

# **Economic motivations for the communist regime from Romania to improve political relations with United States**

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## **Introduction**

The use of economic tools to fulfill the foreign policy's objectives is affected by some aspects specific to the countries involved:

- the complementarity between the economic systems;
- particularities of the political systems;
- formal and informal structures which could influence political decisions;
- the ideological orientation of Governments;
- the role of public opinion etc.

During the Cold War that followed World War II the two superpowers, United States and Soviet Union avoided a direct military confrontation. Instead, each of them tried to undermine the other's sphere of influence. In such efforts, the economic tools played a significant role.

## **Romania's political and economic relations with United States between 1945 and 1953**

From the second half of 1944, as Red Army arrived in Romanian territory, Soviet Union was able to prepare the establishment of a puppet regime. In March 1945, under pressure of Soviet representatives, King Michael I of Romania was forced to accept a government dominated, de facto, by communists.

In March 1947, President Truman announced to the US Congress a new doctrine which referred to strong actions to support countries threatened by communism. In June, US government offered a reconstruction plan (the Marshall Plan) for European countries affected by war. Soviet Union forced its satellites from Eastern Europe, to reject this plan. In December, King Michael I abdicated, and Romanian People's Republic was established.

Between 1945 and 1948, the brutal interventions of Soviet Union to create puppet regimes in Central and Eastern Europe aggravated the relations with US. In the next years, three major crises (Berlin Blockade, Chinese Communist Revolution and Korean War) occurred.

Soviet authorities forced their satellites to reduce the intensity of political and commercial relations with US and its allies.

The ruling political party, PMR (Partidul Muncitoresc Român - Romanian Workers' Party), was led by Gheorghe Gheorghiu-Dej, a skillful politician who was, however, unable until Stalin's death, to oppose to any demand from the Soviet Government. Meanwhile, in US it was adopted The Export Control Act 1949 which restricted commercial transactions with Soviet Union and its satellites.

In 1948 the conflict between Stalin and Tito was declared. Even though Yugoslavia was ruled by a communist party, Truman administration offered substantial economic aids.

### **Gheorghiu-Dej's effort to improve relationships with Western nations (1953 – 1965)**

At the beginning of 1953, Eisenhower replaced Truman as president of United States. In March, Stalin's death led to a struggle for power within Soviet Union's leadership. His successors adopted a more flexible position in relation with US, approving an armistice in the Korean War; in 1955, at Big Four (United States, Soviet Union, Great Britain, and France) Conference from Geneva, there were discussions about the ways to reduce the tensions between East and West. In 1956, Khrushchev announced a policy of peaceful coexistence with the West.

Between 1953 and 1956, important revolts (in East Germany in June 1953, in June 1956 in Poland and in October 1956 in Hungary)

threatened Soviet Union's domination in Eastern Europe. Faced with substantial domestic and external problems, Khrushchev had to ease control over Soviet Union's satellites. Western governments also encouraged any manifestation of autonomy from governments of Eastern European countries. In the late 1950s Poland's leader Władysław Gomułka was perceived in the West as implementing a "Polish way to socialism" and was rewarded, as in the case of Tito, with economic advantages.

The democrat administrations of John F. Kennedy and Lyndon Johnson were favorable to relax restrictions of foreign trade with countries from Eastern Europe. In Romania, Gheorghiu-Dej tried to benefit by the new circumstances. He was worried that process of de-Stalinization launched by Khrushchev could undermine its position, so he was careful to obtain popular support by promoting a policy of gradual gaining autonomy from Soviet Union. However, he acted with caution being careful not to cause Khrushchev's well known impulsive reactions. In 1958, he obtained from the Soviet leader the withdrawing of Red Army from Romanian territory.

In the late 1950s, despite Soviet Union's reticence, Gheorghiu-Dej launched an ambitious program of industrialization which implied the use of technologies not only from socialist countries but also from Western countries. In that period, Romanian acted to strengthen parliamentary and governmental relations with countries from the West.

At the beginning of 1960s the Western democracies observed with interest a relative improvement of the human rights situation and courageous statements of autonomy from Soviet Union. The economic ties with United States substantially increased.

### **Nicolae Ceaușescu as a favorite of Western democracies (1965 – 1985)**

In March 1965, after the death of Gheorghiu-Dej, Nicolae Ceaușescu succeeded him as leader of Romanian Workers' Party. He continued the policy of a substantial autonomy from Moscow, but with less caution comparing to his predecessor. In fact, there are opinions that Romanian diplomats were trying to offer to their Western partners an exaggerated image about country's independence from Soviet Union.

In January 1967, Romania established diplomatic relations with West Germany. Some months later, after Six-Day War, Bucharest didn't break diplomatic relations with Tel Aviv as Moscow had done. In August 1968, Ceaușescu didn't take part to Warsaw Pact's invasion of Czechoslovakia, and he even condemned it. On some occasions, Romanian diplomats offered support to American or Israeli officials in complex negotiations. Such attitudes were rewarded by Western Governments with economic advantages. However, the Soviet Union responded by limiting their deliveries of raw materials, especially oil.

In 1971, Bucharest was admitted to the General Agreement on Tariffs and Trade. Next year, Romania became member of the International Monetary Fund and of the World Bank. This position offered the opportunity to access major funds in favorable conditions. In 1975, Romania obtained the most favored nation clause from United States.

The important financial resources obtained from the West were used in risky projects of investment associated to a rapid industrialization. Unfortunately for Ceaușescu's plans, many of them didn't bring the rentability that was forecasted. The Oil Shock of 1978 – 79 brought substantial problems for Romanian economy. In 1979, dependent on the oil supplied by Soviet Union, Ceaușescu couldn't afford to condemn Moscow's invasion of Afghanistan as tough as he had done with the invasion of Czechoslovakia.

At beginning of the 1980s, the increase of interest rates for Romania's foreign debt provoked a shock to the national economy. According to a collaborator of Ceaușescu, the dictator, who didn't understand the rules of credit operations, accused the West of betraying him.

In the next years, he engaged Romania in an accelerated program of repaying debt that proved to be very painful for population. However, despite his economic difficulties, Ceaușescu defied, in 1984, the boycott organized by the Eastern Bloc against 1984 Summer Olympics in Los Angeles.

## Conclusions

Since 1985, Ceaușescu's relative independence from Moscow lost its utility for the Western countries in the circumstances of the new politics of *glasnost* and *perestroika* launched by Mikhail Gorbachev. In fact, the former favorite of the West was viewed as an impediment for the positive evolution of relation with Soviet Union as he openly expressed his doubts about Gorbachev's program. The situation of human rights from Romania, that in the past was somehow ignored, became an important aspect of West's political and commercial relations with Bucharest. Between 1985 and 1988, Reagan administration repeatedly warned Ceaușescu that Romania could lose the most favoured nation clause. In 1988, Bucharest voluntarily renounced to this privilege.

In April 1989, Ceaușescu announced the integral repayment of Romania's foreign debt. However, eight months later, his regime was overthrown.

Much of the success attributed to Ceaușescu in the foreign relations with US was, in fact, due to his predecessor. In a counterfactual history approach, it could be provocative to think what it would have happened if Gheorghiu-Dej had lived some years later and his cautionary policies were not replaced by impetuous and risky measures of Ceaușescu.