Hungarians dominated in a similar way, as only 18 out of 210 were Romanians.\textsuperscript{17} Some of these Romanians had been handpicked and classified as ‘Romanians who had not been active in anti-Hungarian activities during the Romanian rule’, like Ottó Papp/Octavian Popp, the director of the Romanian bank Casa Noastră.\textsuperscript{18}

These Romanians were accommodating to the new Hungarian regime, while the majority of the Romanian elite had left the city. Papp/Popp had been a member of the Magyar elite in the dualist period and a leading Romanian nationalist in the interwar period. He strove to become a Hungarian again in 1940 and by instrumentalizing Hungarian ethnicity to maintain his economic and political position. Core nationalists regarded people like him as renegades. From theoretical perspective he definitely can be classified as nationally indifferent. Nevertheless, he was accepted and became a member of the new Hungarian elite. As sign of this the Hungarian vice prefect thanked Papp for his assistance in economic matters in the official report on Szatmár County in 1942–1943.\textsuperscript{19}

\begin{itemize}
  \item[\textsuperscript{12}] Szamos, 24 Nov. 1940, 1.
  \item[\textsuperscript{13}] Szamos, 26 Nov. 1940, 1.
  \item[\textsuperscript{14}] Andor Streicher. Szatmár vármegye alispánjának jelentése a vármegye állapotáról, 1 Sept. 1940-31 Mar. 1941 (Szatmárnémeti, 1941), 5; DSJM PMSM 2/1941, 111.
  \item[\textsuperscript{15}] MOL K 27 (1940.11.08) 15R/96; Szamos, 17 Nov. 1940, 1.
  \item[\textsuperscript{16}] Nagybánya had 2 Romanian councilors out of 30, in Nagykároly there was none and in Felsőbánya there was 2 out of 24, Mihai Fătu et al., eds, Horthyist-Fascist Terror in Northwestern Romania: September 1940 – October 1944 (Bucharest, 1986), 145.
  \item[\textsuperscript{17}] ‘A Szatmármegyei törvényhatósági képviselet megalakulása’, Magyar Kisebbség, 20/10 (1941), 242.
  \item[\textsuperscript{18}] DJSM PMSM Comandamentul militar maghiar, 1940/3, 61-5.
  \item[\textsuperscript{19}] Andor Streicher. Szatmár vármegye alispánjának jelentése a vármegye állapotáról, 1 Sept. 1942 - 31 Mar. 1943 (Szatmárnémeti, 1943), 1-2.
\end{itemize}

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Members of the Hungarian Party were asked to make lists of trustworthy Romanians and Jews. Papp/Popp was listed together with 7 other Romanians, including Augustin Ferentiu/Augoston Ferencz, a lawyer and the mayor of Satu-Mare from the Romanian period (1919–1930). Around 15 Jewish families, including members of the Princz family, were also listed by the prefect as trustworthy from a Hungarian national point of view. This list exempted them from the anti-Jewish legislation and bought them a liberty that other Jews did not receive. This shows how an elite mechanism operated in which Romanians and Jews became classified as Hungarians by their investments in Hungarian ethnicity.

The largest and dominant political party in the city was the newly established Transylvanian Party (Erdélyi Párt), which in many ways was a continuation of the Hungarian ethnic party from the Romanian period. The Transylvanian Party aimed at re-Hungarianizing all parts of society on Christian grounds, especially in the economic sector. They regarded all land and capital as ‘national property’, i.e. the property of Hungarians.

While the Hungarians established a local ethnocracy and organized themselves politically, the ‘Romanian element’ organized resistance with the support of the Romanian churches and banks. The police monitored Romanian political activity and reported in 1941 that the ‘Romanian priests try to organize the Romanian believers around themselves’. Thus, the Romanian strategy and pattern resembled the dualist period as they formed a separate community, which was economically and politically marginalized.

The Jews were also united in religious communities, as most Jews in Szatmár were Orthodox Jews (around 95 per cent). The Orthodox Jews followed their religious leaders, who represented them in all matters. Apart from the Orthodox congregation there was the ‘Status quo ante’ congregation with more progressive and Magyarized Jews. In addition, there were minor Zionist groups, mainly organized by youngsters, who were inspired by the idea of Jewish nationalism.

The only political movement including members of all ethnic categories was the communist underground movement, whose propaganda took advantage of the difficult living conditions, according to police. The Hungarian police associated the communist movement with Jews and Romani-

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21 Szamos, 17 Dec., 1.
22 ‘Nemzeti vagyonnak tekintjük a földet és a tőket’, see Jenő Árkossy, Az Erdélyi Párt programja (Marosvásárhely, 1942) ctd in J. Gergely et al., eds, Magyarországi pártprogramok 1919–1944 (Budapest, 2003), 463-8 (466).
24 MOL K 149/1941/7/6000 A XXII /17/1941/0, 114.
25 MOL K 149/BM/PTI/651 f.2., 72 doboz, 1941-6-15630, 1.
ans, even if some Hungarians participated. Communism was regarded as a major political threat because of the connection with Soviet Union.

The conclusion is that the Hungarian regime implemented an ethnocratic regime with symbolic Romanian representation and no Jews. Still, trustworthy Jews and Romanians were accepted on their individual ethno-national merits and could become members of the Hungarian elite. Top positions were awarded to Hungarians from Hungary. Thus, an elite mechanism operated in which investments and ethno-national merits were rewarded.

9.3 Public Sector

Several Romanian civil servants left before the Hungarian army entered the city, including the majority of the Romanian elite. Still, around half of the civil servants (71) who had worked during the Romanian rule arrived at their job on the first days. This was many more than Hungarian authorities expected. According to the Hungarian regulations Romanian civil servants could only stay if they had not caused any damage to Hungarian interests or disseminated propaganda hurting Hungarian national sentiments during Romanian rule.\(^{26}\) In addition, they had to know the Hungarian language. Jews were not entitled to work in the civil administration, and in any case most had already been dismissed during Romanian rule.

Hungarian authorities kept 64 civil servants (around 40 per cent of the total workforce) from the former Romanian regime.\(^{27}\) Of these, 47 declared Hungarian and 17 Romanian as mother tongue. A majority of them belonged to the Greek-Catholic religion, i.e. were categorized as Romanians during Romanian rule.\(^{28}\) However, Hungarian authorities continued to regard them as ‘Romanians’ and monitored them separately, though in one report it was concluded that ‘the majority of these [Greek Catholics] declare Hungarian nationality’, which ‘only proves’ that they ‘were actually not real Romanians’.\(^{29}\) During the Romanian regime all Greek Catholics had been categorized as having a Romanian origin. However, this report did not assume that they accommodated, but instead believed that they were essentially Hungarians.

The empty positions left by the Romanians were filled with Hungarians. Of these newly filled positions, 27 were Hungarians who had been dismissed during the Romanian rule.\(^{30}\) Hungarian ethnic identity was obviously an important asset and applicants stressed merits such as Hungarian mother

\(^{26}\) DJSM PMSM Comandamentul militar maghiar, 1940/4, 69.
\(^{27}\) PJSM Acte confidențial – personale, 1/1940, 117/1940, 169-70.
\(^{28}\) MOL K 150, 3562 cs., IV. K. fő 30 tétel, Szatmárnémeti, 1195-1200.
\(^{29}\) Ibid. 591.
\(^{30}\) Szamos, 18 Sept. 1940, 5.
tongue, service in the Hungarian army in the First World War, membership in the Hungarian Party during Romanian rule, and the fact that the Romanian authorities had dismissed them because of their Hungarian identity.\textsuperscript{31}

At the end of September 1940, 152 civil servants swore the Hungarian oath to serve Hungarian national interests.\textsuperscript{32} By this formal procedure the administration was re-Hungarianized, even though around 11 per cent were Romanian (declared mother tongue) and more than 40 per cent had worked during Romanian rule.\textsuperscript{33} This share of non-Hungarians was higher than during the dualist period and clearly shows how civil servants succeeded in accommodating to different national regimes.

The instrumentalization of Hungarian identity by some of the Romanian civil servants shows that an elite mechanism operated in which investments in Hungarian identity were rewarded in economic terms. In accordance with the logic of nationalizing it was regarded as a merit to have been dismissed during the Romanian rule, which shows how a mechanism of reciprocity was operating. Still the public sector was re-Hungarianized, even though a relative large share of former Romanians were included.

9.4 Economic Reciprocity and Retribution

Re-Hungarianizing involved economic reciprocity and retribution of discrimination committed by the Romanian authorities against Hungarians during Romanian rule. The Hungarian authorities therefore demanded to receive a full report on all economic atrocities committed by Romanians.\textsuperscript{34} According to the final report the estimated value of damage caused by the Romanian army was 300,136 pengő, which was more that the city’s total budget from October to December 1940, i.e. significant amount.

As way of retribution the local authorities were ordered to prepare a list of Romanians for expulsion. These local authorities received instructions from the central authorities to give priority to expelling members of the Romanian elite, including priests, teachers and lawyers, as well as wealthy Romanians. The re-Hungarianizing therefore aimed at expelling rich Romanians in order seize their property and reduce the strength of the Romanian community.\textsuperscript{35}

This indicates the operation reciprocity and retribution mechanisms.

According to the Hungarian authorities, the great economic difficulties of the city were the responsibility of the Romanian regime. They claimed that

\textsuperscript{31} DJSM PJS M Comandamentul militar maghiar Satu Mare, 1940/2, 88-9, 124.
\textsuperscript{32} Szamos, 25 Sept. 1940, 6; DSJM PJS M 1940/40, 11.
\textsuperscript{34} DJSM PJS M Comandamentul militar maghiar, 1940/4, 180, 211.
\textsuperscript{35} Ibid. 200.
land owned by the city had been given away or was sold at under-market prices to Romanian associations and churches during Romanian rule. In addition, Romanian institutions had received more economic support than similar Hungarians ones. This excessive economic support on ethnic terms resulted in a budget deficit in the city’s economy and explained the lack of resources to pay the new Hungarian staff’s salaries.

In order to re-Hungarianize social and cultural life all support to Romanian associations was suspended and some associations were closed. The city seized the associations’ properties, including the Romanian Cultural Association’s property, in the same manner as the Romanian authorities seized some Hungarian associations during the interwar period. At the same time the Hungarian authorities compensated 164 Hungarian civil servants for missing pensions during the Romanian rule. Moreover, Hungarian civil servants who had refused to take the Romanian oath in 1921 were compensated with salaries. Thus, the Hungarian elite used its political influence over the local administration for private economic returns.

The Romanian elite complained about the discrimination against them, but according Albert Figus, a top member of the Hungarian elite, the Romanians had no reasons to complain as ‘they [the Romanians] had taken our [Hungarian] schools, public property, and property of the industrial and trading associations’. In addition, he claimed that during the 21 year of Romanian occupation there was ‘not even 10 honest Romanian civil servants because they sold everything for money’. This revealed an interethnic mechanism and showed how the principle of economic reciprocity and retribution became a decisive factor in re-Hungarianizing the city.

9.5 Census of 1941

A national census was taken in the first half of February 1941. The Hungarian regime had high political interests in proving the Hungarian character of the city for the inevitable postwar peace negotiations. The census was conducted in schools with the help of Hungarian teachers. The questions were written in Hungarian and minorities could request a form in another language, but everyone had to hand in a Hungarian form. Thus, the political context of the census was to support re-Hungarianization.

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36 MOL K 150, 3562 cs., IV. k. fő 30 tétele Szatmárnémeti, 596-601, 861-3.
37 Szamos, 1 Oct. 1940, 3; 4 Oct. 1940, 3.
38 MOL K 150, 3562 cs., IV. k. fő 30 tétele Szatmárnémeti, 619-88.
39 Ibid. 558.
40 ‘Mi, Barbárok!’, Szamos, Jan. 9 1941, 1.
41 Szamos, 28 Jan. 1941, 3; Szamos, 6 Feb. 1941, 4.
The category of Hungarians was defined in relation to the nationalities using an ethno-linguistic definition by declaring mother tongue and in relation to the Jews using a denominational definition. The result of the census showed that the city had a population of 52,011 inhabitants, out which 92 per cent declared Hungarian as mother tongue. Thus, the city was re-Magyarized to the same level as during the dualist period. Even though the ethno-linguistic Magyar identity became of secondary importance because of the anti-Jewish legislation it was still important for the Hungarians in proving the Hungarian speaking orientation of the city and for the Magyar Jews as they assumed they would be treated better.

In religious terms 75 per cent were Christians and 25 per cent were Jews. Among Jews 95 per cent claimed Hungarian as mother tongue. The two Hungarian churches were in majority, with Protestants comprising 32 per cent and Roman Catholics 22 per cent. Greek Catholics, having a disputed ethnic identity, comprised 20 per cent. According to the Romanian definition Greek Catholics were counted as Romanians, even though a majority (78 per cent) among them declared Hungarian as mother tongue. Thus, the category of Hungarians – defined as Christians declaring Hungarian as mother tongue – was over 70 per cent.

This re-Hungarianization of the city’s population was not primarily the result of a large migration, even though a couple of thousand Romanians had left and an equal number of Hungarians refugees from Southern Transylvania had arrived. Instead a large share of Greek Catholics, who had previously been regarded as Romanians, accommodated to the pressure of the new administration and declared Hungarian as their mother tongue. This was a reflection of the bilingual environment of the city in which many inhabitants knew both Hungarian and Romanian, but also the result of political context that awarded ethnic standing. Many Jews declared Hungarian as their mother tongue and accommodated as Magyars, even though they were excluded because of their religious origin.

The impact of re-Hungarianization was revealed among conversions, as 2075 persons converted mainly from ‘Romanian’ religions (Greek Catholic and Romanian Orthodox), to Hungarian ones (Roman-Catholic and Reformed) up to March 1941. Jews on the other hand were excluded from the Hungarian category and therefore the number of Jews converting was much lower (45).

The conclusion is that the census was instrumental in re-Hungarianizing the city, and over 70 per cent of the city’s inhabitants were categorized as

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43 Ibid.
44 One estimation claimed that 1,500 Romanians had left the city during the fall of 1940, DJSM PMSM 1941/2, 117.
45 Szamos, 30 Mar. 1941, 3.
Hungarians. This result reflected the degree of ethnic accommodation and the overall political context, as after the Hungarian takeover of the city a large share of people who were previously counted as Romanians declared themselves Hungarians.

9.6 Land

Land was regarded as a fundamental part of Hungarian national property, and thus the aim of the Hungarian leaders was to ‘restore and revitalize the class of Hungarian landowners’. One of the main grievances against the Romanian regime had been the redistribution of land from Hungarians to Romanians. Therefore a special decree was imposed called ‘repayments of the damage caused by the Romanian land reform’, which stated that any legal act during the Romanian rule (1918–1940), whereby landed property was seized, was open for restitution by a lawsuit. This decree led to 17,000 lawsuits in Northern Transylvania. In approximately half the cases the land was restituted. This means that a major transfer of land was undertaken. There are no specific statistics available for Szatmár County, but members of the Hungarian elite succeeded in restituting large properties. This is evidenced by the fact that the Hungarians had become a majority among large landowners in Szatmár County already by 1941.

While Romanians owned land that could be restituted through individual lawsuits, all Jewish land was unilaterally seized between 1942 and 1944. Act XV of 1942, otherwise known as the Fourth ‘Jewish Law’, forbade Jews from purchasing or possessing any land. Through this law all ‘Jewish property would become Christian’. Jewish properties near the city were taken over by Hungarian churches and the city administration. Smaller properties were distributed among war veterans and poor Hungarian families. Thus, a redistribution mechanism operated providing Hungarians with landed property at the expense of the Jews.

The authorities gave instructions in September 1942 that Jewish land should be redistributed to ‘totally trustworthy Hungarians from a national political point of view […] who not only met the requirements but also were

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48 Macartney Collection, BL, MS Eng/C, 3291, 243-6.
50 Szamos, 16 Sept. 1942, 4; Szamos, 23 Sept. 1942, 3.
51 Szamos, 17 Nov. 1943, 3.
justified and wanted’. Smaller Jewish estates under 5 holds were re-distributed through a public welfare fund (ONCSA). Requests for Jewish land were justified by applicants according to Hungarian identity attributes such as language, religion and political activity, alongside economic need, as they indicated their number of children.

In one of these applications a priest claimed a Jewish property and explained that his village near the city was ‘a Hungarian fortress’ on the inner ethnic front and surrounded by ‘villages of foreign [Romanian] nationality’. He aimed at establishing a Hungarian school on the Jewish property because the Hungarian children in the village had to attend a Romanian school and were at risk of being de-Hungarianized. The authorities approved his application and the village received the land and built a Hungarian school.

The conclusion is that land was redistributed to Hungarians at the expense of Jews and Romanians. This partly re-established the structure of large landowning properties from the dualist period. Some of the seized Jewish land was also used for Hungarian social welfare. The expropriation of all Jewish land shows how an exploitation mechanism operated in which Hungarians confiscated property at the expense of Jews.

9.7 Lawyers

The Hungarian military administration re-Hungarianized the field of law. One of the first things the Hungarian administration did was to issue 22 permissions to Hungarian lawyers on 13 September 1940. Hungarians were automatically regarded as trustworthy by the authorities, while Jews and Romanians had to prove their cases individually. Romanians were granted permission to practice law if they met the general requirements for Hungarian citizenship, while permissions for Jewish lawyers were regulated by the anti-Jewish laws and maximized at 12 per cent. However, exemptions were made for Jews who had been decorated in the Hungarian army during the First World War.

The Jewish category was determined by their religious belonging, but it turned out to be more difficult to distinguish between Hungarians and Romanians. In one letter János/Ioan Barbul claimed that ‘regarding nationality I never made any distinction, as I know only two types of persons, honest and

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52 MOL K 150 3562 cs, IV. K.fő 30 tétel, Szatmármeeti, 990.
54 DJSM PMSM 1943/10, 136.
55 Ibid. 138.
56 Szamos, 16 Apr. 1943, 3.
58 Ibid. 1940/11, 197-8.
dishonest, therefore I never stressed my own nationality and I would not even declare it for money’. Barbul claimed to be nationally indifferent, but he was still categorized as Romanian by the Hungarian administration. Some Hungarian and Jewish lawyers did not recommend him, but he defended himself by claiming that he had helped these Hungarians to receive their permissions in 1920 from the Romanian authorities. Still, in the end the Hungarian administration denied him permission.59

József Fekete declared in his application that he was a Greek Catholic, which during the Romanian period counted as a Romanian by religion, but that he had been forced to retire in 1937 because he was a Hungarian. He claimed that ‘Despite my Greek-Catholic religion, I cannot be and I am nothing but Hungarian’.60 Another lawyer, Gyula Székely, defended that he always had been a Hungarian even though he joined a Romanian party for a short while out of opportunism.61 The Hungarian authorities initially listed Székely as Hungarian but later categorized him as Romanian. In the end both Fekete and Székely received permission to work as lawyers.62

In his application Árpád Csira/Czira defended the reason why he had participated in a Romanian anti-revisionist meeting in 1933, in which 20,000 Romanians took part in a large manifestation in the city. He explained that had been asked by the Romanian prefect to calm down the peasants because he was ‘the best Romanian-speaking Hungarian’. He stressed that he was Hungarian because of his name and his religious belonging to the Reformed Church, and because he had been a soldier in the Hungarian army during the First World War.63 Despite his self-declared Hungarian identity, the Hungarian authorities categorized him as a Romanian lawyer.64 He nevertheless received in 1940 the permission to practice law, but it was withdrawn in January 1942 because the authorities found ‘objections to his behavior as a Hungarian’.65

Hungarian lawyers were privileged, and some were able to take over offices from Jews and Romanians. In one case a Hungarian lawyer took over an office that a Romanian lawyer had left behind.66 In another case a Jewish testimony tells that a Jewish lawyer could not continue his profession and that a Hungarian lawyer took over his office.67

The applications by the lawyers show not only how difficult it was to categorize their ethnic belonging, but also how crucial the categorization was

59 Ibid. 1940/2, 201.
60 Ibid. 1940/2, 181.
61 Ibid. 1940/4, 75.
62 Ibid. 1940/2, 255, 203-4.
63 Ibid. 1940/4, 126.
64 Ibid. 1940/2, 255.
65 Árpád Czira, Călătorie în Jurul Lumii 1914–1916 (Satu Mare, 2007), 220.
66 DJSM PMSM Comandamentul militar maghiar, 1940/12, 119.
67 USC Shoah Foundation Institute, testimony 24194.
for their professional career. The result of the first re-Hungarianization in October 1940 was that 61 per cent of the lawyers were Hungarians, 22 per cent were Jews and 17 per cent Romanians. The share of Jews was in fact higher than what the anti-Jewish laws provided (12 per cent) because several Jews were exempted as war veterans and because the prefect exempted some for their Hungarian support during the Romanian period. This means that all lawyers that received permissions were regarded as trustworthy from a Hungarian national point of view, even if some of them were categorized as Jews or Romanians. The importance of ethnicity as a merit clearly proves the existence of an elite mechanism, in which ethnicity determined a person’s the economic future and career possibilities.

9.8 Banks

The Hungarian authorities planned to re-Hungarianize the banking sector of the newly annexed territories, including Szatmárnémeti, by giving permissions mainly to vital Hungarian banks. The plan was to allow a Romanian share similar to the dualist period and only in places where a significant share of Romanians lived. A complete elimination of Romanian banks in Northern Transylvania was dangerous because the Romanian authorities might take retribution against the Hungarians banks in Southern Transylvania. This clearly shows the function of a transborder mechanism with mutual reciprocity, as Romanian authorities in Southern Transylvania faced similar limitations in their effort to Romanianize.

When the Hungarian military administration was established in Szatmárnémeti all Romanian and Jewish banks were investigated and the authorities appointed managers who took over the banks temporarily. The two Hungarian banks, which had been members of the Hungarian Bank Syndicate during the Romanian period, were not revised and automatically received their permissions despite the fact that one of them had a majority of Jewish shareholders and managers. The reason for this was that these Jews were pro-Hungarian and some of them, like members of the Prinz family, were exempted from anti-Jewish legislation by the prefect.

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68 DJSM PMSM Comandamentul militar maghiar, 1940/2, 203-4.
70 MOL K 69, 433 cs., 505 t., 85-6.
71 Szamos, 19 Sept. 1940, 3.
72 Szatmárvármegyei Takaréképíztár and Szatmári Hitelbank; MOL K 69/732 cs., 763; Magyar Nemzeti Bank, A Romániahoz csatolt Magyar területek gazdasági élete (Budapest, 1940), 232.
Three Jewish banks lost their permission, while two Romanian banks, Banca Românească and Casa Noastră, were permitted to continue their business. In the revision of Banca Românească, it was reported that the Romanian director seemed to be ‘professional and had not expressed his views in the political field’. The director explained to the reviewers that he believed that it would be difficult for his bank to survive, as he expected the large Hungarian banks to take over the local banking sector of the city.

The revision report on Szatmári Első Takarékpénztár showed that the Hungarian land-owning nobility had founded it in 1867. During Romanian rule the bank faced serious economic problems and invited the Romanian prefect Teofil Dragoş to become the director. He died in the 1930s and thus the main shareholder in 1940 was Dragoş’s widow, who owned two-thirds of all shares. In addition, the bank had some Jewish shareholders. However, the managers of the bank, who were Hungarians, declared that they aimed ‘to connect the bank to a capital-strong, Hungarian- and Christian-minded network in order to regain its reputation and place, with the aim of playing an important role from the Hungarian national perspective as it had done several decades ago’.

The key to survival of the local banks was indeed to co-operate with the stronger Hungarian banks in Budapest and replace Jews with Christians. This strategy was adopted by the Romanian Bank Casa Noastră, which became affiliated with a large Hungarian bank in Budapest. The bank also changed back to its former Hungarian name, Szatmárnémeti Kereskedelmi Bank. The Romanian and Jewish board of managers was replaced with Hungarians such as Albert Figus and Count István Teleky.

This strategy was also adopted by the Szatmárvármegyei Takarékpénztár (Szatmár County Savings Bank), which became affiliated with a large bank in Budapest. The bank had been founded in 1894, and during the Romanian period it was a member of the Hungarian Bank Syndicate. Members of the Jewish Princz family, well known for their pro-Hungarian stance, were members of the board up to 1941. However, in 1942 they were replaced with Christian Hungarians.

A third bank following this strategy was the Szatmárvármegyei Gazdasági Bank, which was owned by Hungarian landowners and affiliated with a large Hungarian bank in Budapest. This bank had moved to the Hungarian town of Mátészalka in 1921, which was in the part of Szatmár County that re-

73 MOL Z 1372 Magyar Nemzeti Bank, Szatmárnémeti fiókja, 1 cs., 5-6, 8 t.
74 Ibid. 4 t.
75 Ibid. 9 t.
76 Szamos, 22 Apr. 1941, 6.
77 János Kallós, Gazdasági, pénzügi és tőzsdei kompasz 1941–1942. évre (Budapest 1941), 576.
mained in Hungary. At the beginning of 1941 it moved back its main office to Szatmárnéméti.79 Meanwhile, the former Romanian mayor (A. Ferenţiu/Ferenczy) of the city succeeded in becoming a member of the board.80 He had been a Magyar in the dualist period and a leading member of the Romanian elite in the interwar period, and had now succeeded to establish himself as a Hungarian after the city’s return to Hungary. His Greek-Catholic origin and fluency in Hungarian and Romanian enabled him to accommodate to all national regimes and maintain an elite position.

The three Hungarian banks dominated the banking sector in the city. In 1943 their profit was approximately 90-100,000 pengő each. The capital level of the largest Romanian bank (Banca Românească) was equal to the Hungarian banks, but its profit was much lower.81 This means that the local banking sector was more or less re-Hungarianized. The Jewish and Romanian banks were marginalized because of ethno-political reasons while Hungarian banks became profitable for the same reasons.

9.9 Large Industry

The re-Hungarianizing of large industries aimed at replacing Jewish shareholders, managers, owners and workers. In Szatmár this was an especially important task for the Hungarian leaders because of the relatively large share of Jews. Hungary had imposed anti-Jewish laws that restricted the share of Jewish workers in certain professions to 12-15 per cent. Hungarian Prime Minister Pál Teleki appealed to the companies in the city to voluntarily replace the Jewish workforce with Hungarians.82 The number of unemployed in the city at the end of September was 1,800, many of these were Hungarian refugees arriving from Southern Transylvania.83

This encouragement did not produce the desired effect. At the beginning of November the Hungarian authorities ordered all companies to dismiss 80 per cent of their Jewish workforce and replace them with Christians, in accordance with the anti-Jewish laws.84 However, these orders created disturbances in production to such a level that the central authorities backed off and issued new instructions:

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79 Szamos, 31 Dec. 1940, 3.
80 A Szatmár vármegyei Gazdasági Bank R.-T: alipitásának története, eddigi működése és jövő célkitűzései (Szatmárnéméti) 1941, 3-11.
81 Galánthai Nagy, Nagy Magyar Compass 1944–1945, 423-5.
82 Szamos, 20 Sept. 1940, 2.
83 DJSM PMSM Comandamentul militar maghiar, 1940/4, 100; Szamos, 26 Sept. 1940, 2.
84 Szamos, 7 Nov. 1940, 3.
Here is a rumor that all Jewish factories will be closed. This cannot be allowed at any moment, because this would cause a lot of dissatisfaction among the workers and among the public. Make sure that the factories continue operating, even if [the Jews] have to pay extra. [The Jews] earned enough during Romanian times.\footnote{Decree dos., 6051/1940’, DJSM PMSM Comandamentul militar maghiar, 1940/9, 27.}

Evidently Jewish companies were merely being monitored in the fall of 1940 even though they were unwanted for ethnic and political reasons, but needed for economic reasons.\footnote{DJSM PMSM Comandamentul militar maghiar, 131.} Re-Hungarianization of Jewish companies was later undertaken by replacing Jews in a stepwise process. Between 1940 and 1942 several Jewish companies appointed Hungarians managers.

In some cases companies were totally re-Hungarianized in 1940–1941. One such example was the alcohol trading company, in which Hungarians from Budapest replaced the Jewish and Romanian owners in the fall of 1941.\footnote{DJSM TJSM Dosare de firme, Satu Mare, dos. 950, 74, 80, 83, 96.} Thus, both ownership and management were taken over by Hungarians. This gave significant economic returns for the Hungarians, as the company made a large profit in 1942.\footnote{Ibid. dos. 951, 4.} The sources in this case also indicate that re-Hungarianizing was not conducted on voluntarily basis, but that the members of the Hungarian elite used force and pressure to take over the company.\footnote{Ibid. dos. 951, 25-6, 35.}

Another example was the city’s first brick factory, which was owned by one of the largest banks, Szatmárvármegyei Takarékpénztár. When the bank was re-Hungarianized the brick factory followed the same track. In March 1942 several Jewish board members were replaced with Hungarians.\footnote{Ibid. dos. 848, Szatmári Első Cserép és Téglagyár R.t./Prima Fabrică de Țigle și Cărămizi S.A., 169; dos. 849, 12.} A third example was the re-Hungarianization of the newspaper Szamos, which was taken over by two top-ranking Hungarians, Albert Figus and Géza Ember, who were both members of the Hungarian parliament.\footnote{DJSM TJSM Dosare de firme, Satu Mare, dos. 822, 84; USC Shoah Foundation Institute, testimony 49749.}

However, József Manyák, a Hungarian journalist and publisher aiming to re-establish his own newspaper, accused Figus and Ember of employing ‘revolutionary’ Jewish journalists.\footnote{Szamos, 24 Oct. 1940, 2.} According to Hungary’s anti-Jewish legislation, Jews were not allowed to work as journalists. Figus denounced the accusation and claimed that the newspaper was Christian and had been a ‘Hungarian sword’ for a long time, even though Jews had been employed during the Romanian period and most probably were employed also during...
the first period of the Hungarian administration. The accusation backfired. In November the Hungarian military administration charged Manyák for being in a partnership with a Jew, and his permission for operating a newspaper was denied. Szamos became the only newspaper in the city, with Figus as the main editor. This newspaper monopoly gave Figus and Ember substantial economic incomes and control over the most important media channel.

In other cases Jews remained shareholders and owners, while Hungarians became managers. Usually the Jews continued to conduct the business and the Hungarians received incomes for protection. One such example was the transformation of an alcohol distillery owned by the Jewish Markovits family, which elected a Hungarian director in November 1940. Another example was the textile trading company owned by the two Jewish families Schwartz and Lebovitz. A new Hungarian manager was elected in March 1942 and became the majority shareholder, controlling 70 per cent of the company. The Jewish owners retained a share of around 30 per cent and attended annual meetings up to March 1944.

In February 1941 two leading Hungarian politicians, Figus and Ember, were elected managers of a large textile factory that was owned by the Jewish Freund family. They acquired 10 per cent of the shares in the company, while the Jews remained as majority owners. According to testimony from one of the Freund children, the family ‘had to accept partners in order to be able to run the big factory’, which indicates that the change of ownership was not voluntary. The Freund family remained as majority owners (90 per cent) up to March 1944.

Even though officially re-Hungarianizing seemed to make progress, it was undermined by the so-called ‘straw man’ arrangements that circumvented the anti-Jewish legislation. The straw man (Strohmann or Aladár) was typically a Hungarian Christian who, in an effort to circumvent the anti-Jewish legislation, formally took over Jewish businesses in exchange for a share of its profits. The Jews continued to run the businesses while the Hungarian earned his living by exploiting his Christian background. For a while, these arrangements were conducted with the tacit agreement of the authorities. Some Hungarian straw men used their political contacts or else bribed officials in order to avoid problems.

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93 Szamos, 3 Nov. 1940, 3.
94 DJSM PMSM Comandamentul militar maghiar, 1940/12, 162, 168-71.
95 DJSM TJSM Dosare de firme, Satu Mare, dos. 950, Spiritcomerț S.A./Szeszkereskedelmi R.t., 49.
96 Ibid. dos. 888, 54; dos. 889, 42, 47.
97 Ibid. dos. 889, 56, 75, 82.
98 USC Shoah Foundation, testimony 31262.
99 DJSM TJSM Dosare de firme, Satu Mare, dos. 750, 70, 77, 80, 109, 120; dos. 751, 7, 14.
However, this trend was reversed in 1943, when local authorities intensified their supervision over companies. That same year, Hungarian authorities discovered circumventions of anti-Jewish laws in the relatively large cork factory of Guth and Sons (see front page). The authorities accused the company of having a passive Hungarian partner as a front for the Jewish operating manager, who was running the factory without permission.\textsuperscript{100}

The conclusion is that the Hungarian elite used its political power to gradually take over the shares and leading positions in Jewish companies for economic reasons. This shows how an exploitation mechanism operated in which Hungarians profited at the expense of Jews. Even if this certainly improved the incomes of the Hungarian elite it reduced the conditions of achieving a general economic growth.

9.10 Commerce and Small Industry

The re-Hungarianizing among craftsmen and tradesmen was a major challenge because of the Jewish dominance, especially in the commercial sector, which had a Jewish share of around 70 per cent. Hungary imposed anti-Jewish legislation in 1939 called ‘About the Restriction of Public and Economic Encroachment by the Jews’. It stipulated that the Jewish share of licenses among tradesmen and craftsmen should be maximum 12-15 per cent. Jews, who had been war veterans or were wounded or decorated in the First World War, could be exempted.\textsuperscript{101} The aim of the anti-Jewish legislation was to legalize the reduction of the Jewish share in the industry and impose an ethnic quota system, i.e. \textit{numerus clausus}. The Hungarian policy aimed at gradually replacing Jews with Hungarians in order to avoid disturbances of the production in the economy.\textsuperscript{102}

The Regent of Hungary Admiral Miklós Horthy explained his position on the ‘Jewish problem’ in a letter to Hungarian Prime Minister Pál Teleki in October 1940:

As regards the Jewish problem, I have been an anti-Semite through all my life. I have never had contact with Jews. I have considered it intolerable that here in Hungary every factory, bank, large fortune, business, theatre, press, commercial enterprise, etc., should be in the hand of the Jews, and that the Jew should be the image reflected of Hungary, especially abroad. Since, however, one of the most important tasks of the government is to raise the living standard (i.e. we have to acquire wealth), it is impossible, in a year or two, to eliminate the Jews, who have everything in their hands, and replace them by in-

\begin{itemize}
\item \textsuperscript{100} Szamos, 20 Mar. 1943.
\item \textsuperscript{101} Raphael Patai, \textit{The Jews of Hungary} (Detroit, 1996), 539.
\item \textsuperscript{102} Szamos, 31 Dec., 3.
\end{itemize}
competent mostly unworthy big-mouthed elements, for we would become bankrupt. This requires a generation at least.103

Thus Horthy supported a re-Hungarianizing of the economy at the expense of Jews, albeit through a gradual replacement, as a fast re-Hungarianization would involve a substantial cost. He understood the potential economic risk of replacing skilled Jews with opportunistic Hungarians. In accordance with this the permits issued under Romanian rule were still valid in Northern Transylvania. New permits on the other hand were almost exclusively given to Hungarians. In Szatmárnémeti the mayor reported that only two out 1,035 new permits were given to Jews in 1941, both with special permission by the government.104

In 1941 the police in the city reported on gradual re-Hungarianization: ‘The movement to transfer trade and industry to Christian [Hungarian] hands has, against all odds, shown good results’.105 Jewish testimonies also reported about how Hungarians step-by-step ended their business relations with Jews.106 Several sources confirm straw men arrangements in the city during this period.107 One such example was that the kosher butcher shop had a Christian owner, even though all the butchers were Jews.108

Still, by the end of 1941 the Jewish share among craftsmen and tradesmen was 47 per cent, i.e. far from the 12-15 per cent stipulated by the anti-Jewish legislation.109 One reason for this slow advancement was the outspoken aim to only gradually re-Hungarianize. A second reason was that investigation of licenses demanded administrative resources and was challenging because the Romanian authorities had not left a registry of licenses. The gradual re-Hungarianization was criticized by Figus. He claimed that every Hungarian ‘was a soldier in the strengthening of the inner economic front’.110 He regarded the re-Hungarianizing in terms of either ‘us or them’ and urged for a more radical implementation and regulations against the system of unlawful silent partnerships and business fronts used to circumvent the anti-Jewish legislation.111

In order to promote a faster re-Hungarianization he established a local branch of the Baross Association. The Association promoted the interests of

104 DJSM PMSM 1942/1, 194-5.
106 USC Shoah Foundation, testimonies 13361, 29247.
107 Csirák, Szatmári zsidó emlékek, 132; USC Shoah Foundation, testimony 41683.
108 Náftáli Stern, Emlékezz Szatmárra, 38.
109 DJSM PMSM 1942/1, 194-5.
110 Szamos, 10 Jan. 1941, 1.
111 Szamos, 28 Mar. 1941, 3.
Hungarians in replacing Jews as tradesmen and craftsmen.\footnote{Szamos, 11 Mar. 1941, 3.} In one campaign they encouraged all its members to put up a sign reading ‘Christian Hungarian shop’.\footnote{Szamos, 22 June 1941, 8.} The Association also participated actively in hunting down Hungarians and Jews involved in straw men arrangements.\footnote{Szamos, 12 Jan 1942, 2.} This means that Hungarians could make their living by denouncing a person’s background and then claiming that person’s business.\footnote{I. Bibó, ‘Zsidókérdés Magyarországon 1944 után’, in P. Hanák, ed., Zsidókerdes, Asszimiláció, Antiszemitizmus (Budapest, 1984), 148-9.} It was this kind of Hungarians that Horthy described as ‘incompetent mostly unworthy big-mouthed elements’ who, according to him, was a larger threat to the country than the Jews.\footnote{Horthy, The Confidential Papers of Admiral Horthy, 149-52.} The anti-Jewish legislation created a political economy in which opportunistic Hungarians exploited the situation of the Jews.

In 1942 the mayor of Szatmárnémeti took initiatives for a faster re-Hungarianizing in the commercial sector.\footnote{DJSM PMSM 1942/1, 194-5.} Regulations were imposed to transfer shops to Christians if sales dropped to 60 per cent or below in comparison with the previous year.\footnote{Ibid. 1942/7, 64} The logic behind this was that the shop had lost its importance for the public as sales had dropped. The mayor also arranged for property left by Romanians to be let as shops.\footnote{Ibid. 1942/1, 195.} These reforms re-Hungarianized 75 shops in 1942, among which 23 were located on the main square.\footnote{Szamos, 30 Oct. 1942.} Another method was to support Hungarians through social welfare and through a special program that opened 24 new shops in the city by 1942. These shops displayed a sign reading ‘Shop founded by the National Independence Foundation’.\footnote{Sz. Jakab Géza, ‘Az Erdélyi Magyar élet gazdasági átállítása’, Kárpátmedence, 2/4, Apr. 1942, 227-30 (229).}

Plans were made in 1942 by the Hungarian government for a faster implementation of the anti-Jewish legislation. The main principle was that ‘Hungarians should be strengthened with all means’, but if there was a lack of Christians then trustworthy Jews should be given permits to satisfy the general needs.\footnote{MOL K 28, 80 cs., 131 t., 1944-0-20492, 131-2.} The plan aimed to reduce the Jewish share and to make no ethnic or national distinction among Christians. According to the plan the authorities should not deny Romanian Christians permits, as this might upset the Romanian government and the situation of ethnic Hungarians that remained in Southern Transylvania.\footnote{Ibid. 130, 382, 433.} However, this plan was never imple-
mented, most probably because it could have jeopardized or disturbed production.

The Romanian government complained in May 1942 that Hungarian authorities had withdrawn permits from ethnic Romanians.\textsuperscript{124} The mayor of Szatmárnémeti reported in August 1942 that no ‘Romanian licenses had been withdrawn’, but that several Romanians craftsmen and tradesmen were missing, i.e. they had left.\textsuperscript{125} The local authorities reported that 30 Romanians had licenses in the city, but that the total number of Romanians during the Romanian interwar period (before 1940) had been 107, which indicated a significant reduction of Romanians.\textsuperscript{126}

A report by the German-Italian Commission, which monitored complaints from minorities in Romania and Hungary, concluded that several Romanian tradesmen and craftsmen had been forced to leave the city because they could not continue their profession. According to this report, the Romanians left the city because they could not prove to the satisfaction of the Hungarian authorities that they had not committed anti-Hungarian activities during the Romanian rule.\textsuperscript{127} These Romanians argued that this demand of the Hungarian authorities was used as a pretext for replacing Romanians with Hungarians.

Anti-Jewish actions by the police sometimes resulted in unwanted results. In February 1943 the police received orders to investigate whether Jewish traders were selling textiles from Romania, which was illegal. The police took twelve Jewish traders, and rumors spread that the police would confiscate all textiles and that prices would increase. People therefore bought all textiles and the Jewish shops increased their business. The conclusion of the report was that ‘this experience shows that we have to move smoothly with these issues otherwise they may have reverse effects’.\textsuperscript{128}

The result of the gradual re-Hungarianization between 1940 and 1944 was that the Hungarian share increased from a minority to a majority (59 per cent). Still, in the beginning of April 1944 the Jewish share of permits was 41 per cent, which was significantly higher than the 12-15 per cent provision of the anti-Jewish laws.\textsuperscript{129}

The conclusion is that the Hungarian authorities used legal enforcement to discriminate on racial terms, but that the implementation of anti-Jewish laws was gradual so as to avoid major disturbances in the economy. This created a political economy in which the Hungarian elite exploited Jews for their own enrichment. The result was a reduction of the Jewish share in the

\textsuperscript{124} MOL K 28 1942-O-21575, 73 cs., 191/d t., 1-7.
\textsuperscript{125} MOL K 150 IV. k.fő 30 tétel Szatmárnémeti, 580.
\textsuperscript{126} MOL K 28, 80 cs., 131 t., 1944-0-20492, 364-6.
\textsuperscript{127} BA RW50-84, 2, RW50-150, 5.
\textsuperscript{129} Szamos, 6 Apr. 1944, 6.
economy, but not to the levels stipulated in the anti-Jewish legislation. This failure to reach the desired levels of Jewish exclusion increased the demand – from Nazi Germany and some of the Hungarian leaders – for using more radical and destructive methods.

9.11 Anti-Jewish Persecutions and Killing

The anti-Jewish legislation from 1938-9 aimed mainly to reduce the Jewish share of the economy. Still, there were other regulations and measures taken against Jews, measures that had negative and mortal impacts on their situation. In 1941 all Jewish applications for Hungarian citizenship were revised. During this revision the police in Szatmárnémeti found out that several hundreds of Jews living in the city were not eligible for Hungarian citizenship. Some of them had lost their Romanian citizenship in 1938 Romanian and where not entitled to receive a Hungarian citizenship. Others were refugees who had arrived from neighboring countries, mainly Poland. Around 1,000 of these Jews and perhaps some Roma were deported from Szatmárnémeti to at the end of summer 1941 and killed together with around 24,000 other Jews and Roma near Kamianets-Podilskyi in Ukraine. This was the first five-figure massacre by Nazi Germany.

For those who remained in Szatmárnémeti the situation became more difficult. There was a general lack of foodstuffs and the Hungarian authorities imposed additional discriminating laws against Jews in 1941. Jews were according to one such decree only allowed to shop during special hours of the day at the public market, when the best or most products already were sold. The regulations on the market and the reduction of Jewish shops in general increased illegal trade on the black market. The police reported in 1943 that ‘Jews have taken advantage of the problematic situation of the war, and a large number of Jews are trading with prices higher than fixed prices’. Therefore the police undertook raids to search for illegal food-stuffs among the ‘internal enemies [Jews]’.

132 Randolph Braham, Genocide and Retribution: The Holocaust in Hungarian-Ruled Northern Transylvania (Boston, MA, 1983), 15.
133 Szamos, 20 Oct. 1941, 3; USC Shoah Foundation, testimonies, 8102, 26136, 18970.
136 DJSM PJSM Secția secret 1941/8, 207-8; Szamos, 30 Apr. 1941.
Another way to re-Hungarianize the economy was the implementation of a labor service for Jewish men. In 1941 most men ages 21–45 were drafted for labor service. Initially, most of them worked domestically, but in 1942 they were sent to the front.\textsuperscript{137} The drafting of Jews engaged in industry and commerce forced these Jews to leave their professions and lose their income.\textsuperscript{138} This was one way of demoralizing the Jews, according to the Jewish memorial book of Szatmárnémeti.\textsuperscript{139} Some Jews tried to avoid the labor service by travelling, taking jobs in the forest and using falsified documents, according to police reports.\textsuperscript{140} One Jewish testimony supports this by telling how a Jewish doctor signed a paper declaring he was not fit for labor service.\textsuperscript{141}

The conclusion is that the anti-Jewish measures took a toll as the Jewish living conditions deteriorated. One sign of this was that the financial support, which was paid by the members of the Jewish Orthodox Community, increased significantly in 1942.\textsuperscript{142} The increased support was used to help families within the community, who were facing severe economic difficulties as consequence of the discrimination.

Rumors were spread that Jews were executed in neighboring countries. However, most Jews in the city believed that they were protected by their Hungarian citizenship and trusted that the Hungarians were not capable of committing such crimes because of their common Magyar past.\textsuperscript{143} Some of them believed that for example the Hungarian labor service was imposed instead of more severe treatment than other Jews faced elsewhere in Europe.\textsuperscript{144} The slow implementation of the anti-Jewish laws against craftsmen and tradesmen in the city was another sign that the Hungarian authorities had only imposed such laws to satisfy the demands of Nazi Germany, but that they did not aim to fully implement them.

Still, the Jews in the city were warned about the execution of Jews in Europe. One of the leading Zionists of Transylvania Ábris-Ávrahám Fried gave

\textsuperscript{138} Emanuel Kamil, \textit{Erdélyi sárga karszalagosok} (Satzmárnémeti, 2005), 7.
\textsuperscript{139} Náftáli Stern, \textit{Emlékezz Szatmárra}, 37.
\textsuperscript{140} MOL K 149 BM PT1 651.f. 2/1942-7-6006 81 doboz X kötet Szatmárnémeti, 1343; 1943-4-1006 88-90 doboz XIV kötet Szatmárnémeti, 1051; 88: PT1 651/2 73 doboz 1941-7-6000 651.f. 2/1944-4-1006.
\textsuperscript{141} USC Shoah Foundation, testimony 21264. See MOL K 149 BM PT1 651.f. 2/1943-4-1006 88-90 doboz VI kötet Szatmárnémeti, 457-60.
\textsuperscript{143} USC Shoah Foundation Institute, testimony 8102, 8680, 13361, 18970, 21264, 24194, 25815, 29247, 31262, 50370 tape 2; Rivka Handler, \textit{We, The Fugitives: The Dramatic Story of a Young Family’s Escape from the Holocaust} (New York, 1988), 17.
\textsuperscript{144} Csirák, ed., \textit{Szatmári zsidó emlékek}, 133-4.
a speech in Szatmárnémeti in 1943 to bring attention of the danger of the Nazi death camps. He encouraged the Jews to leave the city. However, Joel Teitelbaum, the famous Satmar Rebbe and leader of the Hasidic Orthodox Jews, had told Fried that ‘it is not necessary to inform the Jews of Szatmár’ and urged him ‘do not create panic and Zionist propaganda’.\footnote{Ágnes Hegyi, ‘Információáramlás az információkorlatozás idején a holokauszt erdélyi dokumentumai alapján’, in R. Braham, ed., Tanulmányok a holokauszttról, vol. ii (Budapest, 2002), 155-202, 159.} Still, some of the more progressive and wealthy Jews heeded Fried’s warning and left the city at the beginning of 1944, including members of the Princz family. According to the police report they aimed ‘at securing their wealth by transferring money abroad’.\footnote{‘Police Report, Jan 1944’, MOL PT1 651/2 73 doboz 1941-7-6000, 651.f. 2/1944-4-1006.}

Despite the discrimination against Jews and information about the execution of other Jews, most Jews believed that they were safe because of their Hungarian citizenship and their Magyar past.\footnote{Rose Farkas, Ruchele: Sixty Years from Szatmar to Los Angeles (Santa Barbara, 1998), 93.} Another reason was that most Jews followed their leaders, and important leaders such as Teitelbaum discouraged them from leaving the city.\footnote{Ibid.} A third reason was that it was difficult to leave and many youngsters were afraid that their parents would end up in trouble if they left. The conclusion is that Jews in the city possessed a significant share of the economy in 1944 and that most of them remained, despite the rumors and the persecutions.

9.12 Conclusions

The re-Hungarianization of Szatmárnémeti was undertaken quickly after the Hungarian Army entered the city. The aim was to marginalize the Romanians and Jews and impose a Hungarian hegemony. A Hungarian ethnocratic system was implemented in which Hungarians from Hungary were given the highest political positions. Hungarians who had lived in Romania filled most of the remaining lower political positions. The Romanians were marginalized as a collective, but could gain a limited amount of political influence on an individual basis. These Romanians had to be trustworthy from a Hungarian point of view and accommodate to the Hungarian national cause. Jews were not awarded any political positions and were excluded on racial terms. This shows how an ethnocratic mechanism operated.

Hungarian ethnicity was defined by a combination of ethno-linguistic (declaring Hungarian as mother tongue) and ethno-racial (non-Jewish, Christian) criteria. The census was instrumental in re-Hungarianizing the city, as 70 per cent of the inhabitants declared themselves Hungarian. A majority of
Greek Catholics, who had previously been classified as Romanians, declared Hungarian mother tongue and were re-Hungarianized.

A few members of the Romanian elite belonging to the Greek Catholic Church could accommodate and be accepted as members of the Hungarian elite. As well, pro-Hungarian Jews were exempted from much of the anti-Jewish legislation through their ethno-national merits and personal contacts with the prefect. Investments in Hungarian and Magyar ethnicity was reaped in political and economic terms, which reveals how an elite mechanism was operating.

Social and political life in the city was divided on ethnic lines in which the Hungarians dominated. Jews and Romanians organized their leadership within their religious communities, respectively. The Romanian strategy was to separate and unite against re-Hungarianization, which resembled the situation during the dualist period. The Jews believed that the common Magyar past with the Hungarians would help them, but they were marginalized and their position deteriorated gradually.

The Hungarian authorities re-Hungarianized the public sector by replacing Romanians with Hungarians. Some Romanians declared Hungarian nationality and could remain by accommodation. Ethno-national merits were important in finding trustworthy Hungarians. If a Hungarian was dismissed during the Romanian period because of his Hungarian identity this was counted as an ethno-national merit. Thus, a mechanism of reciprocity was operating in which Hungarian authorities aimed at correcting the discrimination of the previous Romanian regime by replacing Romanians with dismissed Hungarians.

The Hungarian authorities implemented a re-Hungarianization of civic society by suspending Romanian associations and seizing their properties. Hungarian associations were promoted and supported with public money and received seized Jewish land. Several Hungarian landowners received back the land they had lost during the Romanian land reform. This indicates that mechanisms of retribution and reciprocity were operating.

All Jewish land was seized between 1942 and 1944 and redistributed to Hungarians. Parts of the land were used for social welfare purposes at the expense of Jews. This was part of re-Hungarianization in which redistribution and exploitation mechanisms operated.

The Romanian question in the city was downplayed, and instead the Jewish question was given highest priority. One reason for this was the pressure from Nazi Germany to solve the Jewish question, but also the fact that Transylvania was divided between Hungary and Romania. Thus the fate of Transylvania was in the hands of Germany and therefore both Hungary and Romania assented to Hitler’s will. Another reason was the fact that Jews possessed a significant share of the economy.

A third reason was that a large share of the Romanian elite had left the city and moved to Southern Transylvania, where they planned to remain...
until such time that Northern Transylvania was returned to Romania. Romania implemented similar anti-Jewish legislation in order to win the trust of the Nazi leadership.

A fourth reason was that the Germany and Italy monitored the minority rights of the Hungarian minorities in Romania and Romanian minorities in Hungary. Within the Axis alliance the German-Italian Officers’ Commission performed the role of the League of Nations during the Second World War and received several complaints, which were reported to the Hungarian and Romanian governments. Hungarian authorities issued decrees that supported Christians and aimed at de-Jewifying Hungarian society and economy.

Hungarian authorities avoided open and formal discrimination of Romanians, which was proved by the fact that a relatively large share of former Romanian civil servants were allowed to continue their work. The Hungarian strategy in solving the Romanian question was therefore to use informal pressure of accommodation. In the case of civil servants, the Hungarian authorities claimed that those who were counted as Romanians during the interwar period in reality were Hungarians. Thus, these civil servants instrumented ethnicity in order to maintain at their positions, which shows that they were to a large extent indifferent in national terms.

When the Hungarian administration took over the city a majority share of the economy was in the hands of the Jews, especially in the large industry and the commercial sectors. Anti-Jewish legislation was imposed to limit the Jewish share. However, the first attempt to radically reduce the Jewish share was suspended, as a rapid implementation of the anti-Jewish measures would paralyze the economy and cause disturbances. Therefore a gradual strategy of re-Hungarianization was implemented, aiming at a stepwise reduction of Jewish representation in the economy.

Hungarian leaders such as Horthy argued that the rapid implementation demanded by radical nationalists was a greater danger to the country than the Jewish overrepresentation. He advocated a gradual process in order to divide the cost over a longer time period. A similar experience was learned from the Romanian period during the Goga-Guza government. Thus, parts of the Hungarian and Romanian leaderships realized, despite their strong ethno-national convictions, that a rapid nationalizing was associated with major disturbances in the economy. They had a strong taste for supporting the ruling nation and were prepared to pay the price. Still, they realized that the fast implementation of direct and negative methods – such as using legal enforcement in an ethnic quota system – came at too high a cost. This supports my overall thesis that discrimination involves a general cost that is not only detrimental for the minorities but also for the economy in general.

The banking sector was re-Hungarianized by 1944, as by then the largest banks were owned and run by Hungarians. In a gradual process the Jews and Romanians in the banking sector were replaced, and a Hungarian dominance implemented. Only a few, marginalized Romanian banks remained. All the
important Hungarian banks became associated with larger banks in Budapest. Thus political and economic connections with the capital were important in running a successful business.

This political and economic connection was also important in the industrial sector. Two Hungarian top-ranking politicians and members of the Hungarian parliament became shareholders of one of the largest Jewish industries in the city and established a newspaper monopoly. This reveals how the Hungarian elite could profit from their political positions.

The gradual re-Hungarianization of traders and craftsmen had shifted from a Jewish majority to a Hungarian majority. However, the Jewish share was still significant and above the level stipulated by the anti-Jewish legislation. In addition, several industrial companies remained in Jewish hands by 1944. One reason for the large Jewish share was the outspoken strategy to only gradually reduce it despite that the thresholds set by the anti-Jewish legislation was much lower. Another reason was that it was difficult to find suitable Hungarians with the right experience and know-how to take over Jewish businesses.

A third important reason was because the Jewish participation enabled the Hungarians to exploit Jews for economic reasons. Jews tried to circumvent the anti-Jewish legislation by using Hungarian fronts and silent partners. However, some Hungarians took advantage of the legal pressure against Jews. These Hungarians assumed control of shares in Jewish companies and become managers on paper while the Jews performed the real work. Many Hungarians could use their position and demand economic payoffs for their protection against the anti-Jewish legislation. This political economy of exploitation therefore undermined the legal efforts to re-Hungarianize the private sector, as had happened with the efforts to Romanianize during the period of Romanian rule.

The relatively large Jewish share of the economy in which members of the Jewish elite could circumvent anti-Jewish legislation increased the demand from radical Hungarians and the Nazi-German leaders to use even more radical and destructive methods. They also believed that if all Jewish property was seized and redistributed to Hungarians then this would improve the Hungarian national economy.

The conclusion is that several social mechanisms were reinforcing each other in a vicious circle of exploitation and racial exclusion. The promotion of Hungarians on ethno-political grounds at the expense of the Romanians and even more so of the Jews did not create favorable conditions for sustainable economic growth. Instead it created a political economy in which the Hungarian elite relied on denouncing and exploiting others. This was detrimental for the minorities and for the general economic development of the country, which even the highest ranking Hungarian leaders understood.
10. The Final Solution: Re-Hungarianizing Szatmárnémeti City 1944

On 19 March 1944 Nazi Germany occupied Hungary. One reason for the occupation was that Hungarian government had negotiated an armistice with the Allies. A second reason was that the ‘Jewish question’ in Hungary was unresolved according to the Nazi-German demands. The situation of the Jews in Hungary had been deteriorating up to 1944. However, the number of Jews was almost intact. In addition, Jews possessed a significant share of the Hungarian economy, like they did in Szatmárnémeti.

Nazi Germany’s plan for eliminating the Jews in occupied Hungary was to deport and rob the Jews with the assistance of Hungarian leaders and authorities. Hitler’s targeting of Hungarian Jews was part of his larger plan known infamously as the Final Solution, which aimed at a complete de-Jewification and the killing of Jews in Nazi Germany’s occupied territories. Still, leading Nazi Germans planned to take personal advantage of the situation, as they were willing to spare the lives of Jews in exchange for large bribes.

The German occupation and takeover of Hungary went quickly and smoothly. The Hungarian regent Miklós Horthy remained in power but was forced to appoint a pro-German Prime Minister, Döme Sztójay. A group of 600 Germans under the leadership of Adolf Eichmann arrived to implement the Final Solution. The area east of Tisza, including Szatmárnémeti, was declared a war zone under German command. The plan was to first deport the Jews from this eastern half because the front was advancing westward. The ethnic borderlands, including Szatmárnémeti, included a high share of Jews.

Hungarian and German interests overlapped in their desire and effort to remove the Jews by promoting non-Jewish, i.e. Christian, interests through policies of Aryanization. The Hungarian authorities used the term ‘Christian’ to exclude Jews. The inclusion of the Romanians in the privileged category of Christians reduced the Hungarian-Romanian tensions, as the Romanians were not discriminated against de jure. Still, the Hungarian leaders regarded

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2 MOL 150 IV. k.fő 30 tétel Szatmárnémeti, 773-4, 789.
Hungarian ethno-national interests as paramount, *de facto*. In Szatmárnémeti this was even more so the case than other parts of the ethnic borderlands because of the Hungarian domination among the population. In this chapter when I use the term ‘Hungarian’ I am referring to a Christian with Hungarian nationality, even though in a formal sense the Hungarian authorities used the term ‘Christian’ or non-Jews.

The purpose of this chapter is to investigate how the de-Jewification and re-Hungarianization of Szatmárnémeti was implemented in 1944. This involves the local reasons why Hungarian authorities and leaders supported the deportation of Jews. The chapter will not give a full explanation of the reasons why the Jews were eventually killed. Instead I will concentrate firstly on the economic motives for the Hungarian support to deport the Jews, and secondarily on the economic impact of the deportation of the Jews.

10.1 The Final Solution

The German plans of a radical solution of the Jewish question received support among Hungarian leaders and authorities. Hungarian leaders were interested in deporting Jews as it enabled them to fully implement the re-Hungarianization. In the context of a war economy with shortages, the Hungarian leaders aroused expectations among the Hungarian public that Jewish property would be redistributed as a national gift. Expectations were high that this would be a salvation for the Hungarian economy.

All Hungarians in Szatmárnémeti were not aware about the plan to kill the Jews, but we can assume that the leading Hungarians, including the mayor László Csóka, were informed about the destructive plans. Lower-ranking officials most probably understood that the Jews would face harsh conditions, but we can assume that they were not given specific information about the final destination of the Jews. Still, they were willing to support the deportation of the Jews, as they expected to receive economic returns in the form of Jewish property.

Anti-Jewish measures up to March 1944 had mainly affected poor Jews, as some of the rich Jews had succeeded in maintaining their economic position and wealth. This shows that an elite mechanism also operated among the minorities. Wealthy Jews were still visible in society, which increased the support for a more radical solution among Hungarian leaders, including the Hungarian mayor.

At the beginning of March the number of Jewish tradesmen and craftsmen was 980, which represented 41 per cent of all active permits. The city’s economy relied on Jewish managers and engineers. As well, several larger Jewish industries were in operation, which produced goods necessary for the war economy. The newspaper concluded on 6 April that during the first
years ‘we succeeded in changing the majority in favor of the Christian Hungarians’, but that ‘the real reorganization begins now’.3

One Jewish testimony stated that in April 1944 they felt that ‘something bad is coming for the Jews’.4 Polish Jewish refugees living in the city urged Jews to ‘run away, everyone will die!’5 Another testimony stated that Polish Jews were telling ‘unbelievable horror stories’, but ‘we still could not imagine mass killings’.6 Most Jews thought these reports were exaggerated. In any case, even if they did consider escaping the city, they had no other place to go to.7 Most Jews were convinced that ‘the Hungarians won’t let us down’ and that this ‘will not happen to us, because we are Hungarian Jews’.8

However, at the beginning of April the Hungarian Ministry of Interior together with the Nazi-German leader Adolf Eichmann worked out the details of concentrating the Jews in ghettos.9 The official arguments for establishing so-called ‘designated areas’ or ghettos were based on economic and security reasons. The Hungarian Minister of Interior Andor Jaross argued that Jews lived in better houses than non-Jews because they were richer and therefore Jews should be concentrated in certain designated areas. Furthermore, for reasons of national security Jaross required Jews to be transferred from villages and smaller towns into larger cities, where authorities could supervise them in special areas.10 According to the plan, during each phase Jews would be subjected to special investigations teams in order to surrender their valuables.11

The security argument was specious, as Jews in general were not organizing any armed resistance. In Szatmárnémeti only two guns were found among the Jews in a city with around 13,000 Jews.12 Still, the city’s police kept the Jews under surveillance. In the beginning of 1944 they caught some Jews operating an illegal printing press used for printing falsified civil and military documents, including ration cards.13 In the city a majority of the Jews were highly religious and did not engage in violence, not even to de-

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3 Szamos, 6 Apr. 1944, 6.
4 USC Shoah Foundation Institute, testimony 8680.
5 USC Shoah Foundation Institute, testimonies 18970, 21264, 24194, 25815, 29247, 31262, 50370 tape 2.
6 Rivka Handler, We, The Fugitives: The Dramatic Story of a Young Family’s Escape from the Holocaust (New York, 1988), 17.
7 USC Shoah Foundation Institute, testimony 14902.
8 USC Shoah Foundation Institute, testimonies 13361, 24194.
9 Randolph Braham, Genocide and Retribution: The Holocaust in Hungarian-Ruled Northern Transylvania (Boston, MA, 1983), 16-7.
10 International Commission on the Holocaust in Romania, Final Report (Bucharest, 2005), 262.
11 Braham, Genocide and Retribution, 17.
12 ‘Szatmár zsidófledetés’ Szamos, 15 May 1944, 4.
13 MOL K 149 BM PT1 651/2 73 doboz 1941-7-6000 651.f. 2/1944-4-1006 IV.
fend themselves. Thus, falsification of documents was the most advanced form of resistance among Jews.

The aim was to de-Jewify and re-Hungarianize the economy through concentrating Jews into the ghetto and then deporting them. One of the first measures in this plan was the announcement on 11 April that all Jews would be dismissed from their jobs – without compensation – between April and September in a gradual process in order to ‘not disturb the production’.\textsuperscript{14} This announcement made no mention of the ‘designated areas’. However the Hungarian authorities started to round-up Jews in the neighboring district of Carpatho-Ruthenia already on 16 April.\textsuperscript{15}

In the following days in April a number of anti-Jewish decrees were announced in the city, among them the order that all Jews had to wear the yellow Star of David on their clothes.\textsuperscript{16} Around 13,000 of the city’s population was thereby ordered to wear the yellow star as sign of their exclusion. This relatively large share of the city’s population must have made a great impact on the authorities and the non-Jewish population. The large share of Orthodox Jews had previously been distinct by their clothes and appearance, but the racial laws also included non-religious Jews.

The mayor issued a decree on 17 April that all Jewish shops, except food stores, should be closed.\textsuperscript{17} Although the decree was published on 17 April, the authorities started to close shops at six o’clock in the morning on 16 April. In just a couple of days the Hungarian authorities took the first step of closing the 350 Jewish shops in the city, which represented more than half of all shops in the city.\textsuperscript{18} In the second step the Hungarian state formally seized these shops on 21 April.\textsuperscript{19} The authorities reported that this was the end of the straw man system, i.e. the collusive system of circumventing anti-Jewish laws.\textsuperscript{20} Thus, this major operation to dispossess and then nationalize Jewish commercial property de-Jewified the commercial sector. However, the process of re-Hungarianization had only started, as most shops remained closed and were only gradually re-opened under new and exclusively Hungarian-Christian management. The authorities lacked administrative capacity for fully implementing re-Hungarianizing the economy, as they focused on the deportations plans.

A special conference was held in Szatmárnémeti on 26 April for organizing the ghetto. During this conference László Endre, the state secretary in the Ministry of the Interior, explained that he expected ‘full and honest collaboration from all civil servants and others participating in this action, which,
possibly, may not be fully appreciated until history has proved us right’. Thus, he was convinced that de-Jewification would be the salvation of the Hungarians.

All top-ranking officials were present at the conference, including the mayor of Szatmárnémeti, who was responsible for executing the orders in the city. All details about the conference are not known, but likely the question on the fate of the Jews was discussed. After the conference the majority of the Hungarian leaders decided to remain. One exception was the prefect of Szatmár County, Kölcsey, who resigned and was replaced by Barnabás Endrödi on 25 April. According to a Jewish testimony, Kölcsey had received information about the deportation plans and told a Jewish family about them. Kölcsey told the family: ‘first they [Germans] will take you [Jews] and then they will take us [Hungarians]’. The fact that Kölcsey resigned indicates that he understood that something radical was going to be implemented and that he was not prepared to take responsibility for it.

The rumor of deportations spread among the Jews, and some of the leading Jews left the city, including the famous Orthodox Rebbe Joel Teitelbaum. Teitelbaum had previously discouraged his followers from leaving the city, but eventually he left the city with his family while his followers remained. Some few Jews succeeded in escaping, but the large majority remained in the city.

The Commission for the apprehension of Jews in Szatmárnémeti and its surroundings held a special meeting after the conference. The mayor chaired the meeting and representatives from the police, gendarmerie, the financial and tax departments of the city together with primary and secondary teachers attended it. They decided that the location of the Szatmárnémeti ghetto should be established in the Jewish neighborhood in the centre of the city. The newspaper reported on 27 April that ‘an important decree is under negotiation by the government regarding Jewish houses and a designated area for Jews’, i.e. the ghetto. At this time the deportation of Jews was already underway in the neighboring district of Carpatho-Ruthenia.

The newspaper explained that a governmental decree made it possible for the authorities to requisition Jewish houses. The motivation was because ‘Jews are living in better houses than non-Jews’. The official reason to establish the ghetto was that the Jewish houses were needed, emphasizing a material motive to concentrate the Jews. The purpose of the decree was to

23 Szamos, 28 Apr. 1944, 1.
24 USC Shoah Foundation Institute, testimony 50370 tape 3.
27 Szamos, 27 Apr. 1944, 1.
28 Szamos, 28 Apr. 1944, 2.
arouse expectations and support among the Hungarian public for receiving the Jewish houses. This motivation aimed also at legitimizing the concentration of Jews by claiming that they lived under better conditions than Hungarians in general. It furthermore aimed at preventing any Jewish resistance.

The security aspect of the ghettoization also motivated the announcement on 28 April that ‘Jews are not allowed to buy explosives and all their licenses to use weapons will be withdrawn’. This decree served the purpose of constructing Jews as an ‘inner enemy’, even though the local police was fully aware of the lack of violent organized resistance among Jews.

On 17 April 1944 the Hungarian authorities ordered that all Jews had to declare their property, including property supervised by non-Jews. However, few Jews had reported their property by the end of April and on 28 April the orders were repeated. The finance office announced that it would be open even on Sunday from 6 a.m. until 6 p.m. in order to receive the declarations.

At this point the declaration aimed at creating the public impression that everything was in order. However, privately the authorities were afraid that Jews would leave or transfer money abroad. Therefore the mayor decided that Jews were not allowed the leave the city. In addition, the mayor issued a decree the same day prohibiting Jews from using the telephone, sending telegrams and transferring money at the post office. However, the director of the post office rejected the order and resigned. He was one of the few known cases of persons in leading positions that protested against the orders given by the mayor during the ghettoization.

On 28 April the ‘ghetto order’ was decided. The official name of the decree was ‘Concerning the regulation of certain questions relating to the determination of the Jews’. It stipulated the establishment of ‘a designated area’ and was announced in the local newspaper on 1 May. Furthermore, it stipulated that ‘Christians’ living in the area had to move out. On 3 May all Jews wearing the yellow star were ordered to remain inside their homes. From 4 May all Jews who were not living in the ghetto were only allowed to go outside between 9 and 11 a.m.

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29 Szamos, 28 Apr. 1944, 3.
30 Szamos, 17 Apr. 1944, 2.
31 Szamos, 28 Apr. 1944, 2.
32 Szamos, 29 Apr. 1944, 2.
33 Ibid.
36 Szamos, 1 May 1944, 1.
Jews were rounded up in the ghetto between 3 and 6 May; Jews from surrounding villages and cities were brought to the ghetto later.\textsuperscript{38} The ghettoization went without any major disturbances. The reasons for this were that there was no resistance movement organized by the Jews and no major opposition by the Hungarian public or Hungarian officials.\textsuperscript{39}

The rounding up of Jews was carried out by special units composed of civil servants, including local primary and secondary school teachers, gendarmes and policemen, who were under the authority of the mayor and operated under his jurisdiction. Thus a large share of the public sector was involved in this process. Jews were brought to the ghetto and were only allowed to bring a restricted amount of personal belongings and food.

Another special unit came afterwards to make an inventory and to ascertain whether the Jews had declared all of their property. The Jews received a copy of the declaration as a sign that the whole process was legal. This created a false impression that they would receive back their property once they returned from the ghetto.\textsuperscript{40}

The newspaper reported that ‘a new episode of the economic life of the city’ had started. Decrees had been announced on 16 April, but then the Jews had to ‘declare’ their property, but after the establishment of the ghetto in the beginning of May their property was ‘seized’, i.e. it had become Hungarian national property.\textsuperscript{41} Thus the nationalizing of Jewish property started as declarations of property, but was turned into a formal seizing.

However, the amount that had been seized was ‘surprisingly low’, according to one newspaper article. The same article stated that ‘economic experts believe that one of the reasons is that Jews are keeping money for themselves’.\textsuperscript{42} Jewish testimonies confirm that they were hiding valuables or had given them to trusted Christians.\textsuperscript{43} Thus, Jews realized that the ‘declaration’ was only a pretext for robbing them of their property.

Another explanation for the low amount of seized property was that Hungarian officials used the opportunity to steal. Sources confirm that the Hungarian officials seized the opportunity and took things that were easy to carry.\textsuperscript{44} Cited in the newspaper were also cases of illegal transactions, which reinforced the existence of a robbing mentality in general. In one case two detectives had accepted a bribe from a Jew and were sentenced to prison. This reveals that officials used the opportunity for private economic purposes.\textsuperscript{45} In some cases Jewish houses were looted before the authorities ar-

\begin{footnotesize}
\textsuperscript{38} Csaba Csirák, ed., \textit{Szatmári zsidó emlékek} (Szatmárnémeti, 2001), 140.
\textsuperscript{39} Braham, \textit{Genocide and Retribution}, 24, 31-2.
\textsuperscript{40} Braham, \textit{Genocide and Retribution}, 31.
\textsuperscript{41} \textit{Szamos}, 6 May 1944, 3.
\textsuperscript{42} \textit{Szamos}, 6 May 1944, 3.
\textsuperscript{43} USC Shoah Foundation Institute, testimonies 8102, 29247, 41683.
\textsuperscript{44} Csirák, \textit{Szatmári zsidó emlékek}, 143.
\textsuperscript{45} \textit{Szamos}, 12 May 1944, 3.
\end{footnotesize}
rived to take inventory. However, some of the rich Jews had already by the end of 1943 and beginning of 1944 transferred part of their wealth abroad.

According to a Jewish testimony, some Hungarians asked their Jewish neighbors if they could take the valuables instead of giving them to the authorities. Another testimony claimed that ‘Gentiles were waiting to take over’, i.e. that as soon as the Jews were rounded up, the Hungarians used the opportunity to steal. The ghettoization reinforced the economic interest of Hungarians to de-Jewify the city.

A different kind of explanation to the low quantities of Jewish property was that the expectation of the amount of Jewish property and wealth was exaggerated. The anti-Jewish legislation had been in force for almost four years, and moreover the war had created economic difficulties for everyone, including the Jews. This means that the Hungarian authorities and public imagined the Jews to be much richer than they really were.

In the ghetto the Hungarian authorities continued the search for valuables. József Borghida, a member of the Jewish council, claimed in his testimony that:

Extraordinary pressure was exerted upon the people to intimidate them into surrendering all their valuables. Following an intensive propaganda campaign of intimidation launched by Sárközi and Csegezi, they placed a basket in front of the People’s Council building, claiming that up to specified deadline all the people had the right to throw their valuables into this basket without being watched or punished. As result of this magnanimity of the policemen, large values in watches, jewellery, bracelets, etc., were collected from the intimidated internees.

Around 200 Jews, most of them wealthy, were interrogated; some of them were tortured because they did not co-operate or voluntarily hand over valuables, according to Jewish sources. Some Jews committed suicide because of the torture, including a noted Jewish grain merchant. According to an additional Jewish testimony, another wealthy Jew was shot on the spot by SS-men. According to the Jewish memorial book of Szatmár, 30 people were killed in the ghetto and 9 persons committed suicide, some of them

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46 USC Shoah Foundation Institute, testimony 14701.
47 ‘Police Report, Jan 1944’, MOL PT1 651/2 73 doboz 1941-7-6000, 651.f. 2/1944-4-1006.
48 USC Shoah Foundation Institute, testimony 21264.
49 USC Shoah Foundation Institute, testimony 25815.
51 Braham, Genocide and Retribution, 102-3.
52 USC Shoah Foundation Institute, testimony 50370 tape 3; 13361; Náftáli Stern, ed., Emlékezz Szatmárra,13; Braham, Genocide and Retribution, 104.
53 Braham, Genocide and Retribution, 104.
54 USC Shoah Foundation Institute, testimony 14701.
after torture, others because they could not bear the circumstances in the
ghetto. The mayor announced on 12 May that all Jewish property seized was na-
tional state property. This means that the re-Hungarianization was com-
pleted before the deportations began. Still, the redistribution had not started.
The purpose was to raise the expectations among the Hungarian public in
order to legitimize the rounding up of Jews. From a Jewish perspective this
was only the beginning of the most terrible thing one can imagine, but which
only a few Jews could anticipate at this stage. Many of them still believed
that they would be exempted, as they were Hungarian citizens.

The fast reduction of the Jewish workforce created major disturbances in
economic and industrial production. For example, efforts were made in sev-
eral places to make exemptions for Jewish doctors because of the shortage it
created, as 45 per cent of doctors fell under the anti-Jewish legislation. The
result was a significant health care problem in Hungary.

The conclusion is that the concentration of Jews in the ghetto made it pos-
sible to re-Hungarianize the economy. Hungarian leaders used security and
economic reasons for establishing the ghetto, but were primarily interested in
seizing Jewish property. In this way the final solution was promoted by the
Hungarian elite and received support – or at least did not receive opposition
– from the larger part of the Hungarian public. The expectation among the
Hungarian public was that they would receive Jewish houses, properties and
companies. The de-Jewification of the city was believed to be the salvation
of the Hungarians, but the process involved the loss of significant know-how
and experience. The economy was brought to a standstill as a substantial part
of the economy was in a process of being re-Hungarianized. More than half
of all shops were closed and industrial companies lost more than 40 per cent
of their skilled managers and workers. This caused major disturbances in the
production and supply of goods, which had negative consequences for socie-
ty in general.

10.2 Deportations

The Jews were rounded up in the beginning of May, and most Jews stayed in
the ghetto around 3 weeks before they were deported. There were two ghet-

56 Decree no. 12.880/1944 12 May 1944.
57 Gábor Kádár and Zoltán Vági, “‘Solving the Jewish Question’ versus the ‘Interests of the
Production’”, in J. Molnár, ed., The Holocaust in Hungary: A European Perspective (Buda-
58 Kádár and Vági, “‘Solving the Jewish Question’ versus the ‘Interests of the Production’”,
520-1.
tos in Szatmár County, one in Szatmárnémeti and one in Nagybánya. Jews were brought from the surrounding smaller cities, villages and districts into the two cities.\textsuperscript{59} At its peak at the end of May the Szatmárnémeti ghetto had 18-19,000 Jews.\textsuperscript{60}

The Jews from the Szatmárnémeti ghetto were deported in six transports. The first train departed on 19 May and the last on 1 June, with around 3,000 Jews in every transport. The expenses for the deportation of the Jews had to be paid by the city, but were reimbursed by the state.\textsuperscript{61} This means that Hungary paid for the cost of deportations to Nazi Germany using the seized Jewish property. This arrangement can therefore be called a ‘self-financing genocide’.\textsuperscript{62}

The gendarmes informed the Jews that they were being sent away by train in order to conduct agricultural work inside Hungary in place called ‘Kenyermező’ [bread meadow], near Debrecen. However, this was a fictive place, even though some Jews believed it to be true.\textsuperscript{63} They were, according to one testimony, promised that they would be able to live together with their families in a camp.\textsuperscript{64}

Jewish testimonies give different statements on how the Hungarian public reacted when the Jews were taken to the railway station. One testimony claimed that ‘people were crying’,\textsuperscript{65} while two others stated that people were ‘smiling’ and ‘clapping their hands’. Yet another claimed that ‘the rest of the population did not say anything when we were deported’.\textsuperscript{66}

Regarding responsibility for the deportations, one Jewish testimony claimed that ‘our neighbors, the Hungarians were participating, not the Germans’.\textsuperscript{67} Another summarized the collaboration between the Hungarians and the Germans by saying that ‘the Hungarians were more interested in valuables and Germans in our lives’.\textsuperscript{68}

A few Jews from Szatmár avoided deportation. One group of Jewish men was on labor service and saved by an officer in the Hungarian army.\textsuperscript{69} A few Hungarians helped Jews to survive by hiding them. However, as in the case of the 16-member Schwartz family, many Jews were identified and denounced by their neighbors.\textsuperscript{70} The Schwartz family had moved down to the

\textsuperscript{59} Csirák, \textit{Szatmári zsidó emlékek}, 139.
\textsuperscript{60} Braham, \textit{Genocide and Retribution}, 31.
\textsuperscript{61} Order issued 13 May 1944, DJSM PJSJM 1944/56, 24-5.
\textsuperscript{62} Kádár and Vági, \textit{Self-Financing Genocide}.
\textsuperscript{63} USC Shoah Foundation Institute, testimonies 754, 8102, 24194, 49749, 50370 tape 3; DEGOB protocol 1584, Csirák, \textit{Szatmári zsidó emlékek}, 142.
\textsuperscript{64} USC Shoah Foundation Institute, testimony 41683.
\textsuperscript{65} USC Shoah Foundation Institute, testimony 50370, tape 3.
\textsuperscript{66} USC Shoah Foundation Institute, testimonies 754, 18970; DEGOB protocol 133.
\textsuperscript{67} USC Shoah Foundation Institute, testimony 2281.
\textsuperscript{68} USC Shoah Foundation Institute, testimony 6837.
\textsuperscript{69} Hegyi and Lőwy, ‘Szatmárnémeti’, 1046.
\textsuperscript{70} Hegyi and Lőwy, ‘Szatmárnémeti’, 1046.
cellar under their candle factory and hid for two months before they were found in mid-June.71

Teitelbaum, the Rebbe of the Hasidic Jews in the city, together with his family and some other Jews tried to escape to Romania in March but were captured en route and taken to the Kolozsvár ghetto. Teitelbaum blamed the Zionists and preached that that ‘Nur die Reshoim, di Tzionim hoben uns hier gebracht’ (The evil ones, the Zionists, brought us to this point).72 However, Teitelbaum was eventually saved by Zionists who facilitated his escape on the so-called Kasztner train. Kasztner was a Jewish lawyer engaged in trading Jews for money by bribing Nazi-German leaders, including Adolf Eichmann. Teitelbaum was saved by Kasztner’s action together with 1,685 prominent Jews. This indicates that an elite mechanism operated in which members of the Jewish elite could survive the Holocaust either because of their religious status or their economic standing.

The final destination of the transports from Szatmárnémeti was Auschwitz, where a majority of the Jews would either be immediately killed or perish under the harsh conditions. The fast deportation of the Hungarian Jews to death and concentration camps – 4 trains every 24 hours – resulted in a high death rate among them. It is estimated that around 55–60 per cent of all Jews deported from Northern Transylvania survived the Holocaust.73 Thus around 12,000 Jews from the Szatmárnémeti ghetto died as a result of the harsh conditions in the ghetto and trains or else were killed in the camp at Auschwitz.

Although the Hungarian authorities seized property from the deported Jews, the local newspaper claimed that a lot of valuables were still missing. ‘Christians’ who had received property from Jews were ‘robbing the Hungarian state’, according to the newspaper. The main editor, Albert Figus, urged everyone to report all Jewish property to the authorities.74 The Hungarian authorities suspected that neighbors had taken care of Jewish property and requested everyone to hand it over to the authorities.

While Jews were suffering or were killed in Auschwitz, the local newspaper claimed that ‘Hungarian history justified the [final] solution of the Jewish question, because former periods had shown the danger of letting Jews take over’.75 This referred to the overrepresentation of Jews in the economy in the dualist and interwar periods.

71 Szamos, 12 June 1944, 3; 13 June 1944, 7.
74 Szamos, 22 May 1944, 3.
75 Szamos, 23 May 1944, 7.
The Hungarians had great interest in seizing the Jewish property, which they defined as Hungarian property, while Nazi Germany was mainly interested in eliminating the Jews as a people. The result was that deportations of Jews from Szatmár was part of the fastest and most destructive chapter of the Holocaust in Europe, as never had so many Jews been deported and so much property seized in such a short time.\textsuperscript{76} The fast deportations were implemented by Nazi Germany at the request of Hungarian authorities. Still, a few members of the Jewish elite escaped the horror by paying large amounts of bribes.

10.3 National Gift

The seizing of Jewish property was planned to be the first step in a major social welfare program for the benefit of the Hungarian public. The Jewish property was stored and protected by the city’s administration. On 21 May the seized property of the Jews in the surrounding cities was transferred to Szatmárnémeti.\textsuperscript{77} The most valuable things were further transported to Budapest by train.\textsuperscript{78} All former Jewish houses not intended for immediate public use were sealed.\textsuperscript{79} The new prefect announced in the local newspaper on 9 May that the seized Jewish property would be redistributed as social welfare. He promised to give textiles, clothes, and shoes to the poor workers and their families. There was also a possibility to re-allocate the Jewish houses, but for that he had to wait for further decrees and instructions. He claimed that this new system was something that people in general had been expecting for a long time.\textsuperscript{80} Thus, he aroused large expectations among the Hungarian public.

On 12 May the clothes from the Jews were being sold at low prices to poor workers with several children in order for a ‘fast solution of the social problem’, according to the mayor.\textsuperscript{81} According to the local paper the Jewish property gave the possibility to support the city’s ‘largest family,’ the public welfare office, which included 3,599 families with 11,612 beneficiaries. Thus, about 25-30 per cent of all inhabitants of the city were entitled to social welfare, which indeed gave the Hungarian public a material interest in seizing the Jewish property. However, only a few of them would receive anything.

\textsuperscript{76} Kádár and Vági, \textit{Self-Financing Genocide}, xxi-iv.
\textsuperscript{77} DJSM PJSM 1944/56, 24-5.
\textsuperscript{78} DJSM PJSM 1944/56, 29.
\textsuperscript{79} DJSM PJSM 1944/56, 33.
\textsuperscript{80} Szamos, 9 May 1944, 3.
\textsuperscript{81} Szamos, 11 May 1944, 3.
The ghettoization of Jews had increased the ability of Hungarian authorities to support non-Jewish families; it was reported that 200 cows and 50 horses had been taken seized and re-distributed. Horses were given to families with soldiers serving in the army. Wagons and tools were distributed to Hungarian beneficiaries in the same way.\(^{82}\) Agricultural machines seized from the Jews were distributed among farmers.\(^{83}\)

The conclusion is that the Jewish property was used as ‘national gift’ for a program of social welfare. This justified the deportation and robbing of Jews and gave the Final Solution a political legitimacy among the Hungarian public under the guise that national property was being restored.

### 10.4 Houses and Flats

The Jews owned a significant share of the houses in the city. On 10 May the newspaper reported that ‘the solving of the Jewish question solved the problem of housing in a radical way’. People in the city had already on 9 May started to submit requests to receive Jewish houses and flats. It was decided that public institutions should be given priority in this redistribution. The second priority was ‘civil servants who did not have any place of their own’, because there were several cases in which civil servants’ families rented a place. The third category was civil servants who had flats that were too small.\(^{84}\)

This announcement clearly shows how the civil servants were promised compensation with Jewish houses for their assistance in the process of rounding up the Jews. It is most likely that many civil servants expected to receive benefits for their support and that this was their primary motivation to participate in rather than to protest against the ghettoization and deportation of the city’s Jews.

The prefect changed the priority regarding the re-distribution of houses during the following days and emphasized social welfare, whereby poor families with many children or without houses would be first to receive Jewish houses.\(^{85}\) Social welfare institutions such as kindergartens and retirement home where also given priority.\(^{86}\)

The estimated number of Jewish houses as of mid-May was around 1,200 out of the around 6,000 in the city, which represented around 20 per cent. Still, this was only an estimate, as Jews from other places owned houses in the city and the final report was not then ready. The final outcome of the

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\(^{82}\) Szamos, 11 May 1944, 3.
\(^{83}\) DJSM PJSM 1944/118, 96-110.
\(^{84}\) Szamos, 10 May 1944, 3.
\(^{85}\) Szamos, 11 May 1944, 2.
\(^{86}\) Szamos, 12 May 1944, 7.
redistribution of Jewish houses had a ‘large public interest’ because the Jews had possessed a large share of the ‘national property’, according to the newspaper.\textsuperscript{87}

The expectations of Hungarians to take part in the redistribution of Jewish houses increased. The newspaper reported that ‘everyone wants to move to Szatmár’, and as many as 2,099 requests arrived by the end of May. It was announced in the newspaper that ‘Christian [Hungarian] working families with many children’ would be first to receive houses. People who requested houses because they wanted a more convenient and larger accommodation would be denied.\textsuperscript{88}

The inventory of the houses was undertaken by a special financial committee consisting of 12 members. They made a list of all furniture and appointed a caretaker who let the house to a Hungarian renter or else sealed it. The rent was paid to the public account. Some Jewish houses had been entered before the special commission came, because there had been a lack of policemen, according to the report.\textsuperscript{89} However, my interpretation is that officials used the situation for their own enrichment. This was the case in other similar places in Northern Transylvania.\textsuperscript{90}

The redistribution of houses started in mid-June when the first families with several children moved in, and another 50 families were about to move in.\textsuperscript{91} The newspaper wrote that the Jews had been occupying the best houses in the city while several thousands of Hungarians had been living under poor conditions. At this time 3,100 requests had been received. ‘Now a new happy Hungarian life starts,’ reported the newspaper on 23 June.\textsuperscript{92} One Jewish testimony claimed that ‘a Hungarian peasant family took over our house and they loved it,’ because ‘for the first time they had a decent home and got what they never had before’.\textsuperscript{93}

By the beginning of July 360 Hungarian workers had received smaller houses and flats, while another 4,000 requests were pending.\textsuperscript{94} The constant increase in requests revealed how a large share of the public had great interest in Jewish property. At the end of July all Jewish real estate, including flats, had received an appointed caretaker and were seized as Hungarian state property.\textsuperscript{95}

\textsuperscript{87} Szamos, 16 May 1944, 3.
\textsuperscript{88} Szamos, 22 May 1944, 4.
\textsuperscript{89} MOL 150 IV. k. fő 30 tétel Szatmárméneti, 778-80.
\textsuperscript{91} Szamos, 14 June 1944, 3.
\textsuperscript{92} Szamos, 22 June 1944, 2; 23 June, 3.
\textsuperscript{93} USC Shoah Foundation Institute, testimonies 3734, 13361.
\textsuperscript{94} Szamos, 7 July 1944, 3.
\textsuperscript{95} Szamos, 26 July 1944, 5; 31 July, 3.
The newspaper with Figus as main editor reported that ‘the building of the new Szatmár will go easy when real estate is in the hands of the state’. Flats and houses were let and the newspaper announced that ‘everyone will have a place to live in’. This work was undertaken by 40 teachers, who compiled a registry of all houses. Schools were waiting to take over former Jewish schools, and in general the ‘whole nation is waiting to get its property back’, wrote the local newspaper.

In mid-August it was announced that 3,260 families would receive houses or flats and that 1,800 already had moved in. In the first place these were given to poor people and civil servants and then distributed to the rest of the public. In the end civil servants were compensated for their assistance in rounding up the Jews and seizing their property. Also a large part of the society in general could benefit from the transfer, as around 40 per cent of all houses and flats in the city would be redistributed.

The conclusion is that the deportation of Jews enabled a major redistribution of houses and flats to a large share of the Hungarian public in general and the Hungarian elite in particular. Houses and flats were distributed as social welfare, but also given as compensation to civil servants who had participated in the deportation of Jews. The position of civil servants provided opportunities to earn economic advantages, both legal and illegal. This shows how a mechanism of ethno-racial exploitation was operating. The large redistribution of Jewish property to the Hungarian public was a way of legitimizing the deportations and receiving popular support.

10.5 Requesting National Property

On 16 May 1944 the Hungarian authorities gave order that all valuables should be collected, stored and listed in protocols. One of the groups that had the highest expectations and demanded material support for their work was the civil servants. On 16 May 20 civil servants signed a request to the prefect in which that stated that ‘we are reading in the newspaper of Szamos that the Jewish property will be re-distributed to poor people and workers ‘. However, the civil servants who signed the petition regarded it as an offence, as the ‘work conducted by the civil servants had not been fully compensated’.

At this point they had not received any houses or flats and therefore the civil servants requested to receive the clothes that Jews had left behind ‘in

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96 Szamos, 31 July 1944, 3.
97 Szamos, 3 Aug. 1944, 2.
98 Szamos, 5 Aug. 1944, 3.
99 Szamos, 12 Aug. 1944, 3
100 MOL 150 IV. kő 30 tétel Szatmárnémeti, 768.
the name of the middle class that was facing more expensive times’. The civil servants argued that ‘the fine clothes owned by the Jews were not suited for physical work’, i.e. it was better to give the clothes to them as white-collar workers rather than to blue-collar workers. Furthermore, they wanted to stress that they did ‘not ask for luxurious things’. A second group of civil servants requested on 24 May that they should receive clothes, household utensils and furniture left by the Jews because of the ‘difficult economic situation and the low salaries’.

However, strict orders were given on 25 May that no ‘re-distribution was allowed except for social welfare’. All belongings should be kept until a full inventory was conducted, and only then would the re-distribution begin. Still, the pressure and the expectation to receive Jewish wealth were high, and many private persons and institutions continued to send requests to receive parts of the ‘national property’.

The pressure from the civil servants increased, as on 26 May they joined with other representatives to make their case stronger. In an additional letter 33 civil servants, teachers and policemen in the city – all groups which had participated in the rounding up of Jews, the administration and the establishment of the ghetto – requested to receive Jewish clothes, as they regarded themselves as ‘low paid workers who could not afford these kinds of clothes’. They provided a comparison that it was cheaper for them to modify finished clothes than to order new clothes from the tailor. The tone in the letter was more demanding than in the previous request. They claimed that ‘the issue is urgent and important’ because for two weeks they had ‘worked from 5 in the morning until 7-8 in the evening, conducting not only administrative work but also hard physical work’; and if they would not receive new clothes ‘they will not have proper clothes to work in’.

Thus, it is obvious that civil servants were expecting to receive an economic compensation for their support in deporting the Jews; however, the prefect denied the civil servants’ request to receive clothes and textiles. The formal reason for the denial was that all property had to be recorded and listed, and that the government had to issue an order before the redistribution could begin. In order to indicate his appreciation of the role played by the civil servants, the mayor announced at the end of May that ‘all civil servants

102 DJSM PJSM Comisar guvernamentar al aprov. publica 1944/22-2, 25.
103 DJSM PJSM 1944/56, 36.
104 DJSM PJSM 1944/56, 91-158.
105 DJSM PJSM Comisar guvernamentar al aprov. publica 1944/22-2, 27.
106 In another case the teachers of the city of Nagy-Bánya who had undertaken the inventory of the property that the Jews had left behind requested, ‘as the nation’s humble servants’, to be compensated with ‘textiles, linen, shoes or perhaps furniture’. PJSM Comisar guvernamentar al aprov. publica 1944/22-2, 1.
107 DJSM PJSM Comisar guvernamentar al aprov. publica 1944/22-2, 2, 82.
are serving on the inner front’, i.e. they were serving as soldiers in the local war with the internal enemies.\textsuperscript{108}

Other groups that made requests to receive the confiscated Jewish property were pensioners, war-disabled persons, refugees from Southern Transylvania, priests, railway workers, and journalists.\textsuperscript{109} All of these groups claimed that they had undertaken important national tasks in the process of de-Jewification and re-Hungarianizing of the city. Public institutions such as the civil defense association, military hospital, workers office, and the Red Cross all asked to receive equipment and material from Jewish institutions or private persons.\textsuperscript{110}

Some of the textiles had been sold to poor families through the social welfare office, but in June it was reported that the remaining textiles needed to be cleaned and thus no further distribution was authorized.\textsuperscript{111} It was clear at this point that ‘the general principle is that Jewish property should not be given for social purposes’. This was a total change in policy in comparison with the actions and promises made in May. The reason was that ‘all property that had remained was the property of the Jews until a new law regarding this had arrived’.\textsuperscript{112} The issue about the Jewish property had not been solved on the governmental level and therefore the whole process of redistribution was delayed, causing disappointment among those who expected economic compensation for their work and support.

To conclude, Hungarians working with the Hungarian authorities and at other national institutions expected to be compensated for their support and work in deporting the Jews. They claimed to be the rightful receivers and showed a great interest in receiving Jewish property. This shows how a mechanism of exploitation operated in which the enrichment of Hungarians at the expense of Jews was justified by national merits.

\section*{10.6 Small Industry and Commerce}

The deportation of Jews enabled the re-Hungarianization of the remaining private economic sectors, as the public sector already had been re-Hungarianized. The city authorities seized all Jewish shops in April and May. Food shops selling perishable goods were re-opened with Hungarian supervisors.

\begin{thebibliography}{99}
\bibitem{Szamos, 1944} Szamos, 31 May 1944, 3.
\bibitem{DJSM PJSM Comisar guvernamentar al aprov. publica 1944/22-2, 4} DJSM PJSM Comisar guvernamentar al aprov. publica 1944/22-2, 4, 18, 34-5, 67, 83, 105-8
\bibitem{MOL 150 IV. k. fő 30 tétele Szatmárnémeti, 777} MOL 150 IV. k. fő 30 tétele Szatmárnémeti, 777; Jews had been hiding textiles that was found, Szamos, 13 June 1944, 3.
\bibitem{MOL 150 IV. k. fő 30 tétele Szatmárnémeti, 779} MOL 150 IV. k. fő 30 tétele Szatmárnémeti, 779.
\end{thebibliography}
All money that the shops earned had to be paid into a closed Jewish national account.\textsuperscript{113} However, the large amount of property in the hands of Hungarian officials gave these officials possibilities to earn private incomes.

Small industry in the city was re-Hungarianized in the same way as the commercial sector, in which workshops and tools were seized and later redistributed. All workshops were seized during the round-up of Jews in the beginning of May. On 26 May the prefect announced that all former Jewish workshops would be taken over by Hungarians.\textsuperscript{114} The prefect announced that a ‘new Hungary’ was founded where all Jews were gone. Requests to take over Jewish companies from Hungarians were made. One example was the 117 Hungarian shoemakers who requested to take over Jewish tools and workshops.\textsuperscript{115}

However, the process of re-Hungarianizing the small industry demanded a substantial administrative task. It was not until end of June when Hungarian authorities announced that Hungarian renters could take over Jewish mills and workshops. The Chamber of Commerce and Industry appointed new Hungarian owners of the Jewish workshops.\textsuperscript{116} Because of the administrative lapses, the redistribution process was delayed and associated with substantial losses in production.

For the former Jewish shops it took until the end of August – almost 4 months since the seizing of Jewish shops – until the list of new caretakers was publicized.\textsuperscript{117} The reduction of Jewish tradesmen had created general shortage of shops, and in order to increase the number of shops the state provided financial support.\textsuperscript{118} Thus, the de-Jewification and re-Hungarianization of the commercial sector involved several types of costs. One of them was the loss of know-how, experiences and networks that the Jews had accumulated over decades and generations. Another cost was that the closing and seizing of Jewish shops involved a substantial administrative task, which increased the state involvement. The third cost was the establishment of a political economy with increased incentives for illegal, private enrichment, as large amounts of property was redistributed during the process of redistribution. The fourth cost was that the state had to support the new Hungarian owners in establishing their shops and workshops.

A fifth issue was the lack of replacements in the workforce. This was evident in the case of pharmacies. The authorities conducted an inventory of 87 former Jewish pharmacies in the county, and it was reported in July that there was lack of Hungarian pharmacists who could take over.\textsuperscript{119} This indi-

\textsuperscript{113} Szamos, 9 May 1944, 4.
\textsuperscript{114} Szamos, 26 May 1944, 3.
\textsuperscript{115} Szamos, 3 June 1944, 2.
\textsuperscript{116} Szamos, 3 July 1944, 5.
\textsuperscript{117} DJSM PJSM 1944/56, 245-6.
\textsuperscript{118} Szamos, 5 Aug. 1944, 3.
\textsuperscript{119} DJSM PJSM 1944/27.
cates that even though the political aim of total de-Jewification was ful-
filled, it also created a general economic problem of supply.

The problems in industrial sector were similar to the commercial sector, as production was likewise disturbed. The transformation of the small indus-
try succeeded in achieving de-Jewification, but failed in re-Hungarianiz-
ing it. The cost of de-Jewification was high, and the burden was placed on
the society and the remaining Hungarians. The Hungarian elite gave priority
to short term exploitation and redistribution of available resources, which
created disturbances in the general production and supply.

10.7 A City without Jews and the ‘Gypsy question’

An article in Szamos July 1944 asked the question, ‘how is life in the city
since all Jews have been deported?’ The answer was that ‘the city [had] re-
ceived back its Hungarian character’, and that ‘people are happy to visit the
public bath and no rich Jews are visible in the city any longer’. Furthermore
the article claimed that ‘Prices are lower at the market’ and ‘the work of the
police has been reduced’. It was also reported that ‘industries were previ-
ously owned by Jews were now in Christian [Hungarian] hands’.120 The city
had been de-Jewified and re-Hungarianized. Mayor Csóka was rewarded for
his work in implementing the final solution and promoted as mayor of De-
brecen.121

The final solution of the Jewish question removed ‘the corrupt Jewish and
eastern outlook and soul of the city forever’, according to the newspaper.122
All Jewish books had been removed from the libraries, because ‘Jews had
poisoned the Hungarian souls with their writing’. One title of a book was ‘a
city without Jews’, which according to the newspaper ‘was no longer a uto-
pia but a reality’.123 However, this ideal image was disseminated as propa-
ganda to defend the disturbances that the deportation of the Jews had in-
flicted on the economy and society in general.

The destructive and radical solution of the Jewish question increased the
interest to solve another ethno-racial question, ‘the Gypsy question’. In
April-May 1944 the Roma (probably a couple of hundreds) from the city
district were incarcerated in detention ghettos for 5-6 months under armed
guard to conduct compulsory labor.124

120 Szamos, 11 July 1944, 4.
121 Szamos, 28 June 1944, 2.
122 Szamos, 22 June 1944, 1.
123 Szamos, 23 June 1944, 3.
124 János Bársony, ‘The Hungarian Pharrajimos, the Unexplored Territories of the Roma
Holocaust and Its Aftereffect’ J. Molnár, ed, The Holocaust in Hungary (Budapest, 2005),
404-17, 409.
The newspaper reported in May 1944 that 6 ‘Gypsies’ and 2 ‘Jews’ had been caught robbing a Jewish flat, and two days later that a ‘gypsy band’ had been arrested for robbing Jewish houses. My interpretation is that the Hungarian elite wanted to blame the ‘Gypsies’ for the thievery that many Hungarians were involved in, thereby legitimizing the deportation of the Roma, as well.

In mid-July the newspaper argued for a ‘radical solution’ for solving the ‘Gypsy question’. Some weeks later it was announced that a plan was underway to deport the ‘Gypsies’ from the city, but that the details of this plan were not yet decided. The newspaper reported at the beginning of September that the authorities lacked a legal definition of ‘Gypsies’, but that the issue was under investigation.

However, the Roma were not deported in such a large-scale operation as the Jews had been. One reason for this was that Hungarian leaders lacked the economic incentives because the Roma were much poorer compared to the Jews. Another reason was that the Eastern Front and the Red Army were advancing closer to Hungary. A third reason was that the redistribution of all Jewish property demanded all the Hungarian authorities’ attention and work.

10.8 Romanian Reciprocity

Romanian-Hungarian relations were overshadowed by the Final Solution. The impact of re-Hungarianization on the Romanians was counterbalanced by a mechanism of reciprocity, as Hungarian authorities were reluctant to undertake formal and open discrimination against the Romanians. To do so would put the Hungarian minority at risk of facing similar treatment by the Romanian authorities in Southern Transylvania.

One area that shows how a mechanism of reciprocity was operating was the issuance of alcohol licenses. The Romanian ambassador in Hungary complained on 12 May 1944 that the Hungarian authorities had withdrawn 214 alcohol licenses from Romanians in Northern Transylvania, while only 106 had lost their licenses in Southern Transylvania. However, the Hungarian authorities replied that only 112 Hungarians had licenses in Southern Transylvania, while 337 Romanians had licenses in Northern Transylvania. In order to balance the situation the Hungarian authorities demanded the Romanian authorities re-issue 90 permits in Southern Transylvania. During the summer of 1944 the difference increased and in August the Hungar-

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125 Szamos, 10 May 1944, 5; Szamos, 12 May 1944, 3.
126 Szamos, 19 July 1944, 4; 13 July, 2.
127 Szamos, 31 July 1944, 3.
128 Szamos, 6 Sept. 1944, 2.
129 MOL K 28 1944-0-25642, 82 cs. 181/d t, 39-44.
ian authorities declared that Romanians could only keep their licenses (at this point 454) if the Romanian authorities issued at least 264 new licenses. The Hungarian authorities claimed that a fair relation was if the number of licenses in Northern Transylvania was 1.5 times higher than in Southern Transylvania. This demand for implementing proportionality shows how both countries protected their own minorities based on ethnicity.

The Hungarian authorities used the term ‘Christians’ in order to include the Romanians, at least in a formal sense, even though Hungarian ethnicity was in reality privileged compared to Romanian ethnicity. In May 1944 the Romanian minister of public supply sent a formal complaint to the Hungarian government claiming that ‘Romanians are starving’ in Hungary. As a response to this the Hungarian government gave orders to all mayors that they should make ‘no distinction between nationality regarding the supply of public goods and to serve the Romanian inhabited areas as well through the Public Supply Office’. The order explained that similar complaints by Hungarians in Romania were resolved through diplomatic ways in Southern Transylvania. Thus, they stressed the importance of supplying food to the Romanians in Hungary in order for Hungarians to receive food in Romania.

When the Jews were rounded-up in the ghetto the food supply was severely hit. One consequence was that the Hungarian authorities gave less priority to distributing food to the Romanian-inhabited areas. However, in mid-July the mayor of Szatmárnémeti reported to the central Hungarian authorities that ‘the Romanians cannot complaint about anything’, as they are not ‘mistreated in any sense’.

Hungary and Romania had two reasons for not discriminating openly against their Hungarian and Romanian minorities. Apart from the reciprocity mechanism described above, both countries aimed at receiving the other half of Transylvania either with the help of Nazi Germany or with the help of a peace negotiation after the war.

10.9 Redistribution with Delay

In June the principles for redistributing and re-Hungarianizing Jewish property were circulated, with the general principle being to give priority to public purposes. Former Jewish property became ‘the national property and the national gift’, as the property was restored to its ‘rightful owners’, reported the newspaper in the beginning of July. However, the process of

130 MOL K 28 1944-0-25642, 82 cs. 181/d t, 92-3.
131 MOL 150 IV. k.fő 30 tétel Szatmárnémeti, 825.
132 MOL 150 IV. k.fő 30 tétel Szatmárnémeti, 760, 764.
133 DJSM PJSM 1944/56, 159.
134 Szamos, 6 July 1944, 1.
redistribution was delayed and all Jewish valuables were stored in Hotel Pannonia (formerly Hotel Dacia) and in warehouses. In total, the Hungarian authorities had accumulated one wagon of gold from the Jews and ‘luxurious products of best quality’.\footnote{Szamos, 13 July 1944, 3.}

The Hungarian Government was delayed in the redistribution of Jewish property, and it was only in June – two months after the expropriations began – when a Commissioner for Jewish property was appointed.\footnote{Zweig, The Gold Train, 219.} Decrees regarding Jewish property had been contradictory; at the beginning, the Hungarian government decreed that clothes would be sold as part of the social welfare program, but later this and other decrees were suspended.

On 10 August the criterion for redistribution was eventually announced. Jewish property was to be used for the ‘public and national good’. This included in the first place redistribution to religious, social and military institutions, like Levente Associations (paramilitary youth organization), cultural houses, churches and educational institutions, all of course Christian Hungarian.\footnote{In Nagybánya confiscated Jewish houses were used as kindergartens, hospitals, the Levente Association, the police, the Reformed Church’s school, teachers’ and clerks’ residences. DJSM PJSM 113/1944, 40. The situation was similar in Csenger, Nagysomkút, Avasújváros and Kápolnamonostor. See DJSM PJSM 1944/113, 10, 71, 73, 85.} For the redistribution to private persons the following priority was given:\footnote{DJSM PJSM 1944/56, 201-4.}

1. Surviving members of soldiers’ families
2. War veterans from the First World War
3. Poor families with several children
4. Disabled or poor people without property
5. Partisans fighter
6. Workers earning less than 200 pengő per month
7. Families who lost property because of bombing
8. Pregnant women
9. Civil servants with 8 or more children

This priority list was marked by a social welfare perspective. It also compensated groups that were ‘fighting for the nation’, i.e. soldiers and their families, as well as civil servants.

Even though the criterion for redistribution had been decided, the newspaper announced that the huge task of completing the inventory was not ready by 12 August.\footnote{Szamos, 12 Aug. 1944, 3.} The city was bombed in on 16-17 and again on 19-20 September, and many people left for the countryside. Shops and warehouses
were not guarded and people started to steal, according to a police report. Ultimately, only part of the property was redistributed. Following the chaos created by the advancing front and the bombing of the city, the confiscated Jewish property remained in warehouses or was stolen.

At the end of October 1944 the Romanian army took over the city. In the meantime, some of the most valuable things had been sent to Budapest and ended up on the infamous ‘Gold Train’. The so-called ‘Gold Train’ was a 42-car freight train full of valuables looted from the Hungarian Jews heading for Germany at the end of 1944, which was seized by US troops. The conclusion is that a large part of the Jewish property never was redistributed because the process was delayed, and during this process much property was stolen or lost.

10.11 Failed Re-Distribution

The expectations of receiving a ‘national gift’ were, however, never fully implemented, as the re-distribution of the Jewish property failed in the sense that it never improved the general economic situation. In the end it was a disappointment because it never induced the economic improvement of Hungary that the politicians had promised and the public had expected. Instead, the deportations of the Jews and the seizing of Jewish property caused a considerable disruption in the economic life.

Hungarian historians Gábor Kádár and Zoltán Vági argue that this scheme of a re-allocation of Jewish jobs and wealth (of one-fifth of the national wealth in Hungary) could have resulted in increased living standards and an economic upturn, but because of the chaotic conditions it actually had the opposite effect. This view resembles the contemporary view of leading members of the Hungarian Government from this period. For example, the Minister of Economic Coordination Béla Imrédy admitted on 12 July 1944 that, ‘Regarding the Jewish question, I have to admit that an erroneous solution had led to damages and goods going bad that have affected the entire nation’. On 29 July he acknowledged that, ‘Generally speaking, production figures have dropped due to the elimination of the Jews, to different degrees

141 MOL PT1 651/2 73 doboz 1941-7-6000 651.f. 2/1944-4-1006, 86. According to Zweig, ‘It is not clear what percentage of the movable assets owned by Jews was actually handed over to the central government, and what remained “unofficially” in the hands of the local police and Financial Directorate officials’. Zweig, The Gold Train, 219.
142 Kádár and Vági, Self-Financing Genocide, 286, 352.
143 Kádár and Vági, “Solving the Jewish Question” versus the “Interests of the Production”, 530.
in the various sectors’. His explanation for the failure was ‘the anomalies resulted from the fact that we were not prepared for this operation’, as ‘the resolution of the Jewish question was the biggest operation that had been carried out on the body of Hungary for decades’. 144

The plan had failed in several instances. First, not all property was seized because Jews were hiding it, transferring it or giving it away. The seizure was more correctly a public looting, which incentivized civil servants to conduct private looting. Thereby, not all property was seized by the state. A second problem was that the seizure and redistribution of property from 25 per cent of the population, like the case of Szatmárnémeti, was a great administrative challenge, impossible to coordinate in such a short time.

The third problem was that this kind of redistribution and major transformation would have failed in any case, no matter how much of the Jewish property the Hungarian authorities eventually could have confiscated. The reason for this is that the real value of these assets was connected to human capital, the know-how and an institutional social network connected to Jews engaged in these jobs. I therefore argue that the failure of de-Jewification was due not to the complicated political and economic contexts or the ineffective implementation of the policy, but rather the idea from the outset.

Robbing or forced seizing as way of improving the economic situation of another ethnic category is in itself destructive for both sides. Ronald Zweig makes a similar claim, referring to the ‘fantasies of Jewish wealth’. He argues that two separate issues were confused: first, ‘the material possessions of the Jews, which could be seized and re-distributed’; second, that the Jews’ prosperity and economic wellbeing was ‘based on intangibles such as education, expectations, motivation, professional standing, and experience’. 145

The deportations were therefore not only a disaster for the Jews themselves, but also for the Hungarian society in general, which lost competencies, experience and know-how in an irreversible process. The deportations of Jews did not improve the living standards of the Hungarians; instead, they created a political economy in which a large part of Hungarian society relied on exploitation and the redistribution of resources that others had accumulated. 146

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144 Ibid. 531.
10.11 Conclusions

The main reason why the economy in the city of Szatmárnémeti was eventually re-Hungarianized was because the Jews were rounded up and deported. This gave the possibility to seize, confiscate, rob, steal and redistribute Jewish property and wealth. However, in the process of seizing property and collectively robbing, a significant part was looted by individuals and never nationalized. Hungarian politicians, police, gendarmes, civil servants and others took part in this collective and private looting, which became a major operation and occupation for several months during the summer of 1944.

Jewish property was re-Hungarianized in step-wise process. First, Jews had to declare their property. Second, the Hungarian government as well as individual Hungarian citizens seized property when the Jews were rounded up. In last and somewhat delayed process, the Hungarian government redistributed the property by appointing Hungarian caretakers, by letting the property, or simply by giving it away. The political aim to de-Jewify the city was accomplished; however, even though it was re-Hungarianized on a formal level through seizure, the re-Hungarianizing failed to fully replace all Jewish jobs, workshops and manufactories with Hungarians. This caused significant disruptions in the economy.

Parts of the seized Jewish property were used for social welfare. This social welfare functioned as way of pacifying the Hungarian public and generating political support for the regime. Moreover, it legitimized the deportation of Jews. The seizing of Jewish property created expectations among the Hungarians that the economic situation would improve, because it was generally accepted that the Jews were wealthy. However, in the end most of the property was never redistributed in the social welfare programs because of administrative and legal issues, and because the Romanian takeover in the fall of 1944.

One important exception was that houses and flats were given to Hungarians, which involved a huge social transformation. The beneficiaries of social welfare consisted of a significant share of the Hungarian population in the city. Shops, workshops and tools were also redistributed, but this process was delayed. One reason was that there was lack of educated Hungarians who could take over.

The civil servants received houses and flats, and requested Jewish clothes and utensils. They demanded to be compensated for their support in the deportation of Jews, which clearly reveals that they were driven by economic motivations. They believed that the elimination of Jews would give them economic returns. They were disappointed when they did not receive the seized Jewish property in legal ways. I believe that this increased their motivation to steal property, which delayed the redistribution process.
Certain sectors of the economy were deeply disrupted by the loss of human capital and know-how, which created a general economic standstill. The re-distribution of Jewish property was delayed and in some cases never implemented. The expectation of an economic upturn was never realized because the economic prosperity among the Jews was connected to human capital. This was lost in an irreversible process when the Jews were deported.

The Holocaust therefore not only destroyed the Jewish community of the city and murdered its Jews, but it also destroyed a significant part of the city’s economy. Before the German occupation the Hungarian authorities had been cautious and implemented a gradual re-Hungarianization. Subsequently, radical forces among the Hungarian elite and the new pro-German regime abandoned this approach and were willing to pay a high price for cleansing the city of Jews.

The re-Hungarianization turned out to be a end on the path of exclusionist policies. The elimination of Jews from the economy was the ‘final solution’ in a long and accumulative process enacted by the radical Hungarian and Romanian national elites in the region. During the dualist period the Jews had been included in the Magyar category, but during the interwar period the Jews were dissimilated. The Hungarian and Romanian elites believed during the interwar period that their own economic positions would improve automatically if they reduced or seized the property of the minorities, mainly Jews. The experience of using positive discrimination during the interwar period and during the first years of the Second World War had yielded some results, as the Jewish share of the economy was indeed reduced. However, the policy did not result in the expected fast economic upturn.

The elites were convinced that a complete seizure of minority property would improve their own situation significantly, and that the gradual rather than the rapid implementation of this policy was the reason for the policy’s ultimate failure. By 1944, therefore, they supported a radical policy to enact a large-scale operation that would prove them right. Eventually, this turned out to be an illusion, as it created major economic disturbances and a political economy of exploitation at huge human costs. This extreme case clearly shows the economic and moral problems involved in ethnic discrimination and exploitation.

Already during the Romanian rule in the interwar period, the Romanian elite believed that it was possible to Romanianize all sectors of the economy, even though the Romanians were themselves a minority in the city. The Hungarian elite believed in the same way that they could re-Hungarianize all sectors of the society during the Hungarian rule in 1940-44. Still, during both periods the minorities succeeded in maintaining their presence in or control over important parts of the economy. This was partly the result of the successful nationalizing in the public sector, which increased the economic space for the minorities in the private sector. Another reason was that the
minorities found ways to circumvent the legal efforts to nationalize the economy, i.e. chain-reaction mechanisms were operating. Thus, the legal efforts to nationalize the economy were undermined by using bribes and pressure.

According to this logic the Hungarian elite supported the elimination of the Jews in a ‘final solution’ in order to achieve a complete nationalization. The support for this policy can be partly explained by a stepwise process in which previous measures had not produced the desired effect, which in turn increased the expectations and the need to find more radical measures to improve the economic situation in the context of the war. This argument and mechanism echoes the ideas put forward by Raul Hilberg, who claims that the decision to annihilate the Jews required ‘the implementation of systematic administrative measures in successive steps’. Hilberg claims that first Jews were defined racially; second, the expropriatory operations were inaugurated; third, the Jews were concentrated in ghettos; and finally, the decision was made to annihilate the Jews.¹⁴⁷

In the case of Roma, they were not defined as an ethnic or racial category by the authorities. German and Hungarian leaders were less interested in the Roma because they possessed less property. The Romanian minority was protected by a mechanism of reciprocity because of the large Hungarian and Romanian minorities in Southern and Northern Transylvania, respectively. The Romanians were indeed marginalized, but nevertheless received a minority protection that placed them in the more privileged category of Christians.

The discrimination of the Jews and economic promotion of the Hungarians led to short-term economic gains, but induced several detrimental social mechanisms that reinforced a vicious circle. The most important was the mechanism of exploitation in which Hungarians could live on the work of others by looting and robbing their property. The Hungarian state used formal and direct discrimination, and seized all Jewish property in the name of the nation. The state redistributed the property based on ethno-racial identity, which created a belief among the Hungarians that they should be rewarded in economic terms merely because of their national merits. This created a political economy based on short-term exploitation.

In all, the de-Jewification and re-Hungarianizing created a vicious circle that not only killed the Jews and destroyed the lives of the survivors, but also destroyed the Hungarian economy. In the end the Final Solution was not only the elimination of the Jews, but also the failure of nationalizing based on ethno-racial exclusion, which had marked the social and economic development of the region for a century.

Part V: Conclusions
11. Conclusions

Economic nationalizing was a decisive social force for the social, political and economic development of Hungary and Romania during the years 1867–1944 in general and for their ethnic borderlands in particular. Economic nationalizing is an institution in which ethno-national and economic factors interplay, affecting both the economic development and assimilation. The underlying principle of economic nationalizing in Hungary and Romania was the separation of citizens into ethnic categories and the establishment of a dominant core nation entitled to political and economic privileges from the state. Citizenship in both countries was separated in an ethnically hierarchical way, making minorities second-class citizens. This process of ethnic, and finally racial, exclusion marked the whole period, culminating in the annihilation of Jews throughout most of Hungary in 1944.

National leaders were convinced that exploiting and redistributing resources from the minorities led to economic prosperity for the core nation in general, and for themselves in particular. To pursue this end they instrumentalized ethnicity, which was profitable in the short run; in the long run, however, it institutionalized ethnic bifurcation. Ethnic exclusion undermined the nationalizing projects during all national regimes: the Magyarization in dualist Hungary (1867–1918), the Romanianization in interwar Romania (1918–1940) and the re-Hungarianization in Second World War Hungary (1940–1944). The method of excluding minorities induced vicious circles of ethnic bifurcation marked by political instability, loss of national territory and unfavorable conditions for achieving economic prosperity.

11.1 Economic Nationalizing: Inclusion and Exclusion

A nationalizing nation can in principle apply two opposing strategies in order to completely nationalize the economy and the citizens. One strategy is to support an inclusive civic national identity by treating everyone equally. This includes support for minorities and the encouragement of voluntary assimilation. The state provides relatively equal economic and political opportunities to all citizens; at the very least, it does not discriminate or exclude anyone because of ethnicity. The implementation of this inclusive strategy induces social mechanisms supporting virtuous circles of political
stability and favorable conditions for economic prosperity. The nationalizing of the citizenry as well as the economy is accomplished when all citizens declare the state identity as their prime national identity.

These insights into creating conditions for voluntary assimilation and the importance of non-discrimination were shared by some of the Hungarian and Romanian leaders, especially among the generations with experience as a national minority exposed to various forms of forced nationalizing. However, these insights were never fully applied because at each stage the respective leaders found more compelling arguments to support the particular interest of the ruling nation at the expense of the minorities. Even though a legal framework for minority protection was implemented until 1938, *de jure*, minorities faced discrimination and exclusion in political and economic terms, *de facto*. One important exception was the case of the Jews during the dualist period, who were included in the Magyar category. This inclusion emancipated the Jews and Magyarized the Hungarian economy in a way that mutually benefitted both the Hungarians and the Jews. However, the Jews’ inclusion as Magyars in dualist Hungary was a limited measure, as the largest minorities were excluded.

The second strategy of economic nationalizing is based on the creation of a limited ethno-national identity that excludes the minorities from the core nation. The core nation and its elite use the state as the primary instrument to redistribute resources from the minorities to the core nation. Ethnocracy prevails and minorities are treated as second-class citizens. The ruling national elite uses its political power to exploit the minorities. In Hungary and Romania during the period 1867–1944 this method of exclusion was applied to the largest sections of minorities. Exclusion was radicalized during periods of economic crisis, especially after the Great Depression in the 1930s, when discrimination went from informal to formal, being legally enforced by the end of the 1930s.

The exclusive strategy has an inherent drive that leads to more radical and destructive methods, as this method is only considered successful once all minorities are removed and their property nationalized. Until this ‘ideal’ stage of complete nationalization is realized, there is always room for complaints from nationalists that minorities are overrepresented in certain sectors. For example, when the public sector was nationalized in Romania and Hungary and a system of ethnic division of labor was established, the minorities were forced to take occupations in the private sector and thereby became overrepresented. The ruling elite’s political control gave them incentives to exploit the minorities in the private sector through both legal means (e.g. taxes) and illegal means (e.g. bribes). To maintain their positions, minorities were forced to be more productive in order to compensate for the lack of political advantages. When minorities remained in their positions and nationalizing was undermined, this gave incentives for implementing even more radical methods.
Legal discrimination imposed against Jews in Hungary and Romania increased the exploitation by the ruling elites to such a level that it even undermined the collective nationalizing goals. In Hungary during the Second World War the Jews succeeded in maintaining a significant share of the economy despite sharply defined quotas aiming at the de-Jewification of the private sector. This radicalized exclusion of the Jews led to annihilation, as Hungarian support for the deportation of the Jews in Hungary in 1944 enabled Hungarians to completely nationalize the economy in Hungary’s countryside. The deportation of Jews had terrible consequences for the community, as most of them were killed. It also paralyzed the Hungarian economy. Jewish annihilation was thus an extreme form of exclusion having negative effects not only for the minority but also for the ruling nation, as human capital and know-how was lost in an irreversible process.

Minorities can be removed in ways other than deportation, such as forced migration or exchange of populations. However, as long as the minorities remain within the country, they will always constitute a part of the economy. Thus, viewed from the core nation, it is the minority as such that constitutes the main obstacle for a complete nationalization. The underlying problem of exclusion is therefore the principle that a certain part of the citizenry is excluded from the nation by default. While exclusion does not necessarily lead to annihilation, there is nevertheless a built-in drive towards more radical methods. Exclusion builds on ethnic separation, in which certain categories are given political and economic advantages because of their ethnic identity. When ethnicity is institutionalized and politicized, it induces social mechanisms that create vicious circles of ethnic bifurcation.

11.2 Variants of Exclusion in Szatmár/Satu-Mare 1867–1944

The results of nationalizing from the local case study Szatmár/Satu-Mare 1867–1944 in the Hungarian and Romanian ethnic borderlands show how different variants of the exclusive methods were applied during the three major national regimes (see table 8). In dualist Hungary (1867–1918) the Magyar ethno-national identity was based on an ethno-linguistic definition. Assimilation was open for those who declared Hungarian as preferred spoken language. Jews opted for the Magyar category and were instrumental in the Magyarization of the economy and the public sector. However, it excluded large sections of minorities in the ethnic borderlands because they were unwilling to re-define their linguistic orientation and assimilating at the terms offered (see table 8 and Szatmár County in 1910).
Table 8 Results of nationalizing in Szatmár/Satu-Mare 1910–1944

<table>
<thead>
<tr>
<th>Place and Country</th>
<th>Population</th>
<th>Public Officials</th>
<th>Banks</th>
<th>Large Industry</th>
<th>Craft/tradesmen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Szatmár County 1910, dualist Hungary</td>
<td>Magyar 2/3</td>
<td>Magyarized 98%</td>
<td>Magyarized 93%</td>
<td>Magyarized 100%</td>
<td>Magyarized 89-92%</td>
</tr>
<tr>
<td>Szatmár-Németi City 1910, dualist Hungary</td>
<td>Magyar 95% Romanian 5%</td>
<td>Magyarized</td>
<td>Magyarized</td>
<td>Magyarized</td>
<td>Magyarized</td>
</tr>
<tr>
<td>Satu-Mare City 1930, interwar Romania</td>
<td>Romanian 1/3 Minority 2/3</td>
<td>Proportionality</td>
<td>Romanian overrepresentation</td>
<td>Romanian overrep.</td>
<td>Minority overrep.</td>
</tr>
<tr>
<td>Satu-Mare City 1939, interwar Romania</td>
<td>Romanian 1/3 Minority 2/3</td>
<td>Romanian-nized</td>
<td>Romanian overrep.</td>
<td>Minority overrep.</td>
<td>Minority overrep.</td>
</tr>
<tr>
<td>Szatmárnémeti City 1940—1944, Hungary</td>
<td>Hung. 70% Jewish 25% Rom. 5%</td>
<td>Hungarian-nized</td>
<td>Hungarian-nized</td>
<td>Jewish overrep.</td>
<td>Jewish overrepr.</td>
</tr>
<tr>
<td>Szatmárnémeti City June 1944, Hungary</td>
<td>Hung. 95% Romanian 5%</td>
<td>Hungarian-nized</td>
<td>Hungarian-nized</td>
<td>Hungarian-nized</td>
<td>Hungarian-nized</td>
</tr>
</tbody>
</table>

The Magyar elite exploited the subordination of the minorities and used economic methods to force them to assimilate; this strategy was first implemented in Szatmár County and later institutionalized nation-wide in the Hungarian educational system. However, the attempts at forced assimilation increased the ethnic consciousness among minorities, who mobilized their resistance by establishing their own economic institutions, mainly banks. The Magyar elite regarded minority leaders as security threats to the Hungarian state and obstacles to the Magyarization of Hungary, especially since some of these minority elites nurtured political contacts with their external homelands and disseminated irredentist ideas.

The failure to include minority leaders turned out to be fatal for Austria-Hungary, as these leaders united their political aspirations with their external homelands, which eventually contributed to the dissolution of the dual monarchy. Thus, during the dualist period a mixed strategy was implemented, one that included Jews but excluded the large portions of the nationalities, who constituted around half the Hungary’s population. Once Magyarization of the nationalities failed, Austria-Hungary was dissolved following ethnic divisions.

In interwar Romania the Romanian identity was based on a denominational definition, which encouraged dissimilation of minorities. In the ethnic borderlands, the Romanian leaders’ primary aim with Romanianizing was to divide the Magyar category into Jewish, Hungarian and Swabian cat-
egories in order to remove the Magyar hegemony. Meanwhile, the public sector was Romanianized. The Romanian state also used political pressure to Romanianize the labor market and the private economic sector; however, these efforts failed, as the minorities remained overrepresented in the private sector of the ethnic borderland (see the share of craftsmen and tradesmen in table 8).

The failure to Romanianize the ethnic borderlands was caused primarily by the limited definition of Romanian ethnicity, which made a complete Romanianization impossible without removing the minorities. The minorities had a strong economic position reinforced by Romania’s protectionism in foreign trade. Another reason for the failure of Romanianization was because the Romanian state and administration lacked the capacity to replace the hegemony of the minorities with a Romanian one, especially in the trade and industry sectors.

The failure of Romanianization was also a consequence of the shifting focus of state support from the ethnic borderlands to the core parts of the country, which began in the mid 1930s. By the end of the 1930s, this failure to Romanianize the ethnic borderland increased pressure on the Romanian government to intensify its nationalization efforts and implement legal discrimination against minorities. The result was increased political instability and unfavorable conditions for economic development. Thus interwar Romania implemented an exclusivist strategy of Romanianizing that was radicalized over time. However, the Romanianization of the private economic sectors of the ethnic borderlands failed, except for the banking sector. The failure to nationalize the ethnic borderland made Romania more vulnerable to foreign involvement, which Nazi Germany used to divide Transylvania between Hungary and Romania.

When Hungary received Northern Transylvania in 1940 a quick re-Hungarianization of all state-controlled sectors was implemented. Even though legal discrimination and limitation of the Jewish share was implemented through the anti-Jewish legislation, the Jews remained overrepresented in the private economic sectors, especially among tradesmen and craftsmen (see Szatmárnémeti 1941–1944 in table 8). The Hungarian elite exploited the situation of the Jews for its own enrichment, which undermined the nationalizing aim of a re-Hungarianization, as the share of Jews was only marginally reduced. A complete re-Hungarianization was possible only when the Jews were deported in 1944.

The annihilation of the Jews was thus the consequence of an exclusive method of nationalization carried out in its extreme together with Nazi-German mass killing. De-Jewification was implemented but re-Hungarianization failed. The result was great losses in economic production and loss of know-how in an irreversible process. Re-Hungarianization using first exclusion and finally annihilation thus failed because it did not give Hungary the anticipated economic salvation.
11.3 Nationalizing State and Ethnocracy

When the state is protecting all its citizens and acting in an impartial way in relation to core national interests, then the citizens will trust the state as their protector and supporter. However, both Hungary and Romania failed in this respect, as large sections of the minorities believed that they faced discrimination and lacked political influence and state support. In successive regimes, the ruling nation turned the state into a nationalizing state promoting the core nation’s economic and political interests at the expense of the minorities. Minorities reacted by establishing their own state-like institutions, which in turn forced the ruling nation to increase the involvement of state.

All large-scale operations of nationalizing in Hungary and Romania were preceded and followed by increasing state involvement. For example, when nationalization was radicalized in the 1930s the Romanian state’s control over the economy increased; and when the Hungarian economy was completely nationalized in 1944, it was almost completely controlled by the state. Thus exclusive nationalizing induced a state-involvement mechanism, which reinforced the ethnic division.

The division of political power determines not only the scope of nationalizing but also the extent to which minority rights are monitored and protected. If citizens have equal political influence and minorities are protected both *de jure* and *de facto*, then a civic national identity might develop unifying all citizens. For example, when Jews in dualist Hungary were emancipated and formally included in society, they defined themselves as Magyars, which proved beneficial for both Hungary and the Jews.

When ethnicity is politicized this will induce an ethnocracy mechanism, which establishes a political system favoring a particular ethnic stance as the power is gradually concentrated in the leaders of the core nation. Ethnocracy excludes minorities from real influence and serves as the first step in nationalizing the economy. The more the minorities are excluded from the political system, the more likely they will be excluded from the formal economy.

The principle of ethnocracy was implemented in all political regimes in varying degrees in Hungary and Romania in 1867–1944. Radical methods of nationalizing were always preceded by a reduction in the political influence of the minorities and an increased state-involvement.

The state’s instrument of taxation can be used either to support everyone equally or else to redistribute resources to members of the ruling nation at the expense of minorities. In Hungary and Romania ethnicity became a fundamental principle for receiving economic support from the state. This ethnic principle was also used for distributing economic support from the states representing the external homelands to the minorities, as the Romanian state supported the Romanian minority in dualist Hungary, and the Hungarian state supported the Hungarian minority in interwar Romania. The respective
states provided more public resources to the core nation’s factories, banks, cultural associations, schools and churches than to the similar institutions of the minorities. This redistribution mechanism operated during all regimes, institutionalizing an economic support system based on ethnicity.

When the ethnic borderland was awarded to a country, the new leaders, who previously had been part of the minority, claimed that the state had to correct the injustices of the previous regime. Reforms were therefore undertaken to redistribute economic resources from the minorities to the ruling nation. For instance, land was redistributed in interwar Romania and in World War II Hungary based on the principle of reciprocity. In the public administration and in the private sector, members of the ruling nation received positions and property based on their national merits. This reciprocity mechanism institutionalized ethnicity as a decisive factor in receiving political and economic returns from the nationalizing state.

11.4 Minorities and the Ethnic Borderland: National Garden versus Inner Front

The ethnic borderlands, where minorities constitute the greater share of the population or else possess a dominant economic position, are crucial for the nationalizing nation. Supporters of the inclusive strategy regard it as essential to support minorities in order to integrate the ethnic borderland. In their eyes the ethnic borderland consists of large pockets of potential members of the nation. Nationalizing the minorities will integrate the ethnic borderland into the core parts of the nation. The state is obliged to ‘nurture all trees in the garden’, as the Romanian leader Vasile Lucaciu explained in the Hungarian parliament in 1908.

By contrast, supporters of the exclusive strategy regard the minorities as obstacles of nationalization because they refuse to assimilate according to the terms set by the ruling nation. Between 1867 and 1944 Hungarian and Romanian ruling elites regarded the ethnic borderland as the ‘inner front’ of the national struggle between the core nation and the minorities. The Hungarian and Romanian ruling nations, respectively, used the state and civil society to force assimilation and to promote the core nation at the expense of minorities.

Minorities were regarded as a security risk and untrustworthy from a national point of view because majority leaders assumed that the minorities’ ultimate political goal was to disintegrate the existing country by uniting the ethnic borderland with the external homeland. This expectation of irredentism turned into a self-fulfilling prophecy, as the exclusion of Hungarian and Romanian minority leaders nurtured transborder contacts with...
their external homelands. Exclusion thus reinforces a transborder mechanism in which the nationalizing state incentivizes its minorities to engage in contacts with their external homelands.

When the ruling majorities instrumentalize ethnicity by excluding minorities, the minorities react in a similar fashion: minority leaders strive to create autonomous communities and to establish separate economic institutions in order to protect the minority from the negative effects of nationalization and discrimination. Even though the majority elites are initially responsible for the division, this ethnic division is maintained by both the majority and minority elites, who live off and for a specific ethnic stance. Exclusive nationalization therefore induces a chain-reaction mechanism in which minorities protect themselves by exclusion and separation, which reinforces ethnic bifurcation in general.

Minority legislation in Hungary and Romania was not a guarantee for protection against the nationalizing nation, de facto. On the contrary, in reality, minority identity was associated with economic discrimination and political marginalization. Majority leaders claimed that reforms benefited the common interests; however, the implementation of these reforms produced advantages for the ruling nation and its elite at the expense of the minorities. This duality, claiming equality but not upholding it, induces a mechanism of low trust among the minorities. Moreover, when minorities become skeptical of the state’s motives, they are inclined to interpret all negative outcomes as discrimination. Thus, social interaction and differences that are perceived in ethnic terms will institutionalize ethnic division.

Minorities can institutionalize ethnic difference and create a culture based on separation from the majority society, as did the Jews in Romania and Hungary, who primarily engaged in intermediary professions. During the dualist period, Jews were instrumental to the health of the Hungarian economy and therefore included in the Magyar category. However, Jewish identity was still marked and the so-called ‘Jewish question’ remained unsolved.

In interwar Romania and during Second World War Jews were excluded on denominational and racial grounds. The exclusion of Jews induced an intermediary position in which Jews remained as a distinct ethnic category, which reinforced the ethnic and racial division of Hungarian and Romanian society in general.

Other minorities were excluded because prejudices. These prejudices and low economic standard reinforced each other, as in the case of Roma. Thus, the majority always found problems with the minorities, either because they were too rich (like the image of the Jews) or too poor and culturally different (like the Roma), or else because they were regarded as security risks (like the larger sections of Hungarians/Romanians). Minority problems were therefore problems of the majority. However, it was not the minority per se that was the problem, but rather that the majority excluded the minorities and framed the minorities’ economic positions, assumed political aims and cul-
tural attributes as problems. Therefore, the whole period was marked by minority related questions such as the ‘nationality question’, the ‘Jewish question’ and the ‘Gypsy question’, which the ruling Hungarian and Romanian leaders were unable to solve, mainly because they were unwilling to compromise and to support the minorities as equal citizens.

The nationalizing projects developed by the Hungarian and Romanian ruling elites had a utopian character, as these elites believed ethnic purification to be the salvation of the nation. The Hungarian elite in dualist Hungary believed they could nationalize half of the population by exploiting them and forcing them to assimilate. The Romanian elite in interwar Romania believed they could Romanianize the ethnic borderlands by replacing Magyar hegemony with a similar Romanian one.

The Hungarian elite in interwar Hungary disseminated the idea that the re-Hungarianization of Jewish property would be the economic salvation of the Hungarian nation. This promise of a ‘national gift’ was based on the on the popular image of Jewish wealth, which the Hungarian elite used for exploiting the Jews and legitimizing their deportation as a ‘major social transformation’.

The intermediary mechanism forced many Jews to take positions in the private economy, which in turn institutionalized Jewish companies as highly competitive. The Jewish success in the private sector and free professions increased the belief that Jews were different than Hungarians and Romanians in essential cultural and racial terms. According to this logic, the Jews took advantage of this cultural difference at the expense of the Hungarians/Romanians. The ‘Final Solution’ annihilated the Jews in the provinces of Hungary. However, the seizing of Jewish property did not produce the anticipated economic salvation for the Hungarians. The exclusion of minorities leading to the Jewish annihilation in Hungary in 1944 was only a long and destructive way into a dead-end of failed utopias of economic salvation and ethnic purification.

When ruling elites regard the ethnic borderland as an ‘inner front’ based not on a prudent and dispassionate judgment of the situation in the ethnic borderlands, but rather on the assumption that minorities represent the irredentist will of a neighboring country, then, in a self-fulfilling prophecy, minorities can be turned into actual enemies. The elites can exploit this struggle in the short run. However, the framing of the borderland as an ‘inner front’ and the maligning of minorities does not create favorable conditions for achieving economic prosperity or political stability in the long run. Moreover, this can radicalize nationalizing from exclusion to annihilation.
Political leaders instrumentalize ethnicity to secure political and economic interests. Ethnicity and nationhood involve social bonds of trust between those individuals that are included, while it imposes boundaries of distrust against people who are excluded. The exclusion of minorities therefore induces a mechanism of low trust between minorities and majorities, which reinforces ethnic division. National majority and minority leaders are entrusted with power and influence in exchange for protecting the political and economic interests of the core nation and the minorities, respectively. However, the leaders can often use this trust for their own enrichment. Ethnicity and nationhood reduce competition among the elite, as leaders are selected on ethno-national merits rather than on professional merits. Thus, ethnic boundaries enable the elite to profit at the expense of minorities.

In each of the Hungarian and Romanian regimes during the period 1867–1944 the elite defined a core national identity based on a set of existing cultural attributes. This did not include all citizens, as minorities were excluded on various grounds, including linguistic, denominational, cultural and racial. When national identity became more rigid and less fluid, as in Romania during the interwar period and in Hungary during the Second World War, then the possibilities for minority members to assimilate and to use ethnicity for economic and political advancement were reduced or even eliminated. However, when the national identity was inclusive and minorities could assimilate, then minorities could be trusted and included in the national economy, as with the case of the Jews in dualist Hungary. The inclusion of the Jews was mutually beneficial, as it provided Jews with economic and political possibilities and at the same time developed the Hungarian economy.

The ethnic orientation during all national regimes and the focus of support on a limited share of the citizenry, i.e. the ruling nation, was guided by a belief that economic prosperity could be accomplished primarily by redistributing existing resources and property. In this respect, the whole period, but especially the period after the Great Depression in the beginning of the 1930s, was marked by beggar-thy-neighbor policy. Members of the Hungarian and Romanian elites understood economic growth and nationalizing in relative terms, as a zero-sum game. For example, economic Magyarizing was equal to de-Romanianizing, and vice versa. Furthermore, these elites believed it was more important to reduce the economic and political capacity of the minorities than to focus on achieving general economic growth.

Thus, a ruling nation’s exclusion of minorities induces an inter-ethnic competition mechanism in which political power and economic resources are divided in ethnic terms. Inter-ethnic competition functions according to the logic of a zero-sum game, in which the ruling elite will perceive the minori-
ties’ loss of economic property and political power as a relative gain for the core nation. The focus on relative gains and the separation between ‘them’ and ‘us’ in terms of identity means that no one will take responsibility for the general economic development and the common interest of all citizens.

The exclusion of minorities and the importance of ethnicity in gaining economic and political advantages also induce an exploitation mechanism. The ruling elite uses the nationalizing state to improve the economic and political positions of the core nation. In Hungary and Romania the political control of the ruling elite enabled them to exploit minorities, primarily for the ruling elite’s own enrichment. This ethnic exploitation overlapped with social and regional inequalities. Therefore, class and social belonging were divided along ethnic lines, which reduced the ability of workers and minority leaders to mobilize political resistance.

Ethnicity was instrumentalized by foreign powers to support their own political and economic interest. For example, the prime motive for establishing the Hungarian-Romanian border after World War I and awarding Romania Magyarized territories was because it served the political and economic interests of the winners of the war, i.e. the Allied Powers and Romania. The Magyarization of cities such as Szatmár/Satu-Mare in the ethnic borderland was claimed by the Border Committee to be ‘artificial’. The ethnic borderland was territorialized as Romanian based on a re-definition of ethnicity using a denominational definition. This denominational definition was institutionalized in interwar Romania, but even though it awarded Romania large territories, this definition became the main obstacle of Romanization. The rigid definition of Romanian identity already made assimilation difficult from the beginning of Romanian rule in 1920 and impossible by the end of the 1930s, as large sections of the population in the ethnic borderlands were excluded because they belonged to other religions.

Individuals in Hungary and Romania also instrumentalized ethnicity to support their own political and economic interests. One important example was A. Ferențiu/Ferencz, who took advantage of his Hungarian-Romanian bilingualism and Greek-Catholic religious background to maintain a leading position during all national regimes. He had acquired Magyar identity under the name Ferencz during the dualist period and actively participated in the Magyarization of the Romanians. Still, he succeed in becoming the Romanian mayor of Satu-Mare for 10 years under his Romanian name, using his Romanian denominational background as Greek Catholic and his linguistic knowledge of Romanian. Ferențiu was the main leader of a moderate Romanianizing of the public sector. Through his actions the pragmatic era of the 1920s ended and the public sector became almost completely Romanianized by the early 1930s. Still, his knowledge of Hungarian and his Christian belonging enabled him to establish himself as bank manager in a Hungarian bank during the re-Hungarianizing of the city in 1940. He thus maintained an elite position throughout the whole period by instrumentalizing ethnicity.
The process of nationalizing the ethnic borderland of Hungary and Romania was entangled. Foreign powers instrumentalized ethnicity in Transylvania to serve their own interests. The Hungarian and Romanian states provided economic and political support based on ethnic principles, including support for minorities in Hungary and Romania, respectively. Elite members crossed over into different ethnic categories and shifted their national identity. Even though the conditions for nationalizing in Hungary and Romania were different, similar social mechanisms operated in both countries.

The outcome was that both countries suffered from ethnic conflicts, political instability and poor conditions for achieving sustainable economic growth. In this respect, the economic nationalizing projects of Magyarization in dualist Hungary, the Romanianization in interwar Romania and the re-Hungarianization in Hungary during Second World War all failed. The key to understanding these failures lies in the exclusivist character of these projects and their inability to solve minority-related economic, political and social problems. In dualist Hungary and interwar Romania, the share of minorities was substantial, as they represented 50 and 30 per cent of these countries’ populations, respectively.

These insights on the entanglement of nationalizing challenge the Hungarian and Romanian national narratives, which focus on the tragedy of their own minority situation and their loss of national territories, but assume no responsibility to the excluding characters of their own states. They argue that minorities were irredentist and untrustworthy. They assume national identity to be based on fixed cultural factors and groups, which separates people irrespective of national context and time. However, the elite defined national and ethnic identities based on existing cultural attributes, which shifted depending on the national regimes over time.

In addition, large shares of the Hungarian and Romanian populations in the ethnic borderlands were indifferent in national terms, viewed from an essentialist perspective. Instead, they were prepared to accommodate and use nationhood and ethnicity as instruments for securing economic and political interests. In this respect, both the Hungarian and Romanian people were suffering from elite exploitation both as minorities and majorities, as ethnic bifurcation was connected to social inequalities and exploitation.

11.6 Thesis of Exclusion: Vicious Circles of Ethnic Bifurcation

Nationalizing can either entail a path towards vicious or virtuous circles. Methods of inclusion or exclusion are reinforced by social mechanisms making them path dependent. The dividing line between the two paths rests on
how nationalizing is implemented, either by equal support or by exploitation at the expense of the minorities. If minorities are excluded and ethnicity becomes a prerequisite for political and professional advancement, then this induces vicious circles of ethnic bifurcation.

*Figure 2 Mechanisms supporting vicious circles of ethnic bifurcation*

Exclusive economic nationalizing in the ethnic borderland of Hungary and Romania induced several mechanisms that explain ethnic conflicts, political instability and unfavorable conditions for economic development (see figure 2). In comparison with the model given in the introduction (figure 1), it is necessary to add the importance of the Great Powers’ interest in supporting domestic nationalizing, i.e. a Great Power interest mechanism. For example, the interests of the Allied Powers after the First World War are essential to understanding how Romanianizing was defined and implemented in interwar Romania. Also, Nazi Germany’s economic interests in Transylvania and its mass killing of Jews are necessary to understanding how de-Jewification and re-Hungarianization reinforced each other.

Members of the Hungarian and Romanian elites, as well as foreign experts, expressed that they were aware of the negative implications of exclusion in theory. They shared the insights and understood the costs and the risks of exclusion. Thereby they confirmed the basis of the model above and the fact that social, political and economic problems are associated with ex-
clusion. However, they were unable to resist short-term economic and political interests and to end the vicious circles of ethnic bifurcation.

Elite interests and rampant ethno-nationalism led to violations of minority protection legislation and subsequently to legal discrimination. The minorities responded to discrimination and exclusion by separating themselves from the majority. Ethnic bifurcation thereby resembles the so-called ‘prisoners dilemma’, i.e. a situation in which both the leaders of the ruling nation and the minorities would have been better off co-operating. Instead of co-operating with minorities, the majority elites pursued their short-term interests at the expense of minorities, reinforcing ethnic bifurcation and resulting in losses for both minorities and majorities.

The exclusion of ethnic minorities in the ethnic borderlands of Hungary and Romania became path dependent. Hungarian and Romanian leaders were trapped on the road of exclusive politics and ethno-nationalism. Even when attempts were made to impose inclusive and equal methods, these attempts were short-lived. All the major nationalizing projects also failed: Magyarization in dualist Hungary did not succeed to include half of the population; the Romanianization of the economy of the ethnic borderlands in interwar Romania failed; and the Re-Hungarianization in Hungary during the Second World War did not achieve the anticipated economic salvation.

The extreme case of exclusion, namely the Jewish annihilation, revealed that the path of exclusion brought nothing but destruction for everyone. This reinforces the thesis that economic nationalizing through the exclusion of minorities induces a vicious circle of ethnic bifurcation, political instability and unfavorable conditions for achieving economic prosperity. Exclusion served the elite’s short-term interest but undermined the nation’s long-term ability to prosper.
Sammanfattning

Avhandlingens utgångspunkter

Den här avhandlingen fokuserar på att empiriskt belägga ekonomisk nationalisering som praktik samt att analytiskt förklara de sociala mekanismer som driver ekonomisk nationalisering. Huvudsesen är att en exkluderande ekonomisk nationalisering är skadlig för alla, inte bara för den utsatta minoriteten. Exkludering initierar negativa sociala mekanismer som över tid slår tillbaka mot majoritetsbefolkningen och som åstadkommer skadliga effekter för alla grupper i samhället.

Politisk ekonomisk forskning stödjer uppfattningen om nödvändigheten av etnisk jämlikhet för att uppnå ekonomisk tillväxt. Den lyfter fram problemen med exkludering och ojämlikhet. Istället pekar den på de grundläggande kraven att ekonomiska och politiska institutioner ska vara inkluderande samt att staten ska vara rättvis och autonom för att ett samhälle ska kunna uppnå ekonomisk tillväxt och nationell sammanhållning på lång sikt.

Avhandlingen analyserar ekonomisk nationalisering genom en lokal fallstudie av Szatmár/Satu-Mare, län och stad i ungersk-rumänska etniska gränslandet under tre olika nationella regimer. Studien innefattar framförallt rumäner och ungrare, som växlar mellan majoritets- och minoritetsställning, men den fokuserar även på judarnas växlingar från inkludering till exkludering. Därutöver berörs även schwabiska (tysktalande) och romska etniska kategorier.

Avhandlingens första del analyserar den ungerska nationaliseringsprocessen i det etniska gränslandet av Szatmár län som en del av Ungern i dubbelmonarkin Österrike-Ungern från grundandet 1867 till upplösningen 1918 samt de två efterföljande ungerska republikerna 1918 och 1919. Den här nationaliseringsprocessen kallades magyarisering och syftade till minoriterna skulle assimilera det ungerska språket och kulturen.

Den andra delen behandlar rumänsiseringsprocessen i staden Satu-Mare som en del av Rumänien under mellankrigsperioden från 1920 till 1940. Delar av Szatmár län, inklusive staden Szatmár/Satu-Mare, blev efter första världskriget tillsammans med Transsylvanien en del av det nya Rumänien trots att flera städer hade en ungersk majoritet. Rumänsiseringsprocessen inriktade sig på att bryta den magyariska hegemonin inom politik och ekonomi och ersätta den med en motsvarande rumänsk.

Begreppet etniskt gränsland har här en dubbel betydelse. Å ena sidan menas det geografiska gränslandet där minoriteter är i majoritet eller har en stark ekonomisk ställning. Å andra sidan menas det sociala gränslandet av majoritets- och minoritetsrelationer som kännetecknar hela landet i allmänhet och det geografiska gränslandet i synnerhet. Att analysera ekonomisk nationalisering i det etniska gränslandet blir därmed ett sätt att studera sociala mekanismer som i förlängningen inte bara är avgörande för utvecklingen av gränslandet utan för hela nationen.

Det etniska gränslandet i Centraleuropa i allmänhet och det ungerska och rumänska i synnerhet kännetecknas av tre faktorer. Den första faktorn är den etniska komplexiteten med flera etniska och nationella kategorier som är sammanflätade, överlappande och hierarkiska. Den etniska komplexiteten förstärktes av att minoritetsfrågorna var starkt kopplade till landets överlevnadsförmåga eftersom stora delar av befolkningen kategoriserades som minoriteter och hade etniska band till externa hemländer. Exempelvis var andelen som klassades som minoriteter i Ungern för första världskriget över 50 procent och runt 30 procent under mellankrigsperioden i Rumänien.

Den andra faktorn är att regionen kännetecknades av en politisk instabiltet som bidrog till att skapa nationella konflikter där interna och externa faktorer orsakade återkommande gränsrevideringar. Den tredje faktorn är att regionen halkade efter i den ekonomiska utvecklingen i jämförelse med andra delar av Europa, vilket drev fram kortsiktiga strategier att snabbt förbättra den ekonomiska situationen.

De här tre faktorerna förstärkte varandra och avhandlingens utgångspunkt är att undersöka vilka sociala mekanismer som bidrar till att skapa onda (eller goda) cirklar som kännetecknas av låg ekonomisk tillväxt, etnisk exkludering, politisk instabilitet och osäkra gränser. Ett exempel är att antingen på utvecklingen mot goda eller onda cirklar och avgörande för vilken riktning de går mot är huruvida minoriteterna inkluderas eller exkluderas.

Begreppet ekonomisk nationalisering definieras här som en social praktik där ekonomiska faktorer växelverkar med etniska och nationella faktorer. Den sociala praktiken manifesteras dels som en institution genom explicita och formella lagar, dels som informella normer och sociala regler. Den grundläggande principen för ekonomisk nationalisering är strävan efter att
förbättra nationens ekonomiska och politiska position relativt – och ibland på bekostnad av – andra nationer, etniska kategorier och minoriteter.


Avhandlingens två frågeställningar är: (1) Vilka former, strategier och praktiker av ekonomisk nationalisering återfinns under de tre nationella regimerna? (2) Vilka sociala mekanismer drev på och var en konsekvens av den ekonomiska nationaliseringen under respektive regim?

Studien utgår från en mikrophistorisk ansats där ekonomisk nationalisering studeras i Szatmár/Satu-Mare. Metoden bygger på en närstudie av nationaliseringsens praktik och dess sociala mekanismer. Utgångspunkten är att alla avgörande mekanismer fanns spridda i alla delar av landet, men att de sociala mekanismer som rör inkludering och exkludering blev särskilt tydliga och markerade i det etniska gränslandet.

Nationaliseringsstrategier: inkludering eller exkluderande

En nation kan i princip välja mellan två olika strategier för att nationalisera ekonomin och assimilera sina medborgare. En strategi är att inkludera alla medborgare och skapa en övergripande civil nationell identitet genom att
behandla alla relativt lika och därmed ummuntra till frivillig assimilering. Insikten om de negativa konsekvenserna av diskriminering och tvingande assimileringstabler delades av flera ungerska och rumänska ledare, speciellt av de som själva hade erfart diskriminering. Dock fann ledarna alltför ofta anledningar till att stödja den styrande nationen på minoriteternas bekostnad istället för att upprätthålla principen om likbehandling.


Exkludering i Szatmár/Satu-Mare 1867–1944

Under den ungerska perioden före första världskriget definierades den magyariska etnonationella identiteten på språkmässiga grunder. Assimilering var öppen för alla som deklarerade ungerska som sitt första språk. Många judar assimilades och blev magyarar och drev på magyariseringen inom statsförvaltningen och i den privata ekonomin. Men majoriteten av minoriteterna exkluderas dock p g a de inte var villiga att assimilera sig som magyarer. Den magyariska eliten utnyttjade minoriteternas underordnade sociala och etniska ställning och försökte att pressa dem till att assimilera sig. Strategin utvecklades i Szatmár län under 1880-talet och institutional-
iserades senare i hela det ungerska utbildningssystemet. Försöket med påtvingad assimilering gav inte önskade resultat, istället ökade den bara minoriteternas etniska medvetenhet. Minoriteternas motstånd kanaliserades genom att de etablerade egna ekonomiska institutioner, främst banker.

I mellankrigstidens Rumänien var den rumänska etniska identiteten baserad på en kombination av religion och språk. I praktiken exkluderades alla som inte hade en rumänsk definierad religiös tillhörighet, dvs tillhörde den ortodoxa eller grekisk-katolska kyrkan. I det etniska gränslandet kring Szatmár/Satu-Mare var den primära strategin att rumänisera genom att försöka splittra den magyariska kategorin i judiska, ungerska och schwabiska (tysktalande) underkategorier. Målsättningen var att ersätta den magyariska hegemonin med en motsvarande rumänsk.


Statens roll: Etnokrati

Minoriteterna i både Ungern och Rumänien upplevde att de blev utsatta för etnisk diskriminering av både staten och majoritetssamhället. Statens uppgift


Det etniska gränslandet: en nationell trädgård eller en inre front

De som företrädde den inkluderande strategin betraktade minoriteterna i det etniska gränslandet som jämlika medborgare. Statens uppgift var att låta minoriteterna frodas som i en ”nationell trädgård” i enlighet med den metafor som den rumänske politikern Vasile Lucaciu formulerade i ett tal 1908. Lucaciu argumenterade att om den ungerska staten upphörde med att diskriminera och marginalisera den rumänska minoriteten skulle det även stärka landet i sin helhet. Den magyariska eliten var skeptisk till Lucaciu, som i andra sammanhang hade spridit irredentisk propaganda och hävdat att rumänerna inte var någon minoritet, utan utgjorde en egen nation.

Den här synen delades inte av majoriteten av de styrande ungerska och rumänska ledarna, som istället betraktade det etniska gränslandet som en inre front i en pågående kamp mellan majoriteten och minoriteterna. Minoriteterna och deras ledare, inklusive Lucaciu, betraktades som säkerhetsrisker och som opålitliga från ett nationellt perspektiv. Majoritetsledarna ansåg att minoriteternas högsta önskan var att upplösa landet och infoga det etniska
gränslandet med det externa hemlandet. Den kritik som minoriteterna framförde om att deras rättigheter kränktes avfärdates med argumentet om att alla typer av eftergifter enbart skulle uppmuntra minoriteternas önskan om gränsreviseringar.

Påståenden om irredentism utvecklade sig till självuppfyllande profetior, eftersom exkluderingen av de ungerska och rumänska minoriteterna gav minoriteterna incitament till att fördjupa politiska kontakter med de externa hemländerna, d v s ledarna för den rumänska minoriteten tog kontakt med – och fick ekonomiskt stöd från – Rumänien under dualistperioden och de ungerska minoritetsledarna minoriteten fick motsvarande från Ungern under mellankrigsperioden. Exkluderingen drev därmed på en extern hemlandsmekanism som förstärkte den etniska uppdelpningen och minskade förtroendet mellan minoriteten och majoritetsbefolkningen.

När de styrande majoriteten använde etnicitet och exkluderade minoriteterna, svarade minoriteterna med samma mynt och isolerade sig gentemot majoritetssamhället. De strävade efter autonomi och etablerade egna ekonomiska institutioner som skydd mot de negativa effekterna av nationalisering och som ett substitut för avsaknaden av en egen stat. Även om de styrande eliterna inledningsvis var ansvariga för den etniska uppdelpningen, upprätt-hölls den av både majoritetens och minoriteternas eliter. Eliterna kunde efter hand livnära sig på att upprätthålla den etniska uppdelpningen, d v s en elit kunde livnära sig på och för en etnisk ståndpunkt. Exkluderande nationalisering skapade därför en kedjemechanism där minoriteter skyddade sig själva genom isolering och separation, något som i sig förstärkte den etniska uppdelningen.


Den styrande eliten hittade alltid argument mot minoriteterna, antingen för att de var för rika vilket var orättvist (som synen på judarna), eller för att de var för fattiga och annorlunda och därmed fungerade som bromsklossar för den ekonomiska och sociala utvecklingen (som uppfattningen om romerna), eller för att de ansågs vara säkerhetsrisker (som ungrare/rumäner). I själva verket var det inte minoriteten i sig som var problemet utan det var snarare majoritetens exkluderade av minoriteterna och vinkling av minoritetens ekonomiska position, politiska ambitioner och kulturella särdrag som problematiska. Därför kännetecknas perioden av ett antal minoritetsrelaterade frågor såsom ”den judiska frågan”, ”zigenarfrågan” och ”nationalitets-
frågan”. De här frågorna handlade om de ungerska och rumänska ledarnas bristande förmågan att inse hur exkluderingsmekanismers förvandlingar till nationens ”inre fiender”. I det här avseendet var varken Ungern eller Rumänien något undantag, men insatserna var högre i de båda länderna eftersom andelen minoriteter var stor och eftersom minoriteternas intressen bevakades av deras externa hemländer.

Nationaliseringsprojekten, som utformades av de ungerska och rumänska ledarna, hade en utopisk karaktär pga de styrande eliternas trodde att en etnisk rensning skulle bli nationens räddning. Den magyariska eliten i Ungern under dubbelmonarkin trodde att den kunde nationalisera halva befolkningen genom att marginalisera minoriteter och tvinga dem till assimilation. Den rumänska eliten trodde att de kunde ersätta den magyarska hedemnon under mellankrigsperioden med en motsvarande rumänsk utifrån en exkluderande definition av rumänsk identitet som inte gav minoriteterna möjlighet till assimilation.

Under andra världskriget spred de styrande ungrarna uppfattningen om att nationaliseringen av judiska tillgångar skulle bli den ungerska nationens räddning, kort ett ”nationell gåva”. Den judiska framgången i de privata ekonomiska sektorerna spädde på uppfattningen om att judar var annorlunda än ungrare/rumäner i essentiella och rasmässiga termer. I själva verket var judarna enligt lag exkludera från den offentliga sektorn och trängdes in i vissa privata sektorer. Den antisemitiska logiken ansåg istället att judarna utnyttjade sina kulturella särrag på bekostnad av ungrare/rumäner.


Etnicitet: elitens instrument


När minoriteterna exkluderades och de politiska positionerna och de ekonomiska ersättningarna villkorades av etnisk tillhörighet kunde eliten använda sig av en exploateringsmekanism. Exploateringen möjliggjordes av att eliten utnyttjade det faktum att etniska, sociala och regionala ojämlikheter förstärkte varandra. Överlappningen underminerade sociala gruppers möjligheter att mobilisera politiskt motstånd. Sociala orättvisor kunde gömmas och ignoreras av ledarna med hänvisning till etnoonnationella konflikter.


Stormakterna instrumentaliserade därmed etnicitet genom att hävda att den nya ungersk-rumänska gränsen följer den etniska gränsen tack vare att städernas omkringliggande landskap hade en rumänsk majoritet. Den här religiösa definitionen av etnisk identitet möjliggjorde en omfattande överföring av områden som ungrarna betraktade som sitt nationella ”kärnland”. Samtidigt institutionaliserades en exkluderande definition av etnicitet som gjorde assimileringen starkt begränsad och som på sikt försvårade rumänsningen av de nya områden som Rumänien erhöll.

Förutsättningarna för nationalisering var olika i de två länderna, men de sociala mekanismer som exkluderade minoriteter och underminerade nationaliseringsprojekten var de samma. Sammanflätningen utmanar de ungerska och rumänska nationella berättelserna som fokuserat på sina egna tragedier och förluster av territorier, utan att beakta den egna statens exkluderande och diskriminerande politik. Berättelserna utgör ifrån att etnicitet och nationell identitet baseras på bestämda kulturella faktorer och att människor ingår i grupper som är separerade oberoende av kontext och tid.
I själva verket definierade de styrande eliterna de nationella och etniska gränserna utifrån existerande kulturella attribut, vilket möjliggjorde att personer, speciellt inom eliten, kunde växla mellan en ”magyarisk, ”rumänsk” och ”ungersk” identitet beroende på kontext och regim. Delar av befolkningen i det etniska gränslandet var också ointresserade av definiera sig i essentiella och kategoriska nationella termer. Istället var de beredda att anpassa och använda etnicitet och nationell identitet som instrument för att vinna ekonomiska och politiska fördelar.

Exkluderingsens skadliga mekanismer

Den exkluderande ekonomiska nationaliseringen i det etniska gränslandet i Ungern och Rumänien drog igång flera sociala mekanismer som beskrivits ovan. De här sociala mekanismerna involverade etnokrati, ekonomisk omfördelning och exploleration utifrån etniska kriterier, minoriternas reaktion på mekanismerna, fördjupade relationer mellan minoriteterna och deras externa hemländer, intern etnisk konkurrens samt bristande förtroende för den styrande eliten. Flera ungerska och rumänska ledare uttryckte å ena sidan att de var medvetna om de negativa konsekvenserna som uppstår när minoriteter exkluderades. Å andra sidan var de oförmöga att motstå sina kortsiktiga intressen och att bryta den onda spiralen av etnisk uppdelning och exkludering. Den här situationen påminde därmed om ”fångarnas dilemma” såtillvida att alla skulle kunna ha fått det bättre om majoritets- och minoritetsledarna valt att samarbeta istället för att motarbeta varandra.

Det ekonomiska och moraliska misslyckandet med den extremaste formen av exkludering, den judiska Förintelsen, visade att den exkluderande vägen hade hamnat i en återvändsgränd. Den erfarenheten stärker den övergripande tesen om att ekonomisk nationalisering genom exkludering av minoriteter kännetecknas av negativa spiraler där etnisk uppdelning, politisk instabilitet och låg ekonomisk tillväxt förstörer varandra. Etnisk exkludering tjänar elitens kortsiktiga politiska och ekonomiska intressen, men underminerar minoriteternas och landets möjligheter att utvecklas och överleva i det långa loppet.
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