

THE CONCENTRATION OF THE CAPITAL IN THE COAL MINING INDUSTRY FROM JIU VALLEY IN THE 30s OF THE XX CENTURY

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ABSTRACT: *After World War I as a result of the process of "nationalization" of the existing mining companies, of the application of the Law on the commercialization of the economic enterprises of the State of 7 June 1925, of the general trend of creating new industrial companies, in the Jiu Valley will continue operation many mining companies, called upon to exploit the rich coal deposit existing in the basement of the region. To the recovery period and then to momentum of the world economy during the third decade of the twentieth century, follows, however in a specific economic cyclicality, the period of economic crisis of the years 1929-1933. By crisis is also struck still from years 1926-1927, mining and quarrying of coal, and consequently the coal mining from the Jiu Valley, and one of the levers by which those who have led the destinies of this economic complex tried to pull the region out of crisis was the policy of rationalization, through which was aimed, primarily, a decrease in material costs through a better organization of work and through a renewal of the fixed capital based on the new technique that allowed an increase in labor productivity. Not in the least, it is accented in this period the concentration process of production and capital, either through mergers or by seizing small mining companies or undertakings, whether by purchase of land in order to form large mining complexes.*

KEY WORDS: *coal mining, Jiu Valley, the economic crisis of the years 1929-1933, the concentration of production and capital.*

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In the interwar period in the Jiu Valley continues an activity which started after the second half of the nineteenth century, when investments made here by the state but also by the private capital, mainly Austrian, Hungarian, French, German - that was constituted to exploit the rich coal reserves discovered in the region - have been a solid basis for the development of mining industry and thus to meet the increasingly higher demands of a booming economy. After the Great Union, the

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leading factors of the Romanian state, political personalities, specialists, have pronounced themselves for realization of a new management of the wealth of society and, in this context, ownership and management of the deposits of useful mineral substances, was an issue long debated and in the same time have been sought and found trenchant solutions to these problems. The legislative process in the first years after Union, mainly the adoption of the 1923 Constitution¹, but also economic laws from 1924 created the framework to achieve both opera of "nationalization" of the assets in the possession of foreign capital, mainly of the enemy², of transformation of the mining enterprises in Romanian anonymous companies with capital and management majority Romanian³, as well as a better management of state assets by selling some of the enterprises which belonged to it⁴.

In the Jiu Valley existed several companies and mining enterprises and because of this, as well as of the way of their foundation we will assist in the early years after the Union to a reorganization of all of them. This development has as consequence of the creation of new mining companies without understanding from this than the fact that they continue their previous activity under new management, in which the interests of Romanian capital in the first place and, not as a last resort, the Romanian society and element, are better valorised; at the same time is constituted a completely new company, and there are minor attempts to make exploitation outside these societies.

Pending decisions of the Paris Peace Conference the Romanian authorities have established by Decrees - Law no. 2162/6 June 1919 and no. 4241/7 October 1919⁵ a conservative seizure over the assets from Transylvania falling under the jurisdiction of the Romanian State. On 7 December 1918 issued J.C.M. no. 1064 regarding the transferring of Lonea State Mines in the Romanian state patrimony⁶, and by Ordinance no. 2706/25 April 1919, all commercial enterprises, establishments, societies and associations from the territory subjected to the Directing Council administration, which had headquarters on Hungarian territory, were placed under its control⁷. Political parties, especially the National Liberal Party and the Romanian National Party, will struggle for the penetration of the Romanian and State capital in industrial companies⁸ and will mobilize in 1920 a consortium of

¹ C. Hamangiu, *Codul general al României*, vol. XI-XII, 1922-1926, Editura Librăriei Universala Alcalay & Co., București, f.a., p. 3-20.

² The Mining Law from July 4, 1924, in, *Ibidem*, p. 617-678.

³ *Ibidem*, p. 626-627.

⁴ The law relating to the marketing and control of state economic enterprises from June 7, 1924, in, *Ibidem*, p. 610-620.

⁵ *Ibidem*, p. 225.

⁶ G. Damaschin, *Contribuțiuni la studiul combustibilului mineral în cadrul problemei energiei*, vol. I, Imprimeria Națională, București, 1933, p. 226.

⁷ Ludovic Báthory, *Societățile miniere cu capital maghiar din Transilvania, între anii 1918-1921*, in vol., Cornel Grad and Viorel Ciubotă (coordonatori), 1918. *Sfârșit și început de epoca*, Editura „LET KON” Zalău and Editura Muzeului Sătmărean, 1998, p. 519.

⁸ See, Ludovic Báthory, *Capitalul străin în industria minieră din România (1918-1924)*, Anuarul Institutului de Istorie și Arheologie Cluj-Napoca, XVIII, 1975, p. 247-262; Idem, *Principalele societăți carbonifere. Relațiile lor cu capitalul autohton și străin între anii 1918-1921*, Anuarul Institutului de Istorie Cluj-Napoca, XXXV, 1996, p. 247-269; Idem, *The Penetration and Dynamics Autochthonous Capital in the Transylvanian Coal Mining Companies between 1918-1921*, Transylvanian Revue, vol. VI, 1997, nr. 3, p. 27-37; V.

23 banks and industrial companies from the Old Kingdom and Transylvania ready to commit themselves in the work of "nationalization", but only if the Romanian element becomes dominant⁹.

The first of the Jiu Valley`s mining companies who enter into such a process is the "Salgótarján" Company¹⁰. Still, in December 1918 the "Salgótarján" Company addressed to the Directing Council proposing the sale of the mines from the Jiu Valley for 100 million crowns. There will take place in 1919 negotiations in Switzerland, and a new round of negotiations between the Consortium of Romanian banks headed by Romanian Bank = Romanian Group and Hungarian Group = Salgo-Commerce, leads in April 2, 1920 to a first agreement through which was agreed the formation of a joint stock company with a capital of 100 million lei, of which 10 million were to be advanced in cash in equal shares by each part, and the remaining 90 million was considered contribution in kind of the Hungarian Group; half of the existing shares were destined to the Romanian Group according to the contribution in kind, by following to pay for these 19 million Swiss francs within four years.

Based on this agreement of principle will be adopted a Constitutive Act and the Statutes of the "Petroșani" Company in which shareholders were the Group Romanian, comprised of 19 financial institutions and the Hungarian Group. The New "Petroșani" Company had its head office in Bucharest, will be validly constituted with effect from January 1, 1921, and will have, as we said, a capital of 100 million lei¹¹; This capital will be increased in 1922 to 280 million lei, to 550 million lei in 1924 and to 820 million lei in 1927¹², each time through the revaluation of the contribution on which basis the "Petroșani" Company was formed.

Also in the case of the formation as from 1 January 1925 of the "Lupeni" Company, the road follows almost the same stages, only that the time in which the process of "nationalization" is realized is longer, lasting for four years - until 19 December 1924, the directors and shareholders of the "Uricani - Jiu Valley" Company accepting the reality only after the Mining Law approval at July 4, 1924¹³. The final moment it will represent the discussions that took place in Budapest in November 1924. Through the Constitutive Act adopted, the Romanian Group, headed by the Romanian Bank and consisting of 12 financial institutions and the "Petroșani" Company, on the one hand, and the Hungarian Group = the "Urikany-Budapest" Company and the Hungarian General Credit Bank on the other hand, decide to constitute the "Lupeni" Company with headquarters in Bucharest, having a social capital of 400 million lei: 380 million lei = 760,000 shares representing the contribution in kind of the "Uricani - Jiu Valley" Company, from which the Company ceded half of it to the Romanian Group, which agreed to pay the afferent

Axenciuc, *Mari afaceri pe seama statului. Capitalul bancar asaltează industria cărbunelui*, Revista Economică, VIII, 1970, nr. 38, p. 20.

⁹ Serviciul Județean Hunedoara al Arhivelor Naționale (hereafter referred to as, SJANHD), *Fond Societatea „Salgótarján”*, dos. 53/1920, f. 2.

¹⁰ The process of "nationalization" of the "Salgótarján" Company's assets from Jiu Valley and the formation of the "Petroșani" Company, in, Mircea Baron, *Cărbune și societate în Valea Jiului. Perioada interbelică*, Editura Universitat, București, 1998, p. 134-138.

¹¹ Societatea „Petroșani”, *Act Constitutiv*, Cartea Românească, București, 1924, p. 6-8.

¹² *Ibidem*, dos. 2/1927, f. 37.

¹³ For this process, see, Mircea Baron, *op. cit.*, p. 138-141.

amount until January 1, 1929; 20 million lei subscribed capital by both parties in equal proportion¹⁴. After setting up these two Romanian mining companies, they have passed to the implementation of the Article 258 of the Mining Law dated 4 July 1924, to the reorganization of the "Valea Jiului de Sus" Company, on which they held in equal proportion, transforming it through the Extraordinary General Meeting decision of 10 December 1925 in a Romanian Mining Anonymous Society (RMAS) for the exploitation of coal mines from the Crivadia/Vulcan perimeter, with a registered capital of 5 million lei.¹⁵

Publication of the Law concerning the marketing of the state's economic enterprises on 7 June 1925 created the framework for the commercialization of the State Mining Lonea by setting up a joint stock company¹⁶, the new Company, "Lonea" with headquarters in Bucharest. The company will start operating from 1 January 1926 and will have a social capital of 180 million: 150 million lei represented the contribution in kind of the State, and 30 million lei subscribed capital on the basis of a share issue at 15 September 1925. From this subscribed capital, "Petrosani" and "Lupeni" Societies owned together 47.6% plus that the "Creditul Minier" and the "Chrissoveloni Bank" were interested by the mines from the Jiu Valley so that it creates the premises for an effective participation of the capital to the reorganization of the Lonea mines.

On eight mining perimeters from the area of the Livezeni commune belonging to the State Mining Lonea and which had been leased, between 1 February 1919-31 January 1922, to Maurițiu Marek from Petrosani, and then, until 30 December 1922 to a consortium of three lessees will be constituted in July 1926 the "Sălătruc" Company¹⁷, which will exploit this mining perimeter until 1940.

There have been other sporadic attempts of exploiting coal: in Dealu Babii, on the Saghy Coloman concession, between 1922-1925; at Răscoala, the "Jiu" Company in the years 1932-1933; at Câmpu lui Neag, the "Lupeni" Company will extract in 1930 99 tones of coal; clandestine operations on perimeters belonging to the "Petroșani" Company¹⁸. In 1926 intervenes, at international level, a crisis in the coal industry¹⁹, which had already announced itself from previous years, this being determined by the finalization of the reconstruction work, by the large coal production which could not find outlet and by the increasing of the cost prices.

¹⁴ Originally set at 280 million lei (SJANHD, *Fond Societatea „Lupeni”*. *Direcțiunea Minelor (D.M.)*, dos. 2/1925, f. 40), the share capital of the "Lupeni" society will be established, as we have seen, at 400 million lei, so that the Extraordinary General Meeting from 30 April 1927 to decide its increasing at 590 million lei, by overvaluing the contribution in kind brought about by "Urikany – Budapest", will be issued instead 380,000 new shares which were assigned in equal proportion of 50%, to the two groups (SJANHD, *Fond Societatea „Lupeni”*. *D.M.*, dos. 2/1924, f. 3-5).

¹⁵ SJANHD, *Fond Societatea „Valea Jiului de Sus”*, dos. 6/1925, f. 13-17.

¹⁶ For this process, see, Mircea Baron, *op. cit.*, p. 144-147.

¹⁷ *Analele Minelor din România (A.M.R.)*, IX, 1926, nr. 9, p. 584.

¹⁸ SJANHD, *Fond Inspectoratul general al Minelor de Cărbuni din Valea Jiului (I.G.M.C.V.J.)*, doc. 808/1920; SJANHD, *Fond Societatea „Lonea”*, dos. 2/1929-1947, f. 6-7; SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 89/1930, f. 9.

¹⁹ Ioan Winklehner, *Criza cărbunilor în Europa, Montanistică și Metalurgie*, IV, 1925, nr. 4, 5 și 6, p. 3-4; Iosif I. Gărbacea, *Criza mondială a cărbunelui*, *Miniera*, I, 1926, nr. 6, p. 161-162.

Romanian coal crisis has its beginnings in 1927²⁰, being determined by the fact that the economy could not absorb the entire production of coal, by the competition that other energy sources were doing to it: petroleum (fuel oil), natural gas, wood and hydro force, either less polluting, either cheaper or easier to use, and perhaps, not ultimately, by the inability of the coal industry - which relied to a very large extent on the outlet represented by CFR - to find areas much wider of use of their product and develop technologies that increase combustion efficiency etc.²¹ The consequences are felt especially by small enterprises, some of which are disappearing - there were 55 coal mining operation in Romania of 1919, 69 in 1924, 60 in 1919 and 47 in 1931²² - leaving the place for those able to cope with crisis.

Table 1. The fuel consumption at C.F.R. in the period 1922-1934²³

Year	Energy Source				
	Jiu Valley Coal	Lignite and Brown Coal	Fuel oil	Wood	Pit coal
	to	to	to	m ³	to
1922	1001014	357750	181196	932067	-
1923	1167014	474922	218967	592721	75626
1924	1247126	606967	232737	633210	89344
1925	1259563	723805	271284	591254	6893
1926	1292385	775072	295804	387446	10060
1927	1400625	835552	263615	185998	1968
1928	1350610	781383	286203	176570	4411
1929	1332368	770071	287476	152261	574
1930	1046573	546025	299997	98613	-
1931	952974	451595	295556	60695	37252
1932	822201	293531	325498	32003	36388
1933	780897	326166	295997	21800	23782
1934	777953	505881	239170	19584	36383

Like any other system, also the economic and social system, which includes the mining industry seeks to overcome the crisis using various levers, and one of those levers was at this time, what contemporaries called *rationalization*²⁴. The rationalization, which was a complex process, has not been accomplished

²⁰ In an article in the „Gazeta Jiului”, VI, 1927, nr. 34, p. 1; nr. 35, p. 1, entitled *Situația minerilor din Valea Jiului*, is being discussed the causes that led to layoffs of miners, considered by the "Dimineața" newspaper as being arbitrarily. The analysis highlights the fact that a crisis is looming in all branches of economic activity, financial etc., and unemployment is acute in England, Czechoslovakia, Italy, where are being working 3-4 days per week. The coal crisis has occurred also because "under the Averescu government a bunch of partisans, in order to sell their lignite that does not pass for fuel, have managed to place it at CFR, which had extensive damage. It is much lignite in deposits and the pit coal is no longer bought; it is known to everyone that in the summertime the coal consumption is lower and selling is smaller than winter".

²¹ A.M.R., XII, 1929, nr. 5, p. 224-225.

²² Ion E. Bujoiu, *Considerațiuni asupra utilizării cărbunilor în România*, I.R.E., București, 1933, p. 5.

²³ Ioan M. Lăzărescu, *Întrebuințarea cărbunilor la C.F.R.*, Miniera, XVIII, 1943, nr. 3, p. 80.

²⁴ See in this regard: Ioan Saizu, *Modernizarea României contemporane (perioada interbelică)*, Editura Academiei Române, București, 1991; Idem, *Preocupări de raționalizare în compartimentele industriei extractive românești (perioada interbelică)*, Anuarul Institutului de Istorie și Arheologie „A.D. Xenopol”, 25, 1988, vol. I, p. 135-146.

necessarily because of the crisis, but positively influenced the way out of the impasse, in our case, a part of the extractive industry. Rationalization aimed mainly a decrease in material expenses through a better organization of work and through a renewal of the fixed capital based on the new technique that allowed an increase in labor productivity. Important is the fact that in most of extractive industry occurs such activity and must be noticed here the state contribution in stimulating the transformations from his own administrations and especially the role of large companies capable of carrying a major investment policy. Not least, is accentuate in this period the concentration process of production and capital, either through mergers or by buying up small mining companies or undertakings, whether by purchase of land in order to form large mining complex.

Although it will constitute in the first years of the interwar period many mining companies in the Jiu Valley, the specific conditions, the fact that they carried out the same kind of activity, with the same purpose, similar internal organizational structure, the close links between companies through the origin of the invested capital, through the presence of the same people in the management of companies and, last but not least, the need to effectively respond to stimuli, but mostly to the random internal and external factors, gradually will determine in the entire basin a process of concentration of both capital and productive activity, who was called to provide a higher return on capital, but also making efficient the productive activity.

Double appointment of Eng. Ion E. Bujoiu as CEO from January 1, 1925 at "Lupeni" Company and of 15 November 1927 at "Petroșani" Company, represented an important step in order to prepare, from technical point of view, the framework within which it will be accomplished, in May 1931, the merger of the two mining companies. Eng. Ion E. Bujoiu was aware of the importance of the step that had to be done, pointing, immediately after leaving at the leadership of the CFR administration of former CEO of the "Petroșani" Company, Eng. Nicolae V. Theodorescu, and when were granted to him, until the nomination, all his tasks within societies: "Petroșani", "Lonea" and "Valea Jiului de Sus", that through "this administrative merger we will be able to achieve a great advantage, especially because of the unification of the technical and administrative measures and the elimination of the frictions"²⁵. But since in such a process the interests do not always coincide, and opinions are diverse vis-à-vis the practical ways through which is completed such an undertaking, will take some time until things will be concluded. The factor that will accelerate the process will be, ultimately the economic crisis that will be triggered in October 1929 and the merger represent a chapter of a larger process, which was placed under the sign of "rationalization".

From the documents in our possession we can say that the first serious thoughts regarding the concrete collaboration - the merger was not yet visualized at the horizon - dates from 1926, the Technical Service of the "Petroșani" Company elaborating a document entitled, *About a collaboration in the management and operation of the coal companies from Jiu Valley*, in which, after the presenting of the internal and external reasons that would entitle a closer cooperation between the

²⁵ SJANHD, *Fond Societatea „Lupeni”*. D.M., dos. 21/1925-1928, f. 77.

Jiu Valley's mining Companies and the malfunctions that have occurred are made some proposals that focus on the idea of a single and effective commandment.

For practical realization of this concept it was considered that the companies must have separate management, General Assembly, Board of Directors and Management Committee; The Mines Directions had to remain in their existing structure; however The Directorates General were to be merged and to form a single Directorate General of the exploitation Trade Union in the Jiu Valley's mining companies, with the ensuing consequences regarding the concentration of the services. This Syndicate was going to have a Board of Directors consisting of the reunion of the Boards of Directors of the Companies as well as a Direction Committee, but will delegate a part of powers to an executive Permanent Delegation, and will deal with large issues, such as functionaries remuneration, the collective bargaining agreement, the general policy.

It was estimated that, through such an organization, could be reduced the administrative overhead, it could be achieved a provision in larger quantities and at cheaper prices, supporting also the companies "Lonea" and "Valea Jiului de Sus", and regarding the the sale could be obtained positive results, the proposed joint bureau being a branch of the Syndicate²⁶.

The project beget controversy among the opponents of the application in practice of this project, viable within certain limits, and from which it will inspire those who fail to complete the action, this being even the CEO of the "Petroșani" Company at that moment, Eng. Nicolae V. Theodorescu²⁷. A similar fate will have another project, drawn up in noiembrie 1928, and annotated in September 16, 1929, entitled, *About the merger of the companies Lupeni - Petroșani – Valea Jiului de Sus*²⁸, the causes being related, especially now, by the misunderstandings occurred in the Romanian Group "Lupeni" regarding the report options²⁹.

This fact shall impose a return to a much narrower solution, presented by Eng. Ion E. Bujoiu in a paper entitled, *Details of a new proposal of administrative collaboration and association of interests taken into consideration for the coal companies in the Jiu Valley*, drawn up after November 20, 1928, in which is opined that pending completion of the definitive merger it could adopt a different solution based on the principle of interest association and of the administrative collaboration. Potrivit materialului, The companies will continue to preserve their individuality and the legal form they have, but will make an agreement between themselves in accordance with which they can jointly exploit their mines and their secondary facilities by making the partition of the profits made; will be achieved an administrative concentration by unifying the Directorates General, the reunification of parallel services and the accreditation of some leaders responsible of combined services of all companies.

²⁶ SJANHD, *Fond Societatea „Petroșani”*. *Dirrecțiunea Minelor (D.M.)*. *Serviciul Tehnic*, dos. 21/1926, f. 1-5.

²⁷ SJANHD, *Fond Societatea „Lupeni”*. *D.M.*, dos. 21/1925-1928, f. 325-328.

²⁸ *Ibidem*, dos. 102/1928, f. 23-35.

²⁹ *Ibidem*, dos. 21/1925-1928, f. 373-374.

It will accomplish, consider Eng. Ion E. Bujoiu, a unity of views in the Direction and the Administration of the Companies and, thanks to a joint commercial service, it could end the competition regarding the purchase of materials; it will be able to place under better auspices also the joint sales bureau of coal and in the Jiu Valley it will be able to achieve a unification of the supply services. Anyway, in the end, Eng. Ion E. Bujoiu is optimistic, concluding that these proposals represented only one stage and, as in reality the technical and administrative services were already merged, it was only a step to the juridical merger³⁰.

Ultimately the rational will succeed, the negotiations carried between the Romanian Group, represented by Romanian Bank and the Hungarian Groups have been concluded favorably³¹ and allowing the realization at the end of 1930, of an agreement of principle upon the merger of the "Petroșani" and "Lupeni" Companies, merger that was meant to create a strong economic unity, able to withstand the periods of crisis. It is understandable, finally, that the merger brought with it not only significant savings in the total of overheads of the enterprises, by suppressing various overhead expenses, but also a reduction in the return price through the possibilities available to a large enterprise, pooled, to make studies and improvements for the organization of the extraction. The commercial, administrative and technical concentration, as a result of the merger, could facilitate in the future the situation of the undertakings from the Jiu Valley. Taking into discussion the merger only from the technical point of view, it can be said that it had the advantage of adoption at all exploitations of the principles proven to be good in some places, of the mutual helping and of the organization of all the main and secondary exploitation; exploitations could be reunited - closing if required some mines - in several groups of mines, each group constituted by geographic, geological and technical criteria, being considered a technical unit with all necessary accessories fulfilling in good condition of the production; will bind oversized power plants of the two companies, one being closed; there will be an immediate concentration of the central workshops, much too large, of different groups, constituting itself an establishment entitled: The Central Workshops of Petroșani, which to be capable of producing mining machines and tools; will be able to concentrate the Electromechanical Service and the Construction and Maintenance of the Colonies Service³².

In order to facilitate the merger, were accepted amendments to the previous agreement concluded between the members of the Romanian Groups "Petroșani" and "Lupeni" and the Hungarian Groups, "Salgo-Commerce" and "Urikany-Budapest", by adopting other eight conventions which, in principle, fixed the manner of distribution of the shares in the new Company that will form, the renunciation of some to take over into the portfolio part of the shares, the extending the deadline for liquidation of the payment for the shares purchased from

³⁰ *Ibidem*, f. 46-49.

³¹ SJANHD, *Fond Societatea „Petroșani”*. Direcțiunea Generală (D..G.). Consiliul de Administrație, dos. 2/1930, f. 23-24.

³² SJANHD, *Fond Societatea „Lupeni”*. D.M., dos. 166/1930, f. 1-5.

"Salgótarján" and "Uricani – Valea Jiului" Companies until July 1, 1940 etc.³³ Based on this document of principle were organized group meetings of the Romanian Group at the headquarters of the Romanian Bank. It was decided to discuss the merger through incorporation of the "Lupeni" Company by the "Petrosani" Company, based on the balance sheets completed on December 31, 1929, in an Extraordinary General Meeting of Shareholders which was to be held on December 29, 1930³⁴.

On 5 May 1931 in the Official Monitor are published the advertisements through which are convened, for 22 May 1931, the Ordinary and Extraordinary General Meetings of the "Petrosani" and "Lupeni" Companies, for the achievement of the merger³⁵. Eventually, the meetings to dissolve the "Lupeni" Company and of merger took place on May 29, 1931³⁶. The Extraordinary General Meeting of Shareholders of the "Lupeni" Company of 29 May 1931, will approve, unanimously:

1. The merger of the "Lupeni" Company with the "Petrosani" Company based on the balance sheets completed on December 31, 1930.

2. The merger to be made under the following conditions:

- The "Petroșani" Company increases its share capital by 590 million lei, representing the entire share capital of the "Lupeni" Company by issuing 1.18 million registered shares with a nominal value of 500 lei each, which will be assigned exclusively to the "Lupeni" Company's shareholders, replacing each "Lupeni" share with one new "Petroșani" share in this emission.
- All new shares of the "Petroșani" Company will be entitled to dividend on the entire financial year 1931 of the "Petroșani" Company.
- All assets and liabilities of the "Lupeni" Company go through the effect of the merger on the "Petroșani" Company, without any formality or reserve. Thus, are placed in the patrimony of the "Petroșani" Company, all rights and obligations of any kind of the "Lupeni" Company, as: judicial actions, rights, acts, titles of any kind, all movable and immovable assets of any kind, all debits and receivables of the Company, all mining concessions, machinery, equipment, tools, installations, workshops with their constructions, private railway lines, wagons and carriages, reservoirs, coal stocks placed in storage and forming the property of the Company, all orders and contracts, war reparations, as well as any other rights and obligations resulting from of the Company scripts, even if not listed.
- All upper and lower staff of the "Lupeni" Company pass in the service of the "Petrosani" Company in the same conditions in which is dining at the "Lupeni" Company.
- The House of Pensions of the officials of the "Lupeni" Company, together with its funds passes, also, at the "Petroșani" Company following that these funds to be administered, from now, according to the statutes of the House of Pensions of the "Petroșani" Company.

³³ *Ibidem*, dos. 3/1925, f. 31-43; dos. 2/1924, f. 8.

³⁴ SJANHD, *Fond Societatea „Petroșani”*. D.G. *Consiliul de Administrație*, dos. 2/1930, f. 8-9.

³⁵ Monitorul Oficial, II, nr. 102/5 mai 1931, p. 5626, 5632.

³⁶ Monitorul Oficial, II, nr. 133/12 iunie 1931, p. 7481-7485.

- The "Lupeni" Company through the effect of the merger with the "Petroșani" Company, ceases to exist beginning on this moment, and the payment of all its debt, as it results from the scripts and the registers of the "Lupeni" Company will be made by the "Petroșani" Company, at the time, in the conditions, and with the accessories and guarantees with which the "Lupeni" Company was going to make their payment.

3. As effect of the merger of the two mining Companies, the Extraordinary General Meeting of Shareholders of the "Lupeni" Company considers that the mandate of the administrators, auditors and the substitute auditors ended³⁷.

The Extraordinary General Meeting of Shareholders of the "Petroșani" Company of 29 May 1931, will decide:

1. The merger of the "Petroșani" Company with the "Lupeni" Company by incorporating the entire assets and liabilities of the "Lupeni" Company at the "Petroșani" Company, based on the "Petroșani" Company's balance sheet, ended on 31 December 1930 and the one of the "Lupeni" Company ended, also, on December 31, 1930.
2. Increasing the capital of the "Petroșani" Company, from 820 million lei to 1,410,000,000 lei, ie by 590 million lei - a sum that represented the share capital of the "Lupeni" Company - by issuing 1.18 million "Petroșani" shares, of 500 lei each, which will be granted to the "Lupeni" Company's shareholders in exchange for the "Lupeni" shares which they owned. By derogation from art. 7 of the Statutes, the shareholders of the "Petroșani" Company will not have no preference right over the shares thereby created, which will be assigned exclusively to the "Lupeni" Company's shareholders³⁸.
3. Fixing the terms and conditions for the merger.
4. Amendment of Articles 5, 6, 8, 9, 11, 13, 15, 25, 29 of the Statutes of the "Petroșani" Company and changing the statutes of the House of Pensions of this Company.
5. Receiving the resignation of all Board members, of the auditors, as a result of the merger.
6. Election of administrators who will form the new Board of Directors and of auditors and substitute auditors.
7. Authorisation of the Board of Directors to fulfill all the legal formalities for implementing the decisions voted by the Extraordinary General Meeting regarding the merger and the capital increase³⁹.

Based on the approval of the merger by the Extraordinary General Meeting has been elected a new Board of Directors of the new *Romanian Anonymous Company for Exploitation of Coal Mines "Petroșani"*. Gathered in meeting on 29 May 1931 the Board of Directors elect as President, on Eng. Nicolae P. Ștefănescu, the general manager of the Romanian Bank, as vice presidents on Eng. Tancred Constantinescu, from the Romanian part and on Philippe Weisz, the chairman of the Board of Directors of the Hungarian Commercial Bank, from the Hungarian part,

³⁷ SJANHD, *Fond Societatea „Lupeni”*. D.M., dos. 169/1931, f. 1-2.

³⁸ SJANHD, *Fond Societatea „Petroșani”*. D.G. *Consiliul de Administrație*, dos. 2/1945, f. 1-26.

³⁹ SJANHD, *Fond Societatea „Petroșani”*. D.G. *Consiliul de Administrație*, dos. 1/1930, f. 5-6.

and as general manager on Eng. Ion E. Bujoiu. According to art. 15 of the Statutes are delegated for the Direction Committee, Eng. Nicolae P. Ștefănescu, PhD. Francisc Chorin, Tancred Constantinescu, Ion G. Duca, Richard Fuchs, PhD. Pavel Szasz, Eng. Ion E. Bujoiu⁴⁰.

The New "Petroșani" Company, made now, and having its registered office in Bucharest will be the largest coal producer in the country and at the same time, the third industrial stock company after the amount of capital having initially the following organizational structure⁴¹: The General Direction; The mining groups: Petroșani, Vulcan, Lupeni; The Administrative Centre Direction of the Jiu Valley; The Mining Exploitation Lapoș; The Forestry Exploitation Sebeș, which had under its technical leadership also the forestry domains of the Jiu Valley; from September 1933 the service moves to Petroșani, in the subordination of the Directorate of Mines Petroșani; from 1 September 1937 moves its headquarters to Sawmill from Șibot being subordinated to the General Directorate Bucharest; The Direction of General Services.

The General Direction was in Bucharest and was headed by the General Director. The general director had in its subordination the Directorate's services: General Secretariat; Administrative Service; Technical Service split of 15 June 1937 into General Technical Service and Mining Technical Service; Commercial Service; Coal Service and Derivatives; Accountancy Service; Credit and Control Service; Contentious Service; Treasure Service; Registry and Archive.

Be noted that in February 1940 the "Petroșani" Company have as external services of the General Directorate: Petroșani Mining Direction, Baia Mare Division, Sebeș Forest Exploitation, Doicești Mining Exploitation, Lapoș Mining Exploitation⁴².

As for the ownership of shares in the new "Petroșani" Company the situation established at the merger from May 22, 1931 will not last long. In the coming years a part of the shares will be trading between the founding shareholders of the "Petroșani" and "Lupeni" Companies or will be purchased by other entities, such as: Royal Exchange Assurance London and Ost Montan A.G. Bern or by private persons in business or professional connections with the "Petroșani" Company.

These transfers do that at December 15, 1935 the Romanian Group to hold the following "Petroșani" shares⁴³:

Table 2.

The institution	Shares former		
	„Petroșani”	„Lupeni”	„Petroșani”+
Banca Albina	11939	7875	19814
Banca Agricolă	36139	44250	80389
Banca „L. Berkowitz”	-	59000	59000
Banca „Berkowitz și Barbon”	11283	-	11283

⁴⁰ *Ibidem*, dos. 2/1931, f. 20-22.

⁴¹ SJANHD, *Fond Societatea „Petroșani”*. D.M. *Serviciul Muncă și Salarii*, dos. 9/1932, f. 1-10.

⁴² SJANHD, *Fond Societatea „Petroșani”*. D.M. *Confidențiale*, dos. 1/1940, f. 136.

⁴³ SJANHD, *Fond Societatea „Lupeni”*, dos. 3/1925, f. 20.

Banca „Chrissoveloni”	34173	-	34173
Banca Centrală	-	7375	7375
Banca Comerțului Craiova	20150	-	20150
Banca de Credit Român	61761	-	61761
Banca Generală a Țării Românești	50312	36875	87187
Banca Românească	77010	170125	247135
Banca de Scont	36909	-	36909
Banca Țărănească	35178	7375	42553
Societatea „Creditul Extern”	-	65070	65070
Societatea „Creditul Minier”	48475	92187	140662
Societatea „Creditul Tehnic”	16768	29500	46268
Societatea „Letea”	26980	-	26980
Societatea „Valea Jiului de Sus”	46237	53680	99917
Grup Român Particular	17609	16688	34297
Banca Românească, pt. Societatea	8673	-	8673
Total	539596	590000	1129596

for that the transactions of the years 1936-1938, to determine, in the 1938-1940 period, the Table of the "Petroșani" Company's shareholders and of the nominal shares (2.820.000 x 500 lei = 1,4 billion lei), to look like this ⁴⁴:

Table 3.

Current number	Name	Shares		
		„Lupeni”	„Petroșani”	Total
1.	Banca Albina	-	11939	11939
2.	Banca Agricolă	-	36139	36139
3.	Banca Comerțului Craiova	-	20150	20150
4.	Banca de Credit Român	-	86917	86917
5.	Banca „Chrissoveloni”	-	34173	34173
6.	Banca Românească	-	174445	174445
7.	Banca de Scont	-	36909	36909
8.	Societatea „Creditul Tehnic”	-	16768	16768
9.	Societatea „Creditul Minier”	-	48475	48475
10.	Societatea „Letea”	-	26980	26980
11.	Tancred Constantinescu	-	17500	17500
12.	Ion E. Bujoiu	-	12000	12000
13.	M.N. Schapira	-	13500	13500
14.	Ion Săvescu	-	2000	2000
15.	Lisette Ghițulescu	-	1000	1000
16.	Nadia Duca	-	1140	1.140
17.	Eliza T. Constantinescu	-	261	261
18.	Alex A. Romalo	-	60	60
<i>Total 1-18</i>			<i>540356</i>	<i>540356</i>
19.	Societatea „Salgótarján”	-	230304	230.304
20.	„Urikany-Budapest”	1108340	-	1.108.340
21.	Dr. Pavel Szasz	59000	82000	141.000
22.	Ost Montan A.G. Bern	-	800000	800.000

⁴⁴ SJANHD, *Fond Societatea „Petroșani”*. D.M. *Serviciul Contabilitate*, dos. 44/1938, f. 134, 69; dos 14 a/1940, f. 80.

Total 19-22		1.167.340	1112304	2279644
Total 1-22		1.167.340	1652660	2820000
In 1939-1940 the situation changes at positions 19 to 22, the total remaining the same				
19.	Societatea „Salgótarián”	-	630304	630304
20.	„Urikany-Budapest”	1108340	-	1108340
21.	Dr. Pavel Szasz	59000	82000	141000
22.	Royal Exchange Assurance	-	400000	400000

The integrated process is not completed yet in the Jiu Valley. During the years of the economic crisis from years 1929-1933, the situation of the "Sălătruc" Company is getting worse amid the drop in fuel quotas and the norms imposed by CFR concerning the quality of coal, norms that lead to the risk that the Company will be excluded as a supplier⁴⁵. To these shall be added: a deposit - were in operation the layers 14, 15, of a thickness by 50-60 cm and 45 ° inclination - feeble in terms of importance; the lack of some extensive work of opening and training; the contracting of some debts that only on "Petroșani" Company amounted in the year 1933 at 6.703 million lei; the lack of necessary exploitation inventory; strained relations with workers⁴⁶. In this situation, at the request of the "Sălătruc" Company managers, the "Petroșani" Company will buy in 1933, its shares, taking over also the patrimony and transferring its headquarters in Bucharest and by all the General Directorate activities will deal its officials⁴⁷. Thus the "Sălătruc" Company is incorporated technical, organizational and social in the "Petroșani" Company and will continue, with its support, including in relation to the share of coal and of its satisfaction of quality, to pursue mining business through to January 1941 when is obtained from the Ministry of the National Economy an approval to suspend the works⁴⁸.

The last mining company which will be absorbed by the "Petroșani" Company will be the "Valea Jiului de Sus" Company, Company which we know that had as as shareholders the two major Companies: "Petroșani" and "Lupeni". In February 1931, in preparing the merger from May 1931 there has been a *Convention* between the Companies "Valea Jiului de Sus", "Lupeni" and "Petroșani", through which have been authorized these latter with the administration of assets, with the management and exploitation of the "Valea Jiului de Sus" Company's coal concessions⁴⁹. Between the two Companies, "Petroșani" and "Valea Jiului de Sus" was, furthermore, considering that they had adjacent mining fields a collaborative project since 1928⁵⁰.

⁴⁵ SJANHD, *Fond Societatea „Sălătruc”*, dos. 13/1931-1935, f. 269.

⁴⁶ SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 83/1932.

⁴⁷ SJANHD, *Fond Societatea „Sălătruc”*, dos. 35/1940, f. 556. The 10,000 shares of the "Sălătruc" Company worth 5 million lei will be purchased thus: 9,400 shares by the "Petroșani" Company between January 1933-February 1937 and 600 shares will be purchased by the senior officials of the "Petroșani" Company (*Ibidem*, dos. 5/1926, f. 42-48). On 28 June 1940, the "Petroșani" Company will take over the 600 shares, and by holding all 10,000 shares, remains the sole shareholder and owner of the "Sălătruc" Company (*Ibidem*, dos. 35/1940, f. 289), valid situation also in 1944 (SJANHD, *Fond Societatea „Petroșani”*. D.G. *Consiliul de Administrație*, dos. 9/1945, f. 50-51).

⁴⁸ *Ibidem*, dos. 28/1938-1942, f. 7-8.

⁴⁹ SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 93/1931, f. 8.

⁵⁰ SJANHD, *Fond Societatea „Valea Jiului de Sus”*, dos. 17/1928, f. 6-10.

Under the conditions of the rationalization measures taken by the "Petroșani" Company after May 1931, the mining field exploited by the "Valea Jiului de Sus" Company at Vulcan - comprising lenses Arpad, Terezia, Procop and Carolus Gerbert - alongside the mining fields of the "Petroșani" Company from Vulcan will be closed and the "Valea Jiului de Sus" Company ceases its productive activity⁵¹. In these conditions, in November 1942 the Extraordinary General Meeting will decide the merger of the "Valea Jiului de Sus" with the "Petroșani" Company by ceding the entire capital and patrimony⁵².

We see, therefore, that significant changes are produced from the organizational viewpoint, with regroupings that are meant to strengthen the capital invested in the Jiu Valley and allow more elastic approach to the complex problems in terms of fluctuations in the Romanian economy. The measures taken were dictated by the ability of the Romanian society, more or less subjective to absorb the basic production of the mines, the coal, and the need to cope with income-expenditure ratio, without which they could not keep in activity the most large part of the productive capacity. From such a necessity will be closed the mines: Petroșani Vest (30 October 1928)⁵³; Dâlja (March 1931)⁵⁴; Vulcan Vest, Vulcan Est, Dr. Chorin⁵⁵ and "Valea Jiului de Sus" from Vulcan⁵⁶ after July 1931; concentrations are taking place in the mining complexes from Lonea⁵⁷ and Lupeni⁵⁸, as well as a temporary suspension of the Petroșani Est Mine at June 29, 1937⁵⁹.

Based on these changes, in case of the "Petroșani" Company, it could be reorganize the activity in the Jiu Valley in two groups: Petroșani and Lupeni, each having a Direction of Mines, with a technical director at Petroșani and a general subdirectory at Lupeni and Vulcan, instead of Vulcan Group was created, the General Technical Services; At the same time the Central Workshops Petrosani (Atelierele Centrale Petroșani - ACP) and Energy Distribution (Distribuția energiei – P.D.E.) remain separate services being subordinated to the General Direction. In November 1937 all the exploitation from Jiu Valley, both from Petrosani and from Lupeni come together in a unique direction in Petrosani, led by the technical director, Eng. Tiberiu Timoc⁶⁰; in Lupeni, The mine and the coal preparation remain to be technical coordinated by the Lupeni Division⁶¹. On June 1, 1939, will be disband the General Technical Services from Vulcan and will concentrate all technical operation and services from the Jiu Valley in one Technical Directorate, created in January 1939 within the Direction of Mines Petrosani⁶². This Technical

⁵¹ SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 99/1931, f. 30.

⁵² A.M.R., XXV, 1942, nr. 12, p. 256.

⁵³ SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 68 c/1931, f. 10-18.

⁵⁴ *Ibidem*, f. 5.

⁵⁵ *Ibidem*, dos. 99/1931, f. 13-24.

⁵⁶ *Ibidem*, f. 30.

⁵⁷ *Ibidem*, dos. 111/1931, f. 1-5.

⁵⁸ *Ibidem*, dos. 68e/1931, f. 13-14; dos. 9/1932, f.f.

⁵⁹ *Ibidem*, dos. 106/1937-1938, f.f.

⁶⁰ SJANHD, *Fond Societatea Petroșani. D.M. Confidențiale*, dos. 3/1937, f.29.

⁶¹ SJANHD, *Fond Mina Lupeni*, dos. 29-16/1937-1938, f. 134.

⁶² *Ibidem*, dos. 31-6/1938, f. 113.

Directorate will be conducted, at the beginning, by Eng. Alexandru Bădărău⁶³, former head of the Ștefan Mine from Lupeni between 1929-1938, which is named then, from 1 July 1939, the technical director of all the Jiu Valley's exploitations, instead of Eng. Tiberiu Timoc, retired⁶⁴.

Let us remember that in the organization of the mines of the "Petroșani" Company are produced some changes. Thus, at the Petrila Mine will be incorporated from 1938 the former Petroșani Est Mine, which becomes its western sector⁶⁵. In the Aninoasa perimeter, from January 1, 1936 the Aninoasa and Piscu mining exploitations are merged into a single exploitation, Aninoasa, now having three sectors: Aninoasa, Priboi, Piscu⁶⁶. At Lupeni, by closing some perimeters, the activity is concentrated around the Ștefan Mine, from April 1938 encountering the organization on sectors, three in number, and from 1939, four sectors: sector I = Ileana Mine; II = the layers 3 and 5 from Ștefan Mine, up to 650 m horizon; III = the layers 4 and 5 and 565 m horizon, inclusive Victoria Mine; IV = Sud Mine, title used instead of the old mines⁶⁷. It must be said that the "Lonea" Company by the concentrating produced due to the closure of I Mine in 1928 and II Mine after April 1, 1930 the activity will take place a long time, around III Mine from Jieț⁶⁸.

At the end of our demarche we must say that this organizational structure will operate until after the Second World War, when social and political changes of the years 1944-1948 will generate new dimensioning of holding of the capital and of the organization of the productive activity, including the opening or reopening of new capacity, but also to appreciate that the concentration of the capital, as well as of the productive capacity, produced after 1928, had the merit of having redimensioned the work area of the Jiu Valley and gave it substance to withstand against the challenges of socio-economic and political crisis periods from the fourth decade of the twentieth century.

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⁶³ SJANHD, *Fond Societatea „Petroșani”*. D.G. Secretariat, dos. 1/1925, f. 2.

⁶⁴ SJANHD, *Fond Societatea „Petroșani”*. D.M. Confidențiale, dos. 4/1939, f. 165.

⁶⁵ SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 106/1937-1938, f.f.

⁶⁶ SJANHD, *Fond Mina Lupeni*, dos. 23-4/1936, f. 188.

⁶⁷ *Ibidem*, dos. 29-16/1937-1938, f. 96; dos. 33-6/1939, f. 15-24. The sector term we also encounter in 1933 to delineate the areas of exploitation of Layer 3 (SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 72/1933, f. 1-7.). Moreover, in Lupeni there have been made previous changes, when in 1927 the Est Mine was attached to the Ștefan Mine (SJANHD, *Fond Societatea „Lupeni”*. D.M. Confidențiale, dos. 81/1927, f. 30); in 1928 is constituted the Ileana-Ștefan Group (*Ibidem*, dos. 107/1928); are closed, administratively, the mines: Victoria, in 1930 (SJANHD, *Fond Inspectoratul Minier Petroșani*, dos. 68e/1931, f. 7-12) and Carolina, in 1933 (*Ibidem*, dos. 9/1932), and from August 1, 1936 the Ileana Mine was merged with the Ștefan Mine, under the name of Ștefan Mine (*Ibidem*, dos. 23/1936-1937, f.f.)

⁶⁸ *Ibidem*, dos. 111/1931, f. 1-5.

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