

# THE NORMATIVE FRAMEWORK OF PROSPERITY: BANKS, LABOR AND INCOMES

## CONSIDERATIONS REGARDING THE MANAGING SYSTEM OF THE POPULAR BANKS FROM OLTENIA IN THE FIRST HALF OF THE 20<sup>TH</sup> CENTURY♦

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**Abstract:** In a society with a preponderantly agrarian population and economy, such was the Romanian world at the beginning of the 20<sup>th</sup> century, the involvement of the primary-school teachers, the priests, the great and middle landlords in the processes of initiation, organization and leadership of the popular banks came naturally. Surprisingly, as confronting to the events and to the modalities in which the credit systems from the developed industrial societies had been built, was the presence of the wealthy peasants in such activities. The active involvement of some wealthy peasants groups, identified in the economic literature of that time, usually with the names of foremost people or landlords, in the process of establishment of the popular banks, reflects their direct participation in the process of modernization for the villages' region.

**Keywords:** 20<sup>th</sup> century, Oltenia, popular bank, functionary, management.

The appreciations regarding the quality of the bank workers' intellectual and specialized knowledge, remained, in the specific literature, at the standard of the general impressions. They all noticed the fact that the professional training of the workers with medium, high-school or superior (in universities and academies) studies was realized, preponderantly, in other fields than those of the strict specialization, such are the commercials schools and faculties. This fact was due to the

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orientation of the young people towards the traditional professions: priests, lawyers or primary school teachers, and not to that from the economics field.

The insufficiency of trained employees was reflected, most of the times, in the way the annual banking balance sheet is concluded or in the inadequate use of the specific terminology. The manifestation of such dysfunctions created real problems and difficulties, even in the case of some popular banks with an important significant financial capacity. Thus, in 1944, as a sequence of some deficiencies registered in the “Clerul Mehedințean” Popular Bank, the Cooperation Ministry took the decision of dissolving the administration council and appointing a new one<sup>1</sup>. In order to avoid the bankrupt, caused by the administrating deficiencies, few popular banks, meeting with difficulties, asked for the support of the Romanian National Bank, the district's federal commissions, of the important commercial banks or they appealed to fusions. A swift incursion in the archive documents shows us that, in 1947, “Tudor Vladimirescu” Popular Bank, from Tg. Jiu, which had been existing for almost 37 years and “a well-prepared staff”<sup>2</sup>, took, after the fusion, the entire assets and the liabilities of the “Lumina” Popular Bank from the commune Bârsești, institution that went bankrupt due to the *defective* management<sup>3</sup>. A similar situation was that from Turnu Severin, where “Victoria” Popular Bank, took the assets and the liabilities of the “Vulturul” Popular Bank, from Dedonița, a society that was bankrupted<sup>4</sup>.

In the attempt of avoiding such situations, as far back as in the 19<sup>th</sup> century, the authorities came with solutions for preparing the bank's staff. In preparing the young clerks, the commercial schools that had syllabi with a preponderant economic content played a special part<sup>5</sup>. The commercial schools from Oltenia (The Commercial School, from Craiova; The Superior Commercial School, from Turnu Severin) offered to the labour market a valuable contingent of specialists. Some of them hired, as clerks, at the popular banks from Oltenia, becoming banking specialists (Constantin Neamțu, Aurel Ionescu, D. Bobină etc).

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<sup>1</sup> The Service from Mehedinți District of the National Archives, “Clerul Mehedințean” Popular Bank, file 31/1946, f.6 (next will be cited as S.N.A. Mehedinți District)

<sup>2</sup> Idem, ressource “Muncitorul” Popular Bank, file 73/1947, f. 12.

<sup>3</sup> *Ibid.*

<sup>4</sup> Idem, “Victoria” Popular Bank, file 6/1941, f. 155.

<sup>5</sup>\*\*\*, *Situațiunea Școalei comerciale din Craiova de la înființarea ei și până astăzi, 1877-1891*, Craiova, 1891, p. 22.

A special attention was given, by the Central Office of the Popular Banks, to the accounting and cooperative education practical schools. These schools' syllabus encompassed the next studying subjects: cooperative accounting, cooperative legislation, commercial mathematics and geometry, calligraphy, notions of history and economic geography, notions of agriculture and hygiene<sup>6</sup> etc. In 1922-1923 functioned, in the entire country, 17 practical schools of accounting and cooperative education, three of them carrying on their activity in Oltenia at: Craiova, Tg. Jiu and Turnu Severin. The graduates of the cooperative schools occupied, in the popular banks from Oltenia, specific jobs, fulfilling secretariate and accounting activities. Due to the amplification of the banking operations, they replaced the primary school teachers and the priests who, meanwhile, had occupied these functions, especially that they had their own responsibilities to school and church. There were distinguished themselves, thanks to their activity, the next accountants and cashiers: Al. Georgescu, Ilie Gruescu, Mihail Tabacu, Eftimie Stăncioi, Aurel Moraciu, I. Mateuță (graduates of the cooperative school from Tg. Jiu), Nae I. Brînzan, V. Gh. Mirescu (graduates of the accounting school from) etc.

The high expenses for the functioning of the cooperative education schools and the lack of devoted teachers determined the diminishing of their number. Thus, in the school year 1927-1928, The Central Office succeeded in sustaining only six specialized schools. One of them functioned in Craiova too and reunited the districts Dolj, Gorj, Romanați, Vâlcea, Olt, Argeș and Teleorman. This situation had been maintained until 1948. In the same time, for preparing the bank clerks, a special attention was given to the press. The press organism of the cooperative movement from the city was "The urban cooperative society", whose first number would be printed on October 1<sup>st</sup> 1920. Along this, in Oltenia had also been edited: Oltenia cooperative action (Craiova, 1922), *The bimonthly leaflet of the Cooperators Accountants Association* (Caracal, 1927), *The Cooperator* (Tg. Jiu, 1919-1919), *The Cooperator from Vâlcea* (Rm. Vâlcea, 1928-1930)<sup>7</sup> etc.

Along with the clerks' organization, the structure of the managing and administration bodies from the popular banks encompassed, decreasing according to their importance, the next bodies: the general

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<sup>6</sup> "Curierul cooperației sătești", no. 1/January-February 1922, p. 14-18.

<sup>7</sup> Paul Emanoil-Barbu, *Din istoria cooperației de consum și de credit din România*, vol. II, Bucharest, Editura Universul, 2000, pp. 86-87.

assembly of the stockholders, the administration council and the censors commission.

a) *The general assemblies of the stockholders were ordinary and extraordinary.* The ordinary ones were convoked annually, by the administration councils, through announces in the press or through the posting of the convening at the bank's residence or at the local police center<sup>8</sup> and were held in the first semester of each year. The participation and the influence of the stockholders when taking the decisions in the general assemblies was done according to the proportion of the stocks subscribed by each member of the assembly. That is why, at some popular banks from the city, the stockholders were successful in imposing, though their large number of votes they had, the options regarding the orientation of the financial policies of the institutions and to assure their presence in the managing bodies. We met such a case at the "Albina" Popular Bank from Rm. Vâlcea, where Mitică Simian, an important landlord from the locality, subscribed a large number of stocks, managing to impose himself in the financial policy of the society<sup>9</sup>.

The general assemblies debated upon and approved the activity of a bank during an entire administration year, having as a support the annual reports of the administration councils and of the censors commissions. Altogether, they established: the finishing of the annual balances and the establishing of the dividends and the supradividends quantum, of the clerk's shares, the sums of money for the charity; they also chose or brought new members in the leadership body or in the censors commissions; they took the decision regarding the reducing or the rising of the social capital and, in consequence, for the emitting of shares; they decided the modification of the institution's status; in extreme cases, they gave the verdict for the dissolving and merging of the bank with other societies etc. Their decisions, noted down in the in the minutes of the general assembly, were taken with the majority of the expressed votes and became mandatory both for the managing bodies and for the bank's stuff.

The extraordinary general assemblies were convoked by the ordinary general assembly or by a number of stockholders that should own at least 10% from the total number of shares from a bank and they usually met to discuss the situations concerning the important defaults from the activity of the credit institutions, caused by the faulty

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<sup>8</sup> S.N.A. Mehedinți District, resource "Biruința" Popular Bank, file 3/1941-1942, f. 20.

<sup>9</sup> S.N.A. Mehedinți District, resource The Chamber of Commerce and Industry from Rm. Vâlcea, file 55/1931, f. 3.

management of the leadership. The discussions, often heated, during the ordinary general assembly, concerning the registered failures in the administration of the financial businesses of some banks, ended, sometimes, at strife that finished with the changing of the leadership in those credit institutions or with their punishment. We notice, in this regard, the situations that appeared at the popular banks: “Muncitorul”<sup>10</sup> and “Biruința”<sup>11</sup>, both from Turnu Severin, where the members of the general assemblies were sued, due to the negligence they had proved when administrating the societies.

In time, in the general assemblies, had been appointed some local personalities that were sustained, beside the personal votes, by an extraordinary intellectual and moral prestige, important for the attracting of the future clients and for the increasing of the credibility of the institutions at which they were stockholders. Thus, at The Popular Bank of the public clerks that in 1937 was named “Albina” Popular Bank, the members of the general assembly are “mayors, communal and district councilors from Mehedinți”<sup>12</sup>.

b) The administration councils were considered the executive bodies of the bank, being obliged to act for the applying of the general assemblies' decisions that usually showed the essential features of the financial policies for the current year. Altogether, their role was to correctly administrate the funds of the credit institutions and to coordinate the financial-banking operations, for the realization of substantial profits.

The attributions of the administration council, established in the statutes of each bank, were specially important because, through the commissioning of the decision power by the general assemblies, they decided and disposed on the entire banks' businesses, having the right to: represent the banking society in front of the authorities; it also decided the naming and the permanent appointing on a job of the clerks named by the directors; it established the competences and the salaries of the clerks body; it established the special regulations regarding the internal organization; it determined the conditions for using the societies' capital; it supervised the carrying on of the financial activities; it examined the society's accounting society; it set up the annual balances and the proposals for the dividing of the net profit; it disposed the organization of some reserve funds for the charities etc. The administration councils

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<sup>10</sup> S.N.A. Mehedinți District, resource “Muncitorul” Popular Bank, file 2/1929, f. 218.

<sup>11</sup> Idem, resource “Biruința” Popular Bank, file 2/1941, f. 1.

<sup>12</sup> Idem, resource “Albina” Popular Bank, file1/1936, f. 11-12.

debated and approved, weekly, monthly or *any time it was needed*<sup>13</sup>, all the things that involved the proper functioning and administration of the banks, first of all the problems that were referring to the carrying on of the financial operations<sup>14</sup>.

In Oltenia, the distribution of the administration councils according to professional criteria, to the intellectual grounding and to the economic position, is unfolding like this: the most important place is occupied by the primary-school teachers, followed, in descending order, by the clergy members, the wealthy peasants, the landholders, the lawyers etc. After studying of the archive documents, we can notice a higher percentage registered by the groups of the clergymen and primary school teachers, preponderantly at the small and very small popular banks and, only as exceptions, at few banks of medium financial capacity where, usually, the main stockholders were the clergymen and the primary-school teachers themselves, as in the case of the next popular banks: “Clerul Gorjean”<sup>15</sup>; “Clerul Mehedințean”<sup>16</sup>; “Învățătorul” from Craiova<sup>17</sup>; “Învățătorul Vâlcean”<sup>18</sup>; “Învățătorul Gorjean”<sup>19</sup> etc.

Yet, at the big and middle popular banks the laical persons predominate, especially the landlords, the clerks, the lawyers, the notaries or the doctors, such was the case of the next popular banks: “Sanitarul Gorjean”, “Muncitorul” and “Dunărea”, both from Turnu Severin, “Albina” from Rm. Vâlcea etc. The presence of the landlords, the lawyers, the notaries and the doctors was explained both through the

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<sup>13</sup> Idem, resource “Muncitorul” Popular Bank, file 2/1929, f. 218v.

<sup>14</sup> *Ibid.*

<sup>15</sup> “Clerul Gorjean” Popular Bank was founded by 105 priests and singers from Gorj District, in S.N.A. Gorj District, resource The Chamber of Commerce and Industry from Craiova, office Tg. Jiu, file 10/1931-1946, f. 5.

<sup>16</sup> “Clerul Mehedințean” Popular Bank was founded on July 23<sup>rd</sup> 1931, by 200 societies, among which: 192 priests and 8 singers, from Mehedinți District, in S.N.A. Mehedinți District, resource “Clerul Mehedințean” Popular Bank, file 31/1946, f. 1.

<sup>17</sup> “Învățătorul” Popular Bank was founded by 79 primary-school teachers from Craiova, on December 30<sup>th</sup> 1930, in S.N.A. Dolj District, resource The Chamber of Commerce and Industry from Craiova, file 414/1931, f. 1.

<sup>18</sup> “Învățătorul Vâlcean” Popular Bank was registered at The Chamber of Commerce and Industry from Vâlcea in 1931, with a social capital of 10 million lei, subscribed by 79 societies, in S.N.A. Vâlcea District, resource The Chamber of Commerce and Industry from Vâlcea, file 234/1931, f. 1.

<sup>19</sup> “Învățătorul Gorjean” Popular Bank was founded in 1930, by 356 primary-school teachers, from 543 that existed at that date in Gorj District, in S.N.A. Gorj District, resource The Chamber of Commerce and Industry from Craiova, office Tg. Jiu, file 11/1928-1946, f. 2.

economic capacity, the intellectual groundings and the exceptional morality. Therefore, we notice, as a chairman in the first administration council of the credit and economies cooperative society, “Banca Mehedințului” from Turnu Severin, M. G. Burileanu, great landlord<sup>20</sup> and at “Dunarea” Popular Bank, from the same locality, the chairman function, during 1910-1932, was occupied by D. Popescu, recognized “as a moral person in the society”<sup>21</sup>. The reason for which the authorities considered necessary that from the administration council of the popular banks to take part “the landlord and the land worker and the mayor and the priest and the primary-school teacher and the craftsman”, those who could guide the villager<sup>22</sup>, was determined by the presence of a great number of illiterate members (over 50%)<sup>23</sup>.

In the same time, we can remark a great number of wealthy peasants (foremost people, in that age's language) in the administration councils. This was determined by the numerous numbers of peasants, abreast of the stockholders that founded the small and very small banks. Such a situation is also met at the next popular banks: “Buna Vestire” (the members of the administration council were foremost peasants<sup>24</sup>), “Valea Câlnicului”<sup>25</sup>, “Muntele Cărbunele”<sup>26</sup>, “Negoești”<sup>27</sup>, all from Gorj District etc.

Through the role and the place that he had, according to his statute's provisions, the chairman was the most important person from the leadership of a bank. He represented the bank before the state's authorities and, at internal level, he controlled and approved the actions of the chairman and of the administration councils. Usually, he was chosen among the stockholders or the members who evidenced themselves through their professional and moral prestige. From the archive information and specialized literature, we find out that, most of the chairmen and managers, were priests and primary-school teachers, who, most of the times, had also the function of cashier or accountant. We met such cases at the “Banul Măracine” Popular Bank, where the

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<sup>20</sup> S.N.A. Mehedinți District, resource The Bank of Mehedinți, file1/1899-1902, f. 152.

<sup>21</sup> Idem. resource Romanian National Bank, Turnu Severin Agency, file 3/1941, f. 7.

<sup>22</sup> Paul-Emanoil Barbu, *op. cit.*, vol. I, Craiova, “Scrisul Românesc” publishing House, 1996, p. 139.

<sup>23</sup> *Ibid.*

<sup>24</sup> I. Mateiescu, P. Popeangă, V. Uscătescu, *Istoricul băncilor populare din județul Gorj*, Craiova, f.a., p. 82.

<sup>25</sup> *Ibid.*, p. 103.

<sup>26</sup> *Ibid.*, p. 109.

<sup>27</sup> *Ibid.*, p. 230.

priest Dimitrie Lungulescu was both chairman and cashier; at “Straja” Popular Bank, from commune Leleşti, Gorj District, the priest Gr. Bardan, officiated as chairman and also cashier and accountant<sup>28</sup> and at “Traian” Popular Bank, from commune Vlădueni, Al. I. Vlădoianu, primary-school teacher and founding member of the bank, is chairman and both cashier and accountant<sup>29</sup>.

As regarding the vice-president function, in the countryside area it wasn't appreciated by the leaderships of all the popular banks as a necessity, and, at the 155 banks from Gorj District that existed in 1928, was nominated only 7 vice-presidents<sup>30</sup>. In the cases these functions were missing, the president and the members appointed at the bank's leadership had the capacity to solve the leading and administration problems from the credit institutions, in optimal circumstances. The lack of the vice-president function was determined by certain economic criteria because it wasn't especially or preponderantly present at a certain category of banks. It is not the same situation in the city, where the vice-president function was nominated at almost all the popular banks. As in the case of the chairmen, for the vice-president function were appointed moral persons, priests or primary-school teachers from the locality.

The attracting of some personalities from the cultural-spiritual and public environment, in case they weren't also stockholders, to fill a post in the administration councils, was a constant feature of the human resources management that the banks took into consideration for maintaining and forming an image favorable in the society. We discover, in the leadership of the “Cipria” Popular Bank, in 1902, Gh. Dumitrescu-Bumbeşti, founding member of the “Luminarea Săteanului” cultural society, school reviser in Mehedinţi District (1899) and in Dolj District (1900), ex prefect and senator of Arad<sup>31</sup>. At “Galbenul” Popular Bank from commune Poenari, Gorj District, we meet Ion Ciotor, two times senator in the government led by General Al. Averescu<sup>32</sup>. I. Mateescu,

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<sup>28</sup> *Ibid.*, p. 209.

<sup>29</sup> *Ibid.*, p. 448.

<sup>30</sup> In Gorj district had been nominated the next vice-presidents: Mihail Tabacu, vice-president of the “Înălţarea Săteanului” Popular Bank, from commune Peştişani; D. Diaconescu at “Sporul” Popular Bank, from commune Godineşti; C. C. Micodin, at “Bujorăscu” Popular Bank, from commune Vârtopu; N. Al. Popescu, at “Viitorul Săteanului” Popular Bank, from commune Tismana; I. G. Preoteşescu, at “Gilortul” Popular Bank, from Novaci; Toma Bălan, at “Slătioara” Popular Bank, from commune Corneşti; Ion P. Ungureanu, at “Leul” Popular Bank, from commune Sterpoaia.

<sup>31</sup> I. Mateiescu, P. Popeangă, V. Uscătescu, *Istoricul băncilor populare*, p. 505.

<sup>32</sup> *Ibid.*, p. 285.



deputy of Gorj between 1919-1922, founding member of the Gorj Federation, officiated as a chairmen at “Frăția” Popular Bank, from commune Stroești, Gorj<sup>33</sup>. We find priest Ilie Roșoga, ex senator, we find him as a founding member and chairmen of “Scumpa Dinastie Hohenzolern” Popular Bank, from commune Turburea, Gorj<sup>34</sup> and at “Vasile Alexandri” Popular Bank from commune Sadova, Dolj district, honorary chairmen is appointed Ioan Kalinderu, jurist, Romanian silviculturist and publicist, titular member (from 1839) of The Romanian Academy<sup>35</sup> etc.

Due to the special involvement, both in the process of preparing and founding of the credit institutions and as main stockholders, several personalities were chosen in the administration councils of the districts' federal commissions or in the administration councils of some commercial banks. Thus, at Dacia Federal Commission, among the founding members we find Șt. Richman (the chairman of the popular bank and of the cooperatives from Vișina) and C. Ianculescu (the leader of the popular bank and of the cooperative Cezeni)<sup>36</sup>. At Gorjul Federal Commission, in the first administration council were appointed: priest Ilie Roșoga (president of the “Scumpa Dinastie Hohenzolern” Popular Bank, from commune Turburea, Gorj District) and Mihail Tabacu<sup>37</sup>. At “Mihai Viteazu” Federal Commission, priest Dimitrie Lungulescu (chairman at “Banul Mărăcine” Popular Bank, from Craiova) is a member of the censors commission<sup>38</sup>. Ilariu Marian, chairman of “Independența Calafat” Popular Bank (founded in 1905), founding member of “Înfrățirea” Society (founded in 1881)<sup>39</sup>, is member of the administration council at the Dolj's Credit Bank<sup>40</sup>.

c) The censors committees functioned according to the provisions written in the banks' statutes of functioning. Their duties were to control

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<sup>33</sup> *Ibid.*, p. 373.

<sup>34</sup> *Ibid.*, p. 403.

<sup>35</sup>\*\*\*, *Calendarul cooperației oltene pe anul 1921*, Craiova, 1921, p. 240 (next wil be cited as: *Calendarul cooperației...*).

<sup>36</sup> Șt. Richman, *Monografia județului Romanați*, Craiova, 1928, p. 242.

<sup>37</sup> Georgeta Ghionea, *Istoria băncilor urbane din Oltenia (1880-1948)*, Craiova, Editura Aius, 2009, p. 227.

<sup>38</sup> *Calendarul cooperației...*, p. 79.

<sup>39</sup> *Din orașul Calafat odineoară și astăzi. Schițe istorice și administrative*, Craiova, 1906, p. 154-155.

<sup>40</sup> The official report of the Administration Council and the report of the Censors Council to the general assembly of the stockholders from February the 1<sup>st</sup> 1920, Craiova, 1921, p. 4.

the financial operations and the administrative activities carried on by the administration councils and by the clerks' body, evaluating the correctness of all the banking operations, during an entire financial year and the observing of the norms concerning the registers, official papers and the credit institutions' house. In the same time, the censors committees were evaluating the quality of the annual balance situation and the proposals regarding the dividing of the net profit. The censors were chosen by the general assemblies for a 3 years period, after which, a part of them ended their duties by drawing lots, the others having the right to be appointed again. In the current practice, at most of the popular banks was generalized the system of re-appointing all the members from the former censors commissions, excepting those that didn't meet the conditions of exercising the attributions or in the cases when, on their own initiative, some members gave up running for such functions. The number of the censors varied between 3-5 persons.

The results of controlling or revising the activities from the censors commissions were noted down in special registers, with the possibility to bring into operations the observations of the administration councils, to correct the eventual problems that had been noticed during a financial year. The discovered troubles were usually solved by the leading bodies, in order not to offer motivations for a negative publicity that would have interfered with the interest of a certain bank<sup>41</sup>.

The priority of the primary-school teachers and clergymen, among the stockholders with free professions or even among the rest of the shareholders, was preponderant, at some banks, thanks to the number of subscribed stocks and, in conclusion, to the contribution at their social capital. We observe the small numbers of handicraft workshops landlords or industrial factories landlords, but we can observe a high percentage of wealthy peasants, beside the stockholders and shareholders. By confirming the origin of most banks' shareholders from the country side area or being tightly connected with the rural environment, we are proven the preponderant orientation of the credit toward the agrarian specific activities and the important investments, destined for the acquisition of agro-sylvic techniques, with direct implications in the increase of the middle landlords number.

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<sup>41</sup> S.N.A. Mehedinți District, resource "Muncitorul" Popular Bank, file 2/1929, f. 219.