

# **Romanian reactions to the economic reforms from Soviet Union**

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## **Introduction**

At the end of the Second War, Romania was included in the sphere of influence that Soviet Union acquired in Central and Eastern Europe. After December 1947, when Romanian People's Republic was proclaimed, radical measures were applied in order to introduce political, social and economic frameworks similar to those from Soviet Union.

In those years, the economies of Soviet Union and of its satellites had to be organized in a Stalinist system:

- rigid five-year plans governed the economic activity;
- repressive measures rather than consistent incentives were used to assure the fulfillment of plans;
- the investments in heavy industry were more consistent than those from the light industry;
- a general climate of fear among citizens was used to prevent revolts generated by the poor standard of life.

In Romania a process of accelerated industrialization began, being preferred projects from the field of heavy industry. Labor camps, where political prisoners were used as labor force, were organized on the country's territory. The most notorious of them was the Danube-Black Sea Canal, a very expensive project,

started mainly by military reasons. The new Romanian authorities began a forced collectivization of agriculture with violent repressions against the peasants.

After Stalin's death, his successors from Kremlin applied various reforms meant to solve the problems of Soviet Union's economy. Some of those reforms had important consequences for the Soviet satellites, including Romania. This paper approaches some reactions to the economic reforms from Soviet Union during the leaderships of two communist rulers: Gheorghe Gheorghiu-Dej and Nicolae Ceausescu.

### **The years in which Gheorghiu-Dej promptly imitated the reforms from Kremlin**

In March 1953, when Stalin died, Gheorghe Gheorghiu-Dej was General Secretary of the Romanian Workers' Party (PMR) and President of the Ministers Council of Romanian People's Republic. During next years, he had to adapt to the changes caused by the power struggle from Kremlin. Initially, Soviet Union was governed by a triumvirate composed by Georgy Malenkov, Lavrentiy Beria and Nikita Khrushchev. The new leadership promoted some measures that, comparing with the Stalin's methods, could be considered as forms of liberalization. In these circumstances, Gheorghiu-Dej also applied a moderate liberalization. He decided to stop the work at the Danube-Black Sea Canal and to attenuate the forced collectivization of agriculture.

In June 1953, Beria was arrested and, at Kremlin, the triumvirate was replaced by the duumvirate Malenkov-Khrushchev. On August 8, Malenkov, President of the Ministers Council, presented to the Supreme Soviet of the Union of Soviet Socialist Republics his proposal of a radical economic reform meant to improve the living standard of population. He argued in favor of light industry

development with the same speed of the heavy industry development. Malenkov also proposed consistent incentives for peasants and investments in agriculture. Again, Gheorghiu-Dej reacted quite fast. Between 19 and 20 August, at a plenum of the PMR Central Committee, he admitted that in the last years the Romanian industry, especially the heavy one, was developed too fast, while the consumption of population was neglected. To correct this mistake, he promised to double the investments for the light industry and for agriculture until 1955.

Regarding the heavy industry, new investments were to be made only in the fields where Romania had enough resources of raw materials. Gheorghiu-Dej also promised to improve the peasants' situation by revising the system of collecting their products.

In the next month, Khrushchev delivered a long report that contained several measures to increase the production in agriculture. In Romania, in December 1953 and February 1954, two plenums of the PMR Central Committee also discussed measures meant to increase the Romanian agriculture efficiency. One of the solutions proposed by Khrushchev was to introduce the agricultural production on uncultivated lands. In March 1954, the Central Committee and the Government approved his initiative of Virgin Lands campaign. Romanian authorities responded by elaborating plans of draining swamp lands.

On 8 February 1955, Malenkov had to leave the office of premier. His successor, Nikolai Bulganin, specified in many occasions that heavy industry should be developed faster than other fields of economy. In the next months, in Romanian newspapers, several articles approach the necessity of investments in heavy industry. In June, the budget of Romanian Government, voted by the Parliament, stipulated substantial expenses for the heavy industry. At the end of the year, at the Second Congress of PMR, Gheorghiu-Dej stressed his belief that heavy

industry had to be developed faster than the light one. There were also made plans to resume the forced collectivization of Romanian agriculture.

The first attempts of De-Stalinization made by Khrushchev in February 1956, at the 20th Congress of the Communist Party of the Soviet Union (CPSU), and in July, at a plenum of the Central Committee, had substantial consequences. In Romania, two members of the Politburo of PMR tried to remove Gheorghiu-Dej but he resisted. During the Hungarian Revolution of 1956, the Romanian leader offered a consistent support to Khrushchev, gaining his trust. In December, a Treaty with Soviet Union offered to Romania technical assistance for the industrialization. There were also negotiations regarding Red Army withdrawal from Romania's territory.

In February 1957, a plenum of the CPSU Central Committee approved a reform proposed by Khrushchev with the aim of sectoral management system decentralization. In the next month, the Central Committee of PMR also approved measures meant to liquidate the "excessive centralism".

### **Gheorghiu-Dej's road to autonomy**

In June 1957, on a session of Presidium of the CPSU Central Committee, the so-called "Anti-Party Group" obtained the majority for the replacement of Khrushchev as First Secretary with Nikolai Bulganin. However, Khrushchev finally won in a plenum of the Central Committee and he removed many of his rivals. In the autumn of 1957, Marshall Georgy Zhukov, who supported Khrushchev against the "Anti-Party Group", was forced to retire. In March 1958, Bulganin had to resign from the office of premier, being replaced by Khrushchev himself. In the new circumstances, for about six years, Khrushchev was able to impose his reforms.

Gheorghiu-Dej used the events from Moscow as an opportunity to remove his own rivals from PMR. The strengthening of his position in PMR allowed him, in the next years, to not unconditionally imitate the reforms from Kremlin.

On the second half of 1958, Khrushchev revealed his plans to reform the education system by making it more practical. In this period, in Romania, the newspapers also stressed that education should offer mainly practical knowledge.

In planning the economic activity of Soviet Union, an important change occurred in the autumn of 1958, when the five-year plan was replaced by a seven-year plan. In Romania, in May 1960, the Central Committee of PMR decided to elaborate a six-year plan.

An important part of Khrushchev's economic reforms addressed to the agriculture. At the end of 1958, he decided a gradual reorganization of the machine/tractor stations (MTS) by selling them to the collective farms. In Romania, where the collectivization of agriculture didn't finish yet, there were discussions about the establishment of some agriculture cooperatives with their own tractors.

Another step undertaken by Gheorghiu-Dej to consolidate his position was the establishment, in March 1961, of an office with powerful attributions: the President of State Council. He offered the office of Premier to one of his loyal followers, Chivu Stoica. Next month, in Romania it was announced the end of the agriculture's collectivization.

Another field that Khrushchev intended to reform consisted in the economic relations within Comecon. In June 1962 he put pressure on the other members to

accept a coordination of planning. Gheorghiu-Dej opposed to such an initiative because he believed that it could undermine Romania's economic autonomy.

In the autumn of 1962, Khrushchev announced perhaps his most controversial reform: the reorganization of the Soviet Union Communist Party in two branches: industrial and agricultural. Although there was no vocal opposition against this proposal when it was voted in the plenum of the Central Committee, the implementation of this reform was procrastinated by leaders of Soviet republics and oblasts. Gheorghiu-Dej decided to ignore such measures.

In April 1964, the Central Committee of PMR defied Khrushchev when he adopted a "Declaration regarding the problems of world communist movement". In this statement it was stipulated that Romania had the right to choose its own way to construct the socialism. Six months later, Khrushchev was forced to retire.

### **Ceaurescu's attitude to reforms from Soviet Union**

In March 1965, Gheorghiu-Dej died. In the office of First Secretary of PMR he was succeeded by Nicolae Ceaurescu. As Gheorghiu-Dej decided before his death, PMR changed its name in Romanian Communist Party (PCR), while the country's name became the Socialist Republic of Romania.

Meanwhile, Soviet Union was ruled by another triumvirate composed by Leonid Brezhnev, First Secretary of the CPSU, Alexei Kosygin, Chairman of the Ministers Council, and Nikolai Podgorny, the Chairman of the Presidium of the Supreme Soviet. In September 1965, Kosygin proposed a reform meant to improve the Soviet economy efficiency.

In Romania, in December 1967, at a Conference of PCR, Ceausescu also proposed a reform called “The New Economic and Financial Mechanism”. Like the Kosygin reform, the objective was to solve the problem of inefficiency and some measures were similar. In the next years, Kosygin implemented other reforms to the Soviet economy. In Romania, especially after the country was affected by external debt crisis, Ceausescu applied some radical measures meant to transform the industrial and agricultural systems.

Since 1985, in Soviet Union, the CPSU general secretary, Mikhail Gorbachev implemented a series of political and economic reforms known as Perestroika. The populations from many of Soviet Union’s satellites received with emotion those reforms and they applied pressure on their communist leaders to follow Gorbachev’s policies. Ceausescu perceived Perestroika as a threat and some Romanian newspapers expressed doubt about its results.

## **Conclusions**

The ways Romania reacted to the economic reforms from Soviet Union was influenced by the context from Kremlin and by personalities of the two Romanian communist leaders. Gheorghiu-Dej faced a very complex context, but he managed to surpass the difficulties. The autonomy he gained for Romania allowed Ceausescu to apply his own economic policies.

While other socialist countries introduced in the 1980s some elements of market economy, Romania reject any liberalization. This attitude influenced Romania’s transition to the market economy.