



ORIGINAL PAPER

The changing in the postwar economy trend and the economic reconstruction of Romania (1945 – 1965)

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Abstract:

The article reveals a significant aspect on addressing the contemporary history of Romania: the twenty years period after World War II. Romania, at the Peace Conference of Paris from 1947 was considered a non-belligerent country, and obliged to pay war reparations to USSR. Until 1958, Red Army had permanent garrisons in Romania.

In 1948, 1949, in Romania, it was started the process of nationalization, industrialization and collectivization of the agriculture. These were the bases for the post-war changes in the economy course, and the economic reconstruction in Romania.

There were major transformations, there were complex and violent social changes amongst the social classes. Romania succeeded to reduce the differences between its economical industrial course and the states from Western Europe. By 1964, after the declaration of sustaining the Chinese vision for the constructing of the socialism, the independence of Romania in the relation with USSR was accelerated.

Keywords: *post-war, economy, changes, Romania, reconstruction, 1945-1965 period.*

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The period 1945-1965 was, as a wholesome, the era when the most intense economic transformations from the contemporary history took place. Basically, the most important moment, in scale but also as dramatism, was the change addressing the ownership. The Romanian economy had been severely affected by the war. The Romanian leu was very weak compared to the dollar. It was a memory of the leu from 1938, when about 90 bani equated to a French franc, for example (Nacu, 2018: 57-64).

Romania was confronted with the famine of 1946, when Moldova was hit by drought and many people headed for Muntenia and Oltenia.

By the Paris Conference of 1947, Romania had to repay \$300 million in damages to the Soviet Union. In addition, the Soviets chose to install the SovRoms, the mixed units for the exploitation of the Romanian economic assets.

The next stage was the nationalization of the houses, the means of production, followed by the monetary denomination and the collectivization. The last action lasted until 1962.

The abolition of the SovRoms was made until 1954. The Soviets maintained their right to have troops linked to Austria in 1947 for 90 days, but, in reality, the troops withdrew in 1958.

The Soviets had economic, military, political advisors (who were obviously the NKVD people) through which they tried to reorganize the Romanian economy according to the Soviet model: cooperative agriculture, construction industry, and petrochemical industry.

In the present study, there is attempted a presentation of the general elements, to which some statistics and some references to the work of some established historians in the field of analysis of industrialization and collectivization of agriculture were added. We chose to make references to contemporary testimonies as well.

It is about the elements of political decision-making applied in everything that meant the economic and social life of Romania. The industry and the agriculture were approaches that Romania wanted to use to catch up with the contemporary states of both Eastern and Western Europe.

There cannot be neglected some aspects of technological progress and living conditions, especially after 1958. Large and new neighbourhoods appeared, especially in the cities that had been bombed by the Americans and the Nazis in 1943-1944, such as Bucharest (Grivița area, completely rebuilt near the North Railway Station and Basarab Railway Station), Turnu Severin (the Port area, the Railway Station, the Shipyard), Ploiești (the area of the oil refineries).

Therefore, there could be distinguished three periods on addressing the industrialization of Romania, a transitory one, in which the private property resisted, between 1945 and 1948, the period 1948-1958 with the existence of SovRoms, and the period 1958-1964, when it began the distancing from the Soviets and the search for a new development path meant to bring the Romanian industry closer to the West, which was considered to be the capitalist one.

The period 1945-1948 was influenced by a terrible famine in Moldova, caused by two very dry years, but also by the fact that Romania had to provide a part of the harvest for the Soviet occupation, as war reparations.

Law 119 of June 11, 1948 concerned the nationalization of industrial, banking, insurance, mining and transport enterprises. There were nationalized “the riches of any kind of the subsoil, the mining deposits, the forests, the waters, the sources of natural

energy, the communication ways, the railways, the roads, by water and air, the post office, the telegraph, the telephone and the radio” (Borzan, 2010: 8).

The nationalization took place after the moment when, between October 15th and 24th, 1947, a kind of centralizing report was done in detail, with everything that meant industrial activity in Romania.

The nationalization process consisted in the “etatization” of 1060 industrial, banking and insurance enterprises. The enterprises consisted of 28 annexes, from the big companies downwards.

Decree 84 of March 2nd, 1949 was starting the collectivization of the Romanian agriculture, starting from the expropriation without compensation of the properties exceeding 50 hectares. In the period from 1949 to 1962, the agriculture was organized into cooperatives and farms. At the end of 1949, there were already 56 G.A.C. units (collective agricultural organizations), which gathered a total of 4,085 peasant households, on a total area of 14,692 ha (Borza, 2010: 11).

As of April 1962, 96% of the country's arable land and 93.4% of the farming area, on which 3,201,000 families worked, was already state-owned.

The creators of Romania's socialist industrialization plan started from the premise that the real industrialization had to ensure the development of a sensitive sector, somehow deficient in the interwar Romania, that of the heavy industry. Within it, a major role was played by the mechanical engineering and machinery manufacturing industry, followed by the petroleum and chemical industry.

The defining and the promoting of the leading role, held by the socialist state, was not at all a purely theoretical problem, but had profound practical significance. The socialist state used economic laws to set development priorities. Everything had to take place through the complex activity of planned management of the national economy, the realization of the state plan using the main national references, the finding of the balance between the development of the industrial branches, the actions of storage, distribution and consumption. Basically, the state was a coordinator, a regulator, an administrator of everything that could represent something for the Romanian economy.

Thus, everything that involved a political decision could only be taken during the party meetings, whether it was about the executive leadership, the plenary sessions or the congresses. Thereafter, it occurred the popularization of the decisions made at the level of all party organizations, going as far as the basic ones.

The socialist economic manner of thinking had a political component, in the sense that there was no initiative outside the doctrinal framework of the party. There was something else that distinguished the capitalist thinking from the socialist one. The socialist thinking emphasized massively that work was an act of patriotism and responsibility towards the party, the people and the country, which also implied volunteering, as it happened in Bumbesti-Livezeni.

Romania's transition to the centralized and planned state economy, with a private property reduced to the minimum, began with the agrarian reform, decreed on March 23, 1945, so 17 days after the instauration of Petru Groza Government. This reform was legislated by Decree Law no. 187 of March 20th, 1945. Over 400,000 families of landless peasants were appropriated, in order to attract the peasants to the communist cause, because, in 1949, the cooperativization of agriculture would be started. The land, the agricultural inventory was to be immediately transferred to the state property. The spring of 1948 was known to expropriate 155,823 properties, larger

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than 50 hectares, the total expropriated area being 1,468,945 hectares of farming land (Borza, 2010: 9-10).

The regime in Bucharest knew how to use the effects of drought to show that the state, if owning the means of production, could manage the productive forces better, and avoid the vicissitudes of nature. It ought to be mentioned that the terms of productive forces and means of production formed the basis of the Marxist-Leninist conception on history and economy.

The period 1949-1958, also called the “haunting decade”, was marked by actions such as monetary stabilization and nationalization, in parallel with the beginning of the collectivization of agriculture.

There was another action that eventually came to be criticized even by the communist power itself, the monetary stabilization of 1952, when it was tried to strike at the interests of those who had large sums of money in the cash registers of their residences. However, the fall in the money supply and the tiny change of the capital possessed by the rich did not have the effect of creating a stronger currency because it was not supported by economic power. A currency in a free market is strong and stable if the economy of that state has exports. Nonetheless, the socialist Romania had to deliver everything to the USSR.

Nicolae Magherescu, former secretary of the Minister of Finance Mihai Romniceanu, employed at the National Bank of Romania in 1952, declared: *“The monetary reform was made in February 1952, I was at the bank. But it was not that successful; then they tried to take the money from the agricultural producers who were not yet in the collectives and had made a lot of money, and the government did not know what to do with that money, how to get their hands on it and then they made a second correction, or a second monetary reform and they did it at the parity of 1/20 and up to some limit amounts, so, all the money that was extra, you could very well put it in the fireplace, that it had no value whatsoever”*.

Mihai Romniceanu offered a detailed explanation of the differences between the competitive system, specific to the market economy, and the centralized system, specific to the state economy. The state controlled all economic levers, so it decided the minimum and maximum price of products, the exchange rate etc:

“However, through this, the Communist Party came out much stronger, because the money supply that was extra on the market was withdrawn and money was given, less new money, and then there was a correlation between wages and prices, that we were taking a loaf of bread with 40 or 50 bani. That was luck, you see, the centralized system also has a good side, because the state is able to control absolutely all the economic and financial phenomena and the effects in the country. And then, they agreed as the state wanted, the prices with the wages that were given, and so they continued, and the wages were only increased in the five-year rounds.” (historica-www.rra.ro).

On the industrial level, the Bucharest regime has set itself great objectives: the construction of petrochemical plants, hydrotechnical dams, the realization of Bumbești-Livezeni railway communication system, started since the interwar period. We leave behind the Danube-Black Sea Canal because this channel did not have, from the beginning, the best route, or the best management. It was designed to destroy the "enemies of the people", being a construction site for political prisoners. Precisely because it was not working with skilled labourers, but with persecuted inmates, because the technology was lacking, the project was abandoned and the failure was blamed on the sabotage of the enemies of the people. In 1974, Nicolae Ceaușescu would resume the

project by keeping only the excavated segment on the Karasul Valley, completely changing the technology, the route and the labour force, appealing to volunteers, military men, builders and subsequently to detainees as well.

The Communists also needed factories for tractors, farming machinery and trucks, train cars and locomotives taking over the existing infrastructure and wanting a development of these areas.

As relations between working-class men and women were encouraged, the wives had to work, so an active concern was to build factories of textiles, light industry, food.

Attention was also paid to wood processing, insisting on mining, oil drilling, shipyards, locomotive construction, in 1949 being founded Electroputere Craiova.

The truck factories emerged in Braşov, and the off-road car factories appeared in Câmpulung Muscel.

Each port city had a scaffolding port, and the most important ones had shipyards that repaired or produced ships.

In the third analysed stage, 1959-1965, Romania was again approaching the neighbour from the South-West Yugoslavia, after Tito was no longer the tool of capitalism and the enemy of the communist order.

Romania and Yugoslavia decided to build the modern hydrotechnical and navigation system at the Iron Gates, in order to align the circulation on the Danube to the standards of modernity and to be able to have a surplus of electricity.

There was a logical approach in the industrial development of Romania. For example, when the decision was made to build a large plant, a factory, when the decision was made to open a mining operation, it was begun with the construction of the future locality next to these objectives or with its modernization. There were blocks of flats, canteens, children's education institutions. It was mandatory to ensure the railway connection with the new industrial entity.

This is how the big dormitory-neighbourhoods appeared on the outskirts of the big cities, or the colony-towns. In the socialist logic, there was something else, namely that heating, utilities had to be provided by the main plant in the locality. Basically, that was when a dependency system was designed and would cause, in the case of hypothetical closure of a factory, the abandonment of a colony locality, for example, or the restriction of housing in the major cities and neighbourhoods.

There were situations when in a colony, the ore that had caused the beginning of exploitation to be more than prospecting and the colony to become a city, and afterwards, to benefit of industrial reorientation.

Another characteristic of the communist regime was that the factories, taken over at nationalization, were reorganized and developed according to the economic priorities of the system planned by the state.

Another characteristic of the mentioned stages, was that of the planning period. Since 1949, the annual plans had been introduced, and since 1951, the five-year plans had been implemented, according to the Soviet model, the first being the five-year period 1951-1955. Between 1960 and 1965, an attempt was made for a more extensive six-year plan. These multiannual plans had to be somehow fulfilled, if possible, at least half a year before (Anghelache, 2018: 62).

In 1949, the USSR set up the Comecon, the Council for Mutual Economic Assistance, through which it wanted to create an internal market of the socialist states, establishing mandatory export quotas and aid quotas for each member state. Some

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equivalences were also established between imports and exports, in the sense that a state could import what it needed by paying for exports from its surplus goods.

In an analysis of “Transilvania reporter”, it is shown that: *“In the period 1950-1989, the total industrial production of Romania increased 44 times, at an average annual pace of 10.2%. The pace was higher until 1980, after which it dropped to 3.3% a year between 1981 and 1989, and 2.6% a year between 1986 and 1989. As a result of these investments, the production of the main industrial products per capita has increased”*.

The cited economic analysis shows the fact that the electricity production share has increased significantly, the coal extraction share has increased. The production of shoes, meat, refrigerators, automobiles also increased in significant proportions in relation to the existing population.

The analysis also shows that steel production has surpassed similar production in the US, Sweden and France. In the case of the USA and France, the Romanian production share was double and in the case of Sweden, the Romanian production exceeded it by almost 20%:

“For example, the electricity production increased from 130 to 3276 kWh, coal extracted from 239 to 2871 kg, footwear from 1 to 5 pairs, meat from 9 to 30 kg, refrigerators from 1 (in 1960) to 20 pieces/1000 inhabitants, cars from 1 (in 1960) to 62 pieces/10000 inhabitants, etc. It is often mentioned the particular increase in steel production, which, in 1988 reaches 621 kg per inhabitant, exceeding the production from countries as the USA of 363 kg, Sweden of 577 kg and France of 319 kg.” (<https://transilvaniareporter.ro/opinii/industrializarea-comunista-si-dezindustrializarea-capitalista/>, accessed on May 12 2022).

In a recent article, Petre Opreș observed, referring to consumer goods in the period 1952-1954. The historian presents the beginning of the production of radios, washing machines, kitchen stoves, bicycles: *“After the enlarged plenary session of the C.C. of the P.M.R.-Romanian Work Party (August 19-20, 1953), the authorities in Bucharest imposed a plan of measures for the development of the consumer goods industry. Based on this, in 1954, two bicycle models and an accordion (“Timiș”) began to be manufactured in Romania, and at the “Electromagnetica” plant in Bucharest, a new radio was launched into series production (E.M. 541)”*.

Historian Petre Opreș emphasizes the fact that the regime wanted the radios, through which the regime's propaganda and vision could enter every home, within the official broadcast programs, the only ones that could be listened to (the devices had frequencies that did not allow listening to stations from the capitalist world, understood) to reach the homes of an increasing number of Romanians. In order to make essential household activities such as cooking, preserving food and washing clothes take less time so as not to reduce the time spent at work, the regime aimed for more and more homes to have cookers, refrigerators, washing machines. They consumed electricity and solid fuel, which ensured that the costs of the energy produced were covered by the citizens' money:

“At the same time, at the “Radio Popular” factory in Bucharest, the first 100 pieces of the “Bucharest S. 543 U” model (designed by engineer Gheorghe Terza with three lamps and two wavelengths) were made in August 1954, and at the I.S.A.R. enterprise in Ploiești, there were produced, for the first time, kitchen stoves (1200 items until August 23, 1954), ice coolers for home use (410 pieces), metal coppers for

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washing the laundry (14,500 items) and water cranes, type I.S.A.R. 70 (230 pieces), necessary in the Romanian households”.

At that time, bicycles were an easy and economical way to travel to work or for various activities. Romanian designers managed in record time to design bicycles of Romanian design obviously inspired by the technologies of the socialist bloc states:

„The first bicycle model was designed in Bucharest, in 13 days, by engineers Constantin (or Ion) Xenachis and Gheorghe Ghemuşliu, together with the designers Vergu, Lucia Petrescu and Gheorghe Nicolae, under the coordination of engineer Nestor. The model was given the name "Pioneer" and 500 pieces were prepared for sale in March and April 1954. Gheorghe Ghemuşliu said, at that time, that the first prototype (called "B. 28") combined the technical solutions applied to three bicycle models: "Stadion" (Czechoslovak), "MIFA" (manufactured in R.D.G., at VEB Mifa-Werk from Sangerhausen) and "Harkov" (Soviet)" (<https://www.contributors.ro/coexistentapasnica-si-industria-bunurilor-de-larg-consum-din-romania-1952-1954/>, accessed on May 13 2022).

Moreover, in the years of 1958-1960, in Romania, the local production of trolleybuses began, model “Tudor Vladimirescu- TV 2 E”.

A particularly important aspect is the defence industry. The historian Petre Opriş presents in detail the essential elements of the production from this period. It ought to be noted that Romania was looking, at that time intensively as well, to reduce its dependence on the import of military products from the states of the communist bloc even if the technology was mostly of Soviet conception: *“the Romanian military production diversified and, at the beginning of the '60s, it was resorted to the manufacture of S.K.S. carbines, calibre 7.62 mm, anti-tank RPG-2 grenade launchers, calibre 40 mm (with the afferent ammunition, of combat and exercise), LPO-503, light flamethrowers, ZU2 anti-aircraft machine guns, calibre 14.5 mm (with the ammunition), spare parts for infantry weapons, UMIV-1 mine detectors, gas-protecting masks (models 1952 and 1958)...”.*

The Romanian defense industry had to keep pace with regard to chemical weapons, ammunition for small-caliber weapons and large-caliber strategic weapons, high-performance military means of transport, adapted to different types of terrain and different situations, broadcast-reception stations:

”special chemicals, antichemical protection materials made on the basis of oppanol, ammunition for A.A. guns, calibre 57 mm and 100 mm, ammunition for the cannons on tanks and self-propelled artillery (calibre 85 mm and 100 mm), trucks with two differentials (type SR-132 and SR-114), machinery workshops, radio stations of low and medium power (transistorized, type R-105, R-116 and R-311)”.

A specific increased level of attention has been paid to chemical decontamination as an action both from the point of view of material endowment and from the point of view of specialized training:

„Furthermore, the individual antichemical decontamination package model 1958 (which became known as P.D.I., model 1960) was modernized, and antichemical training kits and luminescent paints were made”.

Since 1949, a complex plan for the capitalization and development of the country's hydropower resources was conceived and launched. Dorin Pavel and Cristea Mateescu, the founders of the Romanian school of hydrotechnics, were appointed to elaborate this comprehensive plan.

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In fact, it was an important feature of the communist regime. Those scientists who could not be accused of being members of historical parties, or of having links to the Legionnaire or Antonescu-Legionnaire governments, or were not of an "inappropriate" origin, were able to work in research teams on large industrial development projects. Sometimes, after the release of political prisoners in 1963-1964, some scientists, having stayed for a while under observation with forced domicile, received approval to work in the design research. Almost all the major factories had centres if not even design institutes within them, the collectives having to find solutions to optimize consumption and increase production to many machine tools, some imported, others planned, as a result of the economic espionage actions.

The hydropower development of the watercourses with great potential had led to the construction of a significant number of dams. The water accumulations made through the retention constructions had to ensure the hydrodynamic force, useful for the production of electricity, but also as water supply for the urban localities and the industrial infrastructures, irrigation, flood control, etc.

In Romania, there are 246 dams nowadays, with a height of at least 10 m. In 1953, Gozna dam on Bârzava River, in Caraş Severin, made of rocks with upstream steel enforcement, with an addition of 8–10 mm thick copper, was put into use with a height of 47 m, ensuring the storage of a volume of 11.5 million cubic meters.

The trial by fire followed, which was the construction of Izvorul Muntelui dam, from Bicaz. The dam, put into use in 1961, was made of concrete, with a height of 127 m, totalling an accumulation of 1,230 million cubic meters of water.

Bicaz dam, which is in the top 10 European hydrotechnical developments, was built according to the plans developed by the Institute of Energy Studies and Design (ISPE). The project manager was Alexandru Diacon, helped by: Alexandru Constantinescu, Constantin Constantinescu, Mihai Constantinescu, Dan Dragomir and Mircea Vasiliu. Professor Ion Băncilă supervised the geotechnical situation (Spinei, 2019: 491).

The period 1961–1963 displayed the construction of Vidraru dams, on Argeş River (number 20 in the world, having 930,000 m³ of concrete, of which 400,000 m³ underground and 6300 tons of electromechanical equipment), and the beginning of the works on the hydropower and navigation system Iron Gates I, on the Danube, the Romanian-Yugoslav project, which remained has emblematic (www.irongates.ro).

The Iron Gates I hydropower plant is the largest hydropower plant on the Danube River. It has an installed capacity of 1080 MW. Downstream, there is also the Iron Gates II hydropower plant, with an installed capacity of 250 MW. Both hydropower plants are operated in partnership with the Serbian side. The Romanian and Serbian power plants at Iron Gates I cumulate 2160 MW, while those at Iron Gates II cumulate 500 MW. The maximum capacity of the turbines is 8700 m³/s. Iron Gates I power plant is located 15 km upstream of Drobeta Turnu-Severin. Iron Gates II power plant, 60 km downstream, was erected between September 7, 1964 and May 16, 1972.

The navigation on the Danube is ensured by locks made on both banks for the both objective points, together having a traffic capacity of 52.4 million tons / year for locking in one direction and 37.2 million tons / year for locking in both directions.

The Iron Gates I system is one of the largest hydrotechnical constructions in Europe and the largest on the Danube River. Its reservoir has a volume of over 2200 million cubic meters. The lake mainly includes the Danube Gorge area, the largest gorge in Europe, between Baziaş and Orşova. The Iron Gates area is characterized by a rich

archaeological, historical and touristic potential. In order to protect its special natural habitat, the Danube gorge region was included in the Iron Gates Natural Park. The original turbines of the hydropower plant were built by LMZ Leningrad, but later their construction was licensed by UCM Reșița.

In conclusion, the analysed period was marked, on the one hand, by the need for Romania to pay the war reparations. Thus, the existence of the SovRoms, until 1954, determined Romania to send a part of its production and resources to the USSR.

Nonetheless, Romania managed to find a way for the industry and the agriculture to circumscribe the socialist vision, with strong Stalinist accents, at least until 1954-1955, the nationalization and collectivization of agriculture. If the nationalization advanced rapidly, until 1949, the collectivization lasted until 1962, with the risk, at some point, of being abandoned. However, the strong political leader of the period, Gheorghe Gheorghiu Dej, managed to blame Ana Pauker, Vasile Luca, Teohari Georgescu for the excesses of collectivization, and he remained the only leader of the communist power structure until his death, in 1965.

In April 1964, the declaration of independence of the Romanian Communists, who declared to have agreed with the solutions of the socialist construction path elaborated by the Chinese, meant a major criticism of the Valev Plan. The Valev plan aimed to include Romania in an agricultural complex alongside Bulgaria.

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