

BETWEEN LOYALTIES AND INTERESTS: THE ROMANIAN-AMERICAN DIPLOMATIC DISPUTE OVER THE FETEȘTI-CERNAVODĂ RAILWAY SIGNALLING CONTRACT

Aurel Lazăr*

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Abstract

The article examines, from a historical perspective, the Romanian-American diplomatic dispute triggered in 1932 by the awarding of the contract for the signalling systems on the Fetești-Cernavodă railway section to the French company Thomson-Houston, to the detriment of the American firm General Railway Signal. The study situates this episode within the broader context of Romania's political and financial dependence on France, of American economic interests in oil, infrastructure and loans, and of the competition between the American principle of "equality of opportunity" and the logic of economic privileges granted to a strategic ally. Drawing on American diplomatic documents (from the Foreign Relations of the United States series) and the Romanian press, the article reconstructs the stages of the tender, the interventions of Paris, the firm démarches undertaken by Washington, and the attempts of the Romanian political elite to reconcile both partners. The conclusion highlights the "Fetești-Cernavodă affair" as a case study of the limits of the economic sovereignty of a small state confronted with competing pressures from great powers, as well as a moment of clarification of the parameters of Romanian-American relations in the interwar period.

Keywords: diplomatic conflict, France, railway infrastructure, Romania, U.S.

In the international context of the post-First World War period, despite the fact that both France and the United States were regarded by Romanian diplomacy as states of particular importance, including with respect to the formulation of foreign policy strategies, the article traces a series of diplomatic offensives and counter-offensives that illuminate the commercial rivalry between Washington and Paris, with Bucharest occupying the position of a so-called mediator and beneficiary. As regards Bucharest's positioning in its relations with the two powers, it is particularly revealing to observe how the strategic dimension of these

* Assistant Professor, Ph.D., George Emil Palade University of Medicine, Pharmacy, Sciences, and Technology of Târgu Mureș, aurel.lazar@umfst.ro

relationships shaped the economic sphere and, implicitly, the pattern of bilateral commercial relations.

In this article I focus on the 1932 dispute over the awarding of the signalling contract for the Fetești–Cernavodă railway section as a privileged vantage point from which to observe this triangular relationship. I ask how far Romania could exercise economic autonomy when confronted with competing French and American pressures, and what this episode reveals about the broader parameters of Romanian–American relations in the interwar period.

Despite its significance, the Fetești–Cernavodă signalling affair has attracted only limited and usually incidental attention in the existing historiography. The only substantial treatment, a 1952 article by G. Fischer, was written under the ideological constraints of early communist Romania and portrayed the case primarily as an example of “American machinations”, without systematically comparing French and American positions or analysing the Romanian dilemma in terms of economic sovereignty. Subsequent works on Romanian interwar foreign policy and on Franco–Romanian relations have tended to mention the episode, if at all, only in passing. To my knowledge, no previous study has offered a similarly detailed reconstruction of the dispute based on both American and Romanian sources and written from an explicitly non-ideological, balanced perspective. This article therefore seeks to fill that gap by reassessing the affair through the combined lenses of diplomatic history and international political economy.

If we turn to France and examine developments in a broader context, we can see that the way French officials related to Romania carried considerable weight, whether we refer to the support Romania received from Paris in connection with the question of Bessarabia’s union with the “mother country”, or to the politico-military and cultural backing enjoyed by the Romanian state. From a politico-military perspective, perhaps the most significant initiative is the Little Entente, with France acting as the “guarantor” of this alliance and Romania serving as one of Paris’s “bridgeheads” in Eastern Europe, a role already confirmed by the coordination of positions and actions at Geneva, Trianon, and in other diplomatic arenas.

Nevertheless, prior to the formation of the Little Entente there had already been other strategically significant agreements concluded between Romania and France, among them the Treaty of Alliance and Friendship signed on 10 June 1926, which stipulated, *inter alia*, the mutual commitment not to resort to armed attack in the event of war and to settle any disputes peacefully, through diplomatic dialogue. More important, however, was the undertaking by both parties to consult one another in the event of unprovoked

aggression and to coordinate their responses, even though the agreement did not explicitly provide for a binding obligation to furnish military assistance.¹ Franco-Romanian cooperation was not limited to this treaty, being further evidenced by bilateral consultations at general staff level, joint defensive planning, and the exchange of military missions.²

While these initiatives covered the military sphere, there existed another set of bilateral relations in the economic domain, which proved equally significant for both Romania and France. These concerned loans, investments, and Romania's access to French economic networks - access that was particularly valuable for the modernization of Greater Romania. For example, in 1920 the French group Banque de Paris et des Pays-Bas became a shareholder in Banca de Credit Român and acquired a majority stake in Steaua Română,³ one of the most important oil groups in interwar Romania.

Likewise, in the late 1920s Romania secured loans from consortia such as the Banque de France and Banque de Paris et des Pays-Bas, the use of these funds being closely monitored by French economic missions.⁴ A case in point is the mission headed by Charles Rist, Vice-Governor of the Banque de France, whose mandate was to stabilize the currency and to impose budgetary discipline.⁵ As regards Franco-Romanian strategic cooperation, this

¹ Law of 22 November 1926 for the Ratification of the Treaty of Friendship between Romania and France (Paris, 10 June 1926), in "Monitorul Oficial al României", no. 14, 20 January 1927, available at: Portal Legislativ - <https://legislatie.just.ro/public/DetaliDocument/24111> (accessed 10 October 2025).

² Mihail Ionescu, *Les relations franco-roumaines de 1938 à 1944*, in "Revue historique des armées", no. 244 (2006), pp. 73-83, available online: <https://journals.openedition.org/rha/5922>, (accessed 10 October 2025).

³ BNP Paribas, "The History of the Banque de Paris et des Pays-Bas in the Baltic Countries – A Missed Opportunity (1/2)", *Well of History* (BNP Paribas Historical Archives), last updated 7 February 2025, available at: <https://histoire.bnpparibas/en/the-history-of-the-banque-de-paris-et-des-pays-bas-in-the-baltic-countries-a-missed-opportunity-1-2/> (accessed 10 October 2025).

⁴ Raphaël Chiappini, Dominique Torre, Elise Tosi, *Romania's Unsustainable Stabilization: 1929–1933*, GREDEG Working Papers 2019-43, Groupe de REcherche en Droit, Économie, Gestion (GREDEG-CNRS), Université Côte d'Azur, Nice, 2019, pp. 2–7, available at: <https://ideas.repec.org/p/gre/wpaper/2019-43.html> (accessed 10 October 2025).

⁵ Dominique Torre, Elise Tosi, "Charles Rist and the French Missions in Romania, 1929–1933. Why the 'Money Doctors' Failed?", in *Economic and Financial Stability in South-Eastern Europe in a Historical and Comparative Perspective. Conference Proceedings*, Fourth South-Eastern European Monetary History Network (SEEMHN), Belgrade, 27–28 March 2009, Belgrade: National Bank of Serbia, 2010, pp. 91–106, available online at:

did not confine itself to agreements and formal commitments, but also extended into the industrial–military sphere. In the period 1925–1927 we can observe a series of noteworthy developments in military aviation, since in 1925 the IAR Braşov aircraft factory was established, and from 1927 it began producing, under French license, Potez 25 bombers, more than 200 aircraft in total.⁶

It is only natural that, as a consequence of the security guarantees extended to Bucharest by France, as well as of the economic support provided, Paris entertained a series of expectations vis-à-vis Romania. Moreover, in the context of the Great Depression of 1929–1933, Romania's dependence on French economic assistance deepened, rendering Romanian governments increasingly sensitive to the pressures exerted by the French state and by French companies.

As far as the United States is concerned, while its foreign-policy strategy and its relationship with Romania differed substantially from those of France, its economic interests were broadly similar. From a strategic point of view, Romania concluded no military alliance with the United States in the 1920s and 1930s, a situation due in part to the relative American isolationism that followed the First World War. In the spheres of trade and investment, however, Washington pursued a markedly open policy, justified by the need to offset the losses generated by the global economic crisis that broke out in 1929. Although, in strategic and military terms, the United States was not interested in contributing to Romania's security or to the consolidation of its statehood by recognizing the union of Bessarabia with Romania, it nevertheless expected American firms to enjoy equality of opportunity in economic competition⁷.

The American side was particularly interested in the oil sector,⁸ while infrastructure and utilities projects also ranked high among its priorities. In the petroleum field, the spearhead was the American company Standard Oil, whereas in the sphere of

https://www.nbs.rs/export/sites/NBS_site/documents/publikacije/konferencije/seemhn_conf/SEEMHN_5_Torre_Tosi.pdf (accessed 10 October 2025).

⁶ Traian Tomescu, *Aeronave construite la IAR – Braşov în cei 85 de ani de la inaugurare*, in "Buletinul AGIR", no. 2/2013 (April–June), pp. 107–112, available at: <https://www.agir.ro/buletine/1717.pdf> (accessed 13 November 2025).

⁷ G. Fischer, *Uneltirile diplomației americane în jurul unei concesiuni acordate de către C.F.R. în anul 1932–1933*, in "Studii. Revistă de istorie şi filosofie", year V, no. 2, April–June 1952, Bucharest, Publishing House of the Academy of the People's Republic of Romania, pp. 124–132.

⁸ Of course, the French side was likewise interested in the Romanian oil sector, where French firms were quite active. In other words, Romania functioned primarily as a supplier of oil and agricultural products, while France acted as a provider of technology, know-how, and capital.

infrastructure and utilities a prominent role was played by the International Telephone & Telegraph Corporation, which, with the support of certain reform-minded Romanian officials, obtained a concession for telephone services in Romania.⁹ It is also relevant to note the American interest in the banking sector, which extended credit to the Romanian state in 1929 and 1931, the funds being used for the stabilization and development of the Romanian economy.¹⁰

These state initiatives clearly reveal Washington's concrete interests, as it was emerging as a significant economic actor seeking to penetrate markets dominated by West European capital. The disadvantages faced by the United States in comparison with France were, however, substantial. On the one hand, American policymakers had to contend with Bucharest's dissatisfaction over the U.S. refusal to recognize the union of Bessarabia with Romania; on the other, they were confronted with the diplomatic ascendancy enjoyed by France, which stemmed from the strategic and economic support Paris had extended to Romania.

Methodologically, the article combines close reading of diplomatic correspondence with an analysis of the constraints and incentives created by financial dependence. It draws primarily on American diplomatic documents from the Foreign Relations of the United States (FRUS) series for 1932, alongside Romanian parliamentary debates, contemporary press coverage - especially the newspaper "Universul" - and specialized studies on French financial missions and Romanian railway policy.

By placing these different types of sources in dialogue, the article reconstructs the sequence of events surrounding the tenders and the subsequent diplomatic exchanges with greater precision than previous accounts. The article is structured as follows: the first section outlines the Franco-Romanian and Romanian-American contexts; the second reconstructs the tenders and diplomatic manoeuvres connected with the signalling contract; the third examines the Romanian-American diplomatic dispute of 1932; and the concluding section discusses the implications of the episode for

⁹ U.S. Department of State, Office of the Historian, *Foreign Relations of the United States (FRUS), Diplomatic Papers, 1932, The British Commonwealth, Europe, Near East and Africa*, vol. II, Washington, United States Government Printing Office, 1948, doc. 381, "The Minister in Rumania (Wilson) to the Secretary of State, No. 964, Bucharest, October 14, 1932," pp. 519-520, <https://history.state.gov/historicaldocuments/frus1932v02/d381> (accessed November 13, 2025).

¹⁰ *Ibidem*, doc. 378, "The Minister in Rumania (Wilson) to the Secretary of State, No. 916, Bucharest, July 13, 1932," pp. 509-510, <https://history.state.gov/historicaldocuments/frus1932v02/d378> (accessed November 13, 2025).

Romania's economic sovereignty and for the evolution of Romanian–American relations in the interwar period.

The 1932 Fetești–Cernavodă Railway Signalling Affair

A particularly revealing episode for understanding the balance of power between Bucharest, Washington and Paris is the 1932 Fetești–Cernavodă railway signalling affair, which provides valuable insight into the sensitivities of the three states involved. This case illustrates how a commercial competition was transformed into a test of diplomatic loyalties and of Romania's ability to maintain an equilibrium between the great powers, in this instance the United States and France.

Although the volume of American investment in Romania during the interwar period was relatively modest compared with French or British capital, we can see that, wherever it did materialize, it targeted strategic sectors. For example, even though the oil industry was dominated by French and British companies, one channel of penetration for Washington was represented by the transfer of technology and equipment. The same logic is discernible in the railway domain, in which the Americans' primary aim was to promote and sell, on the Romanian market, equipment used for the modernization of railway infrastructure.

In the railway sector, American interest was stimulated in particular by the programmes launched by the state railway administration (Romanian State Railways – C.F.R.), subordinated to the Ministry of Public Works and Communications. In the 1920s and 1930s, C.F.R. sought to renew its signalling, interlocking and block systems, with the ultimate aim of increasing the safety and efficiency of rail traffic. The spearhead of American involvement in the railway field was the General Railway Signal Company (GRS), while at the European level the most prominent firms were the Compagnie Française Thomson-Houston (France), Westinghouse (Great Britain), Siemens & Halske and AEG (Germany).¹¹

The American company GRS, specialized in automatic signalling systems and with global¹² experience in the installation of automatic¹³ line block systems, expressed its interest in the

¹¹ *Ibidem*, doc. 379, "The Chargé in Rumania (Sussdorff) to the Secretary of State, No. 932, Bucharest, August 17, 1932," pp. 511–516, <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 13, 2025).

¹² *Ibidem*.

¹³ A system that divides the railway line into sections and automatically changes the signals so that no train enters a section already occupied by another, thereby increasing safety and allowing trains to run at shorter intervals.

Romanian market particularly in the period 1931–1932, when it became aware that C.F.R. intended to introduce automatic block signalling on the Fetești–Cernavodă section.¹⁴

This railway section was of critical importance: it provided the rail link between Muntenia and Dobruja, crossing the Danube via the bridge system Fetești (Borcea branch) – Cernavodă (main Danube). The Anghel Saligny Bridge at Cernavodă (inaugurated in 1895) had been a remarkable engineering achievement, but by the 1930s the growth in traffic towards the Port of Constanța made modern safety measures imperative. The installation of colour-light signals and automatic traffic control systems on such a vital sector would have represented not only a technical advance, but also a prestigious and financially substantial contract for the company that secured it.¹⁵

Thus, the Fetești–Cernavodă automatic signalling project was officially launched at the end of 1931. In December of that year, the C.F.R. Administration sent a notification – including to the American Legation in Bucharest – announcing a tender for the installation of an automatic line block system on the Fetești–Cernavodă section, the invitation being open to companies from countries with which Romania maintained commercial relations.¹⁶

It is noteworthy that the first tender, held in January 1932, was annulled by the technical commission on the grounds that the participating firms - Thomson-Houston (France), General Railway Signal (United States), Westinghouse (Great Britain), and a German company (possibly AEG or Siemens) - did not comply with the budgetary limits and technical requirements.¹⁷ According to American officials, however, there are reasonable indications that

¹⁴ U.S. Department of State, Office of the Historian, *FRUS, Diplomatic Papers, 1932*, doc. 379, “The Chargé in Rumania (Sussdorff) to the Secretary of State, No. 932, Bucharest, August 17, 1932,” pp. 511–516, <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 13, 2025).

¹⁵ George M. Croitoru, *125 de ani de la inaugurarea podului «Regele Carol I» peste Dunăre, de la Cernavodă*, in “NOEMA”, vol. XIX, 2020, pp. 1–2 (strategic significance; integration of Dobruja), pp. 7–8 (technical characteristics of the Fetești–Cernavodă complex), p. 20 (the role of the connection and the scale of the project), available at: <https://noema.crist.ro/ARHIVA/2020-13.pdf> (accessed 13 November 2025).

¹⁶ U.S. Department of State, Office of the Historian, *FRUS, Diplomatic Papers, 1932*, doc. 379, “The Chargé in Rumania (Sussdorff) to the Secretary of State, No. 932, Bucharest, August 17, 1932,” pp. 511–516, available at: <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 13, 2025).

¹⁷ *Ibidem*.

the cancellation of the tender occurred as a result of pressure exerted by the French side, through the French Legation in Bucharest, which was displeased at the prospect of the American firm winning the contract.¹⁸

According to statements by American diplomats, at the second tender organized by C.F.R. the bid submitted by the Americans was unbeatable. American sources record that C.F.R. representatives regarded the American offer as embodying a truly remarkable technical design and as being in complete conformity with the client's requirements.¹⁹ Moreover, from a financial standpoint, the bid of the American company General Railway Signal was considerably more advantageous than that of its French competitor.²⁰ The American offer amounted to 7.5 million lei, whereas the French bid stood at 10.5 million lei, the latter thus being 40% more expensive.²¹ In light of this evidence, it appeared entirely natural that the American firm should be declared the winner of the tender and enjoy genuine equality of opportunity. These assurances were given by Nicolae Valcovici, Minister of Communications, both in October 1931 and in February 1932, when he explicitly emphasized that the contract would be awarded solely on the basis of technical and price criteria, without political interference.²²

Paradoxically, after several tenders had been cancelled, the Ministry of Communications ultimately declared the French company the winner, even though its bid was 40% higher than the American one and, according to American diplomatic reports, it had no prior experience in the field of railway signalling systems, while the equipment to be installed was in fact to be purchased from a third company. By contrast, GRS possessed an internationally acknowledged track record. In view of this decision by the Ministry of Communications - illogical both economically and technically - the conclusion reached by the American side was unequivocal: the

¹⁸ *Ibidem*.

¹⁹ *Ibidem*.

²⁰ The bids submitted by the other companies were not taken into consideration, as they did not meet the technical specifications, leaving only the French and American firms in contention.

²¹ United States Department of State, *FRUS, Diplomatic Papers, 1932*, doc. 378: "The Minister in Rumania (Wilson) to the Secretary of State, Bucharest, July 13, 1932", pp. 509-510, available at: <https://history.state.gov/historicaldocuments/frus1932v02/d378> (accessed November 14, 2025).

²² *Ibidem*, doc. 379: "The Chargé in Rumania (Susssdorff) to the Secretary of State, Bucharest, August 17, 1932", pp. 511-516, available online at: <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 14, 2025).

GRS company had been unfairly disadvantaged on purely political grounds, Romania yielding to the pressures exerted by France, its strategic partner.²³

Information obtained by the American Legation in Bucharest indicates that the situation was considerably more complex than a mere political or administrative decision. According to diplomatic reports, Ianculescu, the representative of the General Railway Signal (GRS) company in Romania, learned in the summer of 1932 that, shortly after the contract had been awarded to the French firm, it had already been signed, without observing the legally required period for filing appeals.²⁴ The Minister of Communications, engineer Savel Rădulescu, reportedly confirmed to Fred W. Wilson, the American chargé d'affaires, that the order to grant the contract to the French bidders had come from "above", namely from King Carol II himself.

Ianculescu further suggested that an individual within the inner circle of the monarch may have been bribed, thereby influencing the king's decision in favour of France. Although such an assumption appears plausible, it has never been substantiated by documentary evidence.²⁵ The evolution of events, as documented by American officials, provides additional insight into this case.

A relevant episode for understanding the broader context took place in July 1932 at the premises of the French Legation in Bucharest.²⁶ During an official ceremony, Gabriel Paux, the French minister plenipotentiary to Romania, awarded decorations of the Légion d'Honneur to several high-ranking Romanian officials from the Romanian State Railways (C.F.R.) who had been directly involved in the tender won by the French company. General Ioan Ionescu, Director-General of C.F.R., received the rank of Commander of the Légion d'Honneur, while his deputies, Cezar Meruțu and Constantin Codreanu, together with Chief Engineer Stoica, were likewise decorated.²⁷

American diplomats noted that these four distinctions were granted precisely to those C.F.R. officials who had played a decisive role in awarding the contract to the French firm. In the same

²³ *Ibidem*.

²⁴ *Ibidem*, doc. 378: "The Minister in Rumania (Wilson) to the Secretary of State, Bucharest, July 13, 1932, p. 509", available at: <https://history.state.gov/historicaldocuments/frus1932v02/d378> (accessed November 14, 2025).

²⁵ *Ibidem*.

²⁶ *Ibidem*, doc. 379, Enclosure: "The American Chargé (Sussdorff) to the Rumanian Minister for Foreign Affairs (Voevod), Bucharest, August, 6, 1932", p. 515, available at: <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 14, 2025).

²⁷ *Ibidem*.

context, they expressed consternation at the fact that the determining factor in the outcome of the tender appeared to have been the perceived debt of gratitude for the loans granted to the Romanian state by France, as well as for the strategic support provided by Paris.²⁸

As a consequence of these developments, the situation in mid-1932 was as follows. Romania had awarded a major contract while disregarding the principle of competitive bidding, thereby prompting the dissatisfaction of a major power. The outcome placed the American company in a position of evident discrimination to the benefit of a costlier French rival, leading the United States Legation in Bucharest to ready a formal challenge to the decision. Thus, the ground was being laid for an open diplomatic conflict.

The Romanian-American Diplomatic Dispute over the Fetești-Cernavodă Contract

As soon as it became evident that the American firm had been disadvantaged, the United States Legation in Bucharest initiated démarches with the Romanian authorities, considering the decision of the latter to constitute a direct affront to American interests, as well as an unnecessary additional burden on the Romanian state budget. On 11 July 1932, Charles S. Wilson, the American Minister, laid out the entire situation to Grigore Gafencu, recently appointed Secretary of State - effectively deputy to the Foreign Minister, a position then held by the Prime Minister himself, Alexandru Vaida-Voevod. In the course of their discussions, Gafencu openly acknowledged that the Romanian government had come under French pressure, exerted through the minister plenipotentiary Gabriel Paux, and that the Romanian side had been unable to withstand it. In other words, the French official had demanded that Romania provide compensation in return for the loans granted by France.²⁹

The American minister countered promptly, pointing out that there was no legitimate link between the granting of state loans and the awarding of a commercial contract - from the United States' perspective, such practices of politicized *quid pro quo* were unacceptable. He further drew attention to the fact that, even if one were to invoke the merits of the French credits, it had to be recalled that American banks had likewise participated, alongside French

²⁸ *Ibidem*.

²⁹ *Ibidem*, doc. 378: "The Minister in Rumania (Wilson) to the Secretary of State, Bucharest, July 13, 1932", p. 510, available at: <https://history.state.gov/historicaldocuments/frus1932v02/d378> (accessed November 14, 2025).

institutions, in the stabilization loan of 1929 and the development loan of 1931; it was therefore improper that only France should be “rewarded” on a preferential basis. Wilson also underscored the material damage inflicted on Romania by this discriminatory decision, estimating a loss of some 3 to 4 million lei to the state as a result of opting for the more expensive offer.³⁰

The United States’ response was not long in coming, the American side indicated that it was prepared to resort to retaliatory measures should such a situation recur, with direct repercussions for Romanian–American relations. Moreover, the chargé d’affaires, Louis Sussdorff,³¹ drafted and, on 6 August 1932, submitted to the Romanian government a formal note of protest in which he set out the case in chronological order, invoking a politically motivated discrimination that ran counter to the principle of the free market. In the concluding section of the note, Sussdorff articulated the solution expected by the U.S. government - namely, the annulment of the contract awarded under political pressure and its reassignment to the American firm, on the basis of the technical merits of its offer, merits that had been acknowledged by the C.F.R. technical commission itself. Although it was unlikely that Romania would take such a drastic step, the Americans deemed it necessary to formulate this demand explicitly, thereby establishing a clear standard of principle. At the same time, Sussdorff requested an official written reply from the Romanian government, so that Washington might be informed without delay.³²

In the course of drafting and presenting the note of protest, the Americans sought to enlist the support of Gafencu, who was prepared, in exchange for the withdrawal of the U.S. protest, to facilitate the award of another contract or the granting of compensation to GRS.³³ Furthermore, when confronted with the facts, Prime Minister Alexandru Vaida-Voevod acknowledged that the American firm had submitted the best offer and that the position of the U.S. Legation was justified, but he argued that the commitment to Thomson-Houston had been undertaken by the preceding Iorga–Argetoianu cabinet.

³⁰ *Ibidem*.

³¹ He was temporarily replacing Wilson, who was on leave.

³² United States Department of State, *FRUS, Diplomatic Papers, 1932*, doc. 379, Enclosure: “The American Chargé (Sussdorff) to the Rumanian Minister for Foreign Affairs (Voevod), Bucharest, August 6, 1932”, p. 516, available at: <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 14, 2025).

³³ *Ibidem*, doc. 379, “The Chargé in Rumania (Sussdorff) to the Secretary of State, No. 932, Bucharest, August 17, 1932,” pp. 511–516, <https://history.state.gov/historicaldocuments/frus1932v02/d379> (accessed November 15, 2025).

The American side did not accept this line of reasoning and continued to exert pressure. In this context, Vaida pledged to identify a solution and requested a short postponement - of a few days - of the submission of the American note of protest, a request to which the U.S. side agreed; he subsequently returned, however, with the conclusion that there were no mechanisms available to remedy the situation, given that the contract with the French company had already been signed.³⁴

Despite the pressure brought to bear by the American side, Washington came to the conclusion that the situation was no longer reversible once the contract with the French company had been signed. Nevertheless, the United States addressed a firm warning to Bucharest, underscoring that any repetition of such practices would very probably inflict serious harm on Romania's standing in American financial and business circles.³⁵ The depth of American frustration and discontent is clearly reflected in the fact that the U.S. Department of State authorized the head of the diplomatic mission in Bucharest, should a meeting with King Carol II take place in the near future, to inform the monarch discreetly of the U.S. government's position. Such a step was highly unusual and, precisely for that reason, underscores Washington's dissatisfaction and the extent of its frustration.³⁶

Against the backdrop of continued pressure from the United States, the Romanian side entered into discussions with representatives of the American firm GRS and pledged to award a number of future works as a means of compensating the losses incurred by the company as a result of the contract having been granted to the French competitor. This démarche met with partial success, in that Washington's vehemence diminished to some extent; nevertheless, the American side remained convinced that France - by virtue of the influence it exerted over Romania - continued to be favoured and to enjoy preferential treatment.³⁷

The tensions generated by the awarding of the contract to the French did not remain confined to the sphere of Romanian-American bilateral relations; they also reverberated within

³⁴ *Ibidem*.

³⁵ *Ibidem*, doc. 380, "The Acting Secretary of State to the Minister in Rumania (Wilson), No. 259, Washington, August 24, 1932," pp. 517-518, <https://history.state.gov/historicaldocuments/frus1932v02/d380> (accessed November 19, 2025).

³⁶ *Ibidem*.

³⁷ *Ibidem*, doc. 381, "The Minister in Rumania (Wilson) to the Secretary of State, No. 964, Bucharest, October 14, 1932," pp. 518-520, <https://history.state.gov/historicaldocuments/frus1932v02/d381> (accessed November 19, 2025).

Romania's domestic politics. Evidence of this can be found in the debates in the Romanian Parliament at the beginning of October 1932. On 4 October, during a sitting of the Chamber of Deputies, Grigore Iunian - former Minister of Justice in the government led by Maniu (1928–1930), at that time a deputy and vice-president of the Partidul Național Țărănesc took the floor and sharply criticized the Vaida government for accepting the French offer for railway signalling in preference to the American one, which was more advantageous and cheaper by four million lei.³⁸ In effect, the decision had wronged the state budget and could be likened to an act of betrayal.

Iunian stated explicitly that this decision was the result of French pressure exerted on the government through engineer Gaston Lerverve, the French technical adviser to C.F.R.³⁹ In effect, a prominent member of the political elite was acknowledging in open session precisely what those in government had endeavoured to deny in their exchanges with the Americans. His declaration is all the more significant given that he was still a member of the governing party, he had resigned from the party leadership only in those very days, in protest against other government policies, but at the time of his speech he was still regarded as an insider. The very fact that a high-ranking Romanian politician, known as a moderate nationalist, endorsed the interpretation of French interference indicates that the issue had become a matter of common knowledge in Bucharest. The opposition press, notably the newspaper "Universul", reported Iunian's statements, thereby amplifying the resonance of the scandal.⁴⁰

Concluding Remarks

From the broader perspective of Romanian interwar foreign policy, the 1932 conflict over the Fetești–Cernavodă railway signalling contract reflects, in a concentrated form, the structural position of a small state located at the junction of several great-power spheres of interest. After 1918, Romania's security architecture was built around its alliance with France and its participation in regional arrangements such as the Little Entente, which helped to preserve the Versailles borders but also entailed a significant degree of deference to the political and economic priorities of its main ally. At the same time, Bucharest sought to

³⁸ *Cuvântarea d-lui Gr. Iunian*, in "Universul", Bucharest, Year XLIX, no. 276, 7 October 1932, p. 7.

³⁹ *Ibidem*.

⁴⁰ *Ibidem*.

cultivate economic ties with extra-European partners such as the United States and Great Britain, both as potential markets for exports and as alternative sources of credit and investment. In this context, the episode of 1932 makes visible the constraints and narrow margins of manoeuvre that characterised Romania's foreign policy in the economic field, even when its strategic orientation appeared firmly anchored in a pro-French, pro-Western trajectory.

The Thomson-Houston versus General Railway Signal affair offers a concrete illustration of the limits of autonomy for a financially dependent state. France, as Romania's principal creditor, used its influence to secure a major contract for a French company, in line with the practices of the period, when political leverage was frequently converted into commercial advantage. The American intervention, articulated in terms of equal treatment and fair competition, directly challenged this logic of quasi-reserved markets. Lacking the capacity to confront either power directly, the Romanian authorities opted for a strategy of constrained accommodation. They upheld the contract with the French firm, while simultaneously exploring compensatory formulas for the American side. The immediate diplomatic tension was thus defused, but at the price of confirming the extent to which economic decision-making in Bucharest was conditioned by external pressure.

Examined in detail, the case suggests that great-power influence in interwar Romania was exercised not only through political and military channels, but also, and sometimes primarily, through the economic sphere. The combination of indebtedness, alliance obligations and expectations of loyalty created a framework in which large infrastructure contracts could function as instruments of foreign policy as much as decisions of internal economic rationality. The Fetești-Cernavodă affair fits into a broader pattern in which Romanian governments, confronted with competing demands from stronger partners, often had to accept solutions that were less advantageous in strictly economic terms in order to preserve indispensable political support. From this point of view, the episode is less an exception than a revealing instance of a recurring type of constraint that marked relations between Bucharest and its main European interlocutors during the 1920s and 1930s.

The American reaction in 1932, expressed through firm démarches and an insistent appeal to contractual fairness, marks an early and noteworthy moment in the development of U.S. economic diplomacy towards Eastern Europe. Although Washington had neither a formal alliance with Romania nor direct security commitments in the region, it nevertheless intervened to defend the interests of an American company and to contest a practice it regarded as discriminatory. Even if the practical outcome was

limited, the dispute introduced into the bilateral dialogue the principle that American firms should enjoy conditions comparable to those of European competitors and signalled that the United States was not indifferent to the distribution of major commercial opportunities in the region. In retrospect, this episode may be seen as a modest but significant antecedent of the more active economic role the United States would assume in European affairs after 1945.

For the Romanian government, managing the crisis required a delicate balancing act. Faced with strong pressure from Paris and with the principled arguments advanced by Washington, the authorities in Bucharest sought to avoid a lasting deterioration of relations with either power. The attitudes of Vaida-Voevod and Grigore Gafencu, as reflected in their correspondence with American diplomats, testify to this difficult position: the language used is consistently respectful and acknowledges the awkwardness of the situation, while the assurances given that future opportunities would be identified for American companies reveal an awareness of the potential long-term value of closer ties with the United States. The compromise ultimately reached – the confirmation of the French contract combined with political and economic reassurances to the American side – prevented an open diplomatic rupture, but also reinforced, in American eyes, the perception of Romania's dependence on France and, domestically, may well have confirmed suspicions that major economic decisions were affected by opaque influences at the highest levels of the state.

The immediate impact on Romanian–American relations was limited. There was no break in relations and no durable cooling, yet both sides emerged from the affair with a clearer understanding of the parameters of their interaction. Romania learned that the United States was ready to react when it believed that its economic interests were being treated inequitably, and Washington gained a more precise sense of the constraints under which Romanian decision-makers operated.

What distinguishes the Fetești–Cernavodă affair is that, on this occasion, the challenge to established practices came not from a neighbouring state or a traditional European ally, but from an extra-European actor whose broader role in European affairs was still in formation. For this reason, the episode can reasonably be interpreted as an early indication of the gradual entry of the United States into the set of powers whose reactions Romanian policymakers could no longer ignore.

In this light, the Fetești–Cernavodă signalling contract dispute may be read as more than a minor episode in the history of railway modernisation. It offers a useful vantage point from which to observe the interplay between economic decisions and political

alignments and the dilemmas of a small state navigating among larger powers. For the historian of Romanian–American relations, it marks a moment at which expectations and limits were tested and clarified, anticipating, in modest form, the more complex and often tensioned exchanges that would characterise the bilateral relationship in the decades to come.

Conflict of interest

None to declare

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