

COOPERATION AND INTERNATIONAL RELATIONS IN THE ECONOMIC, LEGAL AND CULTURAL FIELD

ASPECTS CONCERNING FOREIGN ECONOMIC RELATIONS OF ROMANIA IN THE YEARS 1965-1989

Mihaela BĂRBIERU*

Abstract: In this study, the author tries to capture aspects of international economic relations that Romania has developed with members of the Council for Mutual Economic Assistance (CAER), with Western countries, but also with “developing countries” in the period 1965-1989. In order to develop a functioning economy and transform our country into a regional political force and, why not, into one of the world powers, in the period under discussion a series of economic activities have been taken which, unfortunately, were extremely harsh for Romanian population and unsustainable on a long term. Without taking into account domestic economic realities, in which development was based solely on excessive industrialization and five year plans with very high costs, and without any correlation between domestic political factors and external political factors, the communist leader Ceaușescu has taken economic measures designed to destabilize certain sectors on the one hand, and throw out the balance of international economic relations, on the other hand.

Keywords: economic relations, Western countries, CAER, developing countries, communist period.

During the Ceaușescu regime, a constant concern of the communist leader was to build a functioning economy for Romania, ignoring the internal social realities and external policy changes. Aiming to become a global leader through transforming the country into a political and economic force, Ceaușescu forced Romania's participation in economic relations with other countries. The activity of economic cooperation with developed countries and developing countries was enhanced artificially, to the detriment of the Romanian state and of people for which living conditions have become particularly heavy. Proof of this fact are the statistics of that time which are showing that in 1965 Romania had economic relations with 64 countries, in 1975 with 120 states, in 1984 with 150 countries and foreign trade increased between 1965 and 1984 over 8 times¹. On February 7,

* 3rd Degree Scientific Researcher, PhD, “C.S. Nicolăescu-Plopșor” Institute for Research in Social Studies and Humanities of the Romanian Academy, Craiova / Assist. prof. PhD, Faculty of Law and Social Sciences, University of Craiova, Political Sciences Specialization; Email: miha_barbieru@yahoo.com

¹ *Anuarul Statistic al Republicii Socialiste România. 1984.* Direcția Centrală de Statistică, Bucharest, 1985, p. 259.

1985, in his speech at the Third Congress of the Front of Democracy and Socialist Unity, Ceaușescu called for intensifying international economic exchanges and cooperation in production, considering them an important factor for the entire economic activity of Romania:

“Acting firmly to the strong development of the productive forces and of the national economy we will have to intensify international economic exchanges and cooperation in production – as a factor of particular importance to the entire economic activity of our country”².

During the period 1965-1989, without taking into account the correlation of domestic political factors with the external ones in the development of the economic relations, our country advanced the premise of active participation in international level, trying to strengthen its cooperation with other countries in various fields and economic segments. The development of the national economy was based on massive industrialization and export of industrial products, on the creation of new sub-branches of industry in various fields, such as machine building industry. Also, it was artificially accelerated the development of chemical industry, especially of fertilizers production, at a time when countries like Canada, France, USA gave it up. Consumer goods industry has been an important part of exports, fact which deteriorated the living standards of people because of the lack of these products on internal market.

Industrialization was made without taking into account other factors. One of these factors was environmental pollution that reached very high odds during the communist regime. Most projects were conducted with people forced to perform community work, the so-called volunteers who were, usually, military personnel, teachers, pupils or students. Another factor which was not taken into account was the relocation of people from rural areas to urban areas, usually around major centers of industry. Thus, entire villages or parts of villages have been destroyed, in their place being built industrial parks and large areas for agriculture. Obsessed with the payment of Romania's external debt accumulated during the period when he developed large projects (eg Danube-Black Sea Canal), Ceaușescu instituted a system of austerity by reducing imports, increasing exports to the detriment of people, through rationing basic food and electricity or by intimidating the population by “Securitate” service. In support of those assertions, we restore the statement of the historian Dan Falcan, which claims that such aberrations were not found in other states within the sphere of influence of the Soviet Union such as Poland, the Czech Republic or Hungary:

“These aberrations were related to the severe privations introduced after 1981, when Ceaușescu decided that population had to tighten their belts so that Romania could pay foreign

² Apud Iulian Dănescu, *Dinamica relațiilor economice internaționale ale României în perioada făturii societății socialiste multilateral dezvoltate*, in “Anale de istorie”, year XXXII, no. 3, 1986, p. 104.

debt, which amounted to 13 billion dollars. In order to reduce electricity consumption, the television program was reduced, although this was a ridiculous measure since the domestic electricity consumption was only 5% of national consumption. In this context also emerged the rationing of gasoline and food by introducing food cards. It was introduced the reform of Iulian Mincu according to which meat was not a healthy food and therefore food stores were filled with ocean fish and Vietnamese shrimp bought by nobody”³.

In 1989 the Communist leader announced his compatriots that Romania did not have any external debt⁴. Tough measures taken by the leadership of the state to pay foreign debts deteriorated also the exchanges with the USA, which steadily decreased, culminating in the renunciation of the clause of Most Favoured Nation. The rupture between Romania and US affected profoundly the relations of our country with other western states⁵.

Even during the Ninth Congress, the new leader, Nicolae Ceaușescu, promoted ideas of collaboration and development of foreign relations with all countries, regardless of the political regime, but primarily with those of the Council for Mutual Economic Assistance (CAER). Between the years 1968-1972, the relations of cooperation and mutual assistance with the Union of Soviet Socialist Republics were renewed on June 7, 1970, with Bulgaria on 19 November 1970, with Czechoslovakia on 16 August 1968, with Poland on 12 November 1970, with Hungary on 24 February 1972 and treaties of cooperation with the German Democratic Republic were concluded on 12 May 1971 and with the People’s Republic of Korea in May 1976⁶. The aim of these treaties took were both the development of political relations and the development of economic relations, which have involved the intensification and increment of commercial trade with over 2.2% in the seventh decade and with over 3.6% in the eight decade of the twentieth century. Among the countries of the socialist camp, the USSR share in the commerce of communist Romania was 17.3% in 1983, and the commercial relations with China recorded an increase in trade volume by almost 12 times from 1965 to 1983⁷.

China has been an important economic partner for Romania during the communist period. For the Chinese state, our country represented the link with the Western world, therefore the two states were developing diplomatic, political and economic relations. Although adopted an attitude of neutrality towards the conflict between the USSR and China, Romania was closer to the last supporting each other

³ Petre Bădică, *Marile aberații ale perioadei comuniste*, in “România Liberă”, on-line paper available at <http://www.romanalibera.ro/special/documentare/marile-aberatii-ale-perioadei-comuniste-361889>, accessed at: 10 May 2015.

⁴ See, in this matter, http://www.stiri-economice.ro/Despre_Romania_in_perioada1965-1989_Ceausescu.html, accessed at: 6 May 2015.

⁵ Academia Română, *Istoria românilor*, vol. X, Bucharest, Encyclopedic Publishing, p. 714 (it will be further cited *Istoria românilor...*).

⁶ Iulian Dănescu, *op. cit.*, pp. 105-106.

⁷ *Ibidem*, p. 106.

internationally in economic exchanges, in trade and cooperation relations. In 1978, economic exchanges between the two countries were \$ 3.6 billion, Romania exporting goods worth 1.7 billion dollars and importing products worth 1.8 billion dollars. After 1978, China succeeded to enter on a path of economic growth that transformed it into a country well placed in the world hierarchy of the industrialized states of the moment. Romania has not seen the same increase, which will cause a decrease in the intensity of relations between the two, including of economic exchanges⁸.

In the process of economic growth in the communist era, the creation of the Council for Mutual Economic Assistance (CAER) was an important moment. Economic and scientific-technical relations between Member States have emphasized, Romania advocating within the organization for expanding and improving relations both between communist countries and with developing countries. The CAER activity has diversified in many fields, from industry, agriculture, science and technology in areas such as financial and credit relations, international transport etc.

In the sixties, despite the Sino-Soviet dispute⁹ based on relations of socialist states, Romania will be able to take positions against emerging divisions in the Council for Mutual Economic Assistance¹⁰, the body inside which Moscow launched the idea of production's specialization as the most viable solution for the socialist camp in the economic field. According to this theory, the industrialized countries would have continued the process of industrialization (German Democratic Republic, Czechoslovakia), while the less developed countries in this segment should have abandoned heavy industry in favor of agriculture (Romania and Bulgaria)¹¹. Romanian specialists in the economy considered the Soviet proposal to rebuild the CAER was not suitable¹². In their statements, they discussed three dimensions, of which the political one was legitimized even by the forced industrialization through the agency of which the peasants, mobilized as labor force, enjoyed better living conditions and economic policy reconfiguration could cause people's effervescence with new politicians who needed to be combated, as has been observed during the entire communist regime; the second dimension revealed that a radical reorientation could have negative effects, the worst could have been undermining Romania's chances to build a functioning economy given that our country brought to Moscow, which was sheltered by CAER, reproaches of

⁸ Corneliu Russu, Marius Buleagă, *Chinese Economic Reform and the Romanian-Chinese Economic Relations*, Bucharest, Romanian Academy Publishing House, 2009, pp. 49-50.

⁹ Jean François Soulet, *Istoria comparată a statelor comuniste*, Iași, Polirom Publishing, 1998, passim.

¹⁰ *Ibidem*.

¹¹ Emanuel Copilaș, *Politica externă a României comuniste: autonomia unei insolite autonomii*, in "Sfera Politicii", no. 152, 2010, p. 80.

¹² For further details, see Cezar Avram, Roxana Radu, *Regimuri politice comparate. Fascism, Nazism, Stalinism*, Craiova, Aius Publishing, 2008, pp. 235-236.

ideological nature, consistently motivated. USSR will yield to Romania's pressures and will give up his megalomaniac desires of over-planning the economies of the CAER member states. The third dimension and, as we believe, the most important one, was the ability of our country to benefit from the conflict between the two sides, Russia and China, managing to move away from the Soviet economic tutelage in order to rebuild its economy focused on economic exchanges with communist states¹³. In July 1971 in Bucharest, Romania's actions taken with the aim of opposing to supranational planning led to the adoption, in the framework of the XXVth session of CAER, of the *Complex programme for deepening cooperation and developing socialist economic integration of the Member States*. Within the project there were adopted programs that established the parameters of the organization's activity until 1990 and it was launched the concept of socialist economic integration¹⁴.

Low quality of Romanian products affected Romanian exports and the balance was tilted towards imports, which in 1975 were worth 40.6 billion lei in comparison to 37 billion lei, the value of exports. This increased the dependence on imports of electricity compared to the CAER member states¹⁵. In the period 1971-1980, CAER States have reported difficulties in the supply of fuels, energy, raw materials and the need to tackle this problem led Romania to propose long-term development programs, forms of mutually advantageous cooperation and finding common interests. However, in order not to record weak balance, as happened in 1978, they found "saving" solutions, among these the most important are reducing electricity consumption below the minimum required, fuel rationing and rising oil prices. Thanks to these measures, which affected the population and lowered their standard of living, inside CAER there were recorded successes of the communist leadership and a high level of economic development of Member States¹⁶.

In the period 1965-1983, trades between Romania and its partner states from CAER increased 6.2 times, recording a level of 133,208 lei in 1983¹⁷. During the same period, the volume of Romanian exports to the partner countries has grown about 6 times, and annual exports of machinery and transport means about 10 times. The total share of these products in Romanian exports rose from 16% in 1960 to 44.2% in 1983¹⁸. Also, the exports increased in other areas, as in that of electrical machinery, machinery for drilling and geological explorations, and of cutting machines or tools; measuring equipment and instruments, communications equipment, laboratory equipment for scientific research etc. began to be exported¹⁹.

¹³ Emanuel Copilaş, *op. cit.*, pp. 80-82.

¹⁴ *Istoria românilor...*, p. 707.

¹⁵ Especially USSR and Bulgaria.

¹⁶ *Istoria românilor ...* pp. 707-708.

¹⁷ *Anuarul Statistic al Republicii Socialiste România. 1984...*, pp. 264-270.

¹⁸ *Conjunctura economiei mondiale*, Bucharest, 1985, p. 135.

¹⁹ *Ibidem*.

Also in view of our country an important role in economic growth was the development of cooperation relations in production. Thus, until 1984 Romania was party to over 200 multilateral agreements concluded with states interested in building in partnership a series of targets in chemistry or in car manufacturing industry on the territories of the partner countries, production being intended for mutual interchange. Examples are building a factory of heavy machine in Giurgiu-Ruse thanks to Bulgarian-Romanian efforts, building a nickel and cobalt plant in Cuba or the construction in the USSR, in the frame of the Russian-Romanian collaboration, of a number of industrial targets. Thus, Romania has registered an increased export of specialized products in the field of car building from 41 million rubles in 1973 to 658 million rubles in 1982, and the percentage of Romanian cars deliveries to the CAER Member States has increased from 8% to 47%²⁰.

As there was no direct conditional link between international politics and economic relations within the CAER, this has led Romania to find its way toward the western states, although the image of its leader was continuously declining²¹. With the help of Western technology and partnerships signed with Western states, machinery and equipment industry in Romania has developed into the largest industrial sector of the country, serving the domestic market in proportion of 90%; thus, our country has ranked 10th in the world in the production of machine tools, 3rd in the export of oil installations and in first place in the export of railway wagons²². It should be also mentioned the efforts in the naval field, Romania being among the few countries building offshore drilling. In the late 70s there were only 10 countries producers of marine drilling rigs and the shipyard in Galați used only local products. Although Romania has made huge investments in this area, has experienced a decline in domestic oil production. Exports to West continued even in these conditions because there was a need of currency, leading to the situation in 1988, when domestic oil production fell to 9.5 million tons and refining capacity to 30-33 million tonnes²³. Thus, if until 1975, Romania was an oil exporter, due to large oil processing capacity in Romanian refineries, starting with this year, imports exceeded domestic production of oil, reaching over 30 million tonnes in 1988-1989²⁴.

One of the major Western economic partners for Romania during the communist period was France, considered the “big sister” of the West. The authorities of that moment have considered it necessary that Romania needed foreign licensed production, so production of a car under foreign license was

²⁰ Iulian Dănescu, *op. cit.*, p. 110.

²¹ *Istoria românilor ...*, pp. 708-709.

²² See http://www.stiri-economice.ro/Industria_de_masini_utilaje_Romaniei_1965-1989.html, accessed at: 5 May 2015.

²³ See http://www.stiri-economice.ro/Despre_industria_extractiva_Romania_1965-1989.html, accessed at: 7 May 2015.

²⁴ See http://www.stiri-economice.ro/Resursele_Romaniei_in_perioada_1965-1989.html, accessed at: 6 May 2015.

started in the sixties. Thus, in 1968 it signed a license agreement between the Romanian state, on the one hand, and Renault, on the other hand, for the commencement of manufacturing Dacia model car. Small and large capacity helicopters have been also produced under French license in Braşov, IAR-316 B “Alouette III” (with small capacity) și IAR 330 “Puma” (with large capacity of nine people). Between 1971 and 1976 from the total of 80 helicopters produced, 28 were exported to France and the rest were destined for the Ministry of Defense and Civil Aviation. In the eight decade the production of helicopters continued. Some of these were used by NATO, Romania becoming the only state in the area of the Warsaw Pact which managed to sell military equipment to the North Atlantic Treaty Organization. Exports were also directed towards countries in South America and Africa at very competitive prices for the Romanians²⁵. The collaboration between the two countries was directed to other areas: nuclear (power turbines for nuclear plants, with the company Alsthom Atlantique), electrical (electronic telephone plants, transmitters, color TV receivers with CIT Alcatel and Thompson), mining and quarrying industry, electricity, construction and construction materials, light industry, agriculture, animal husbandry, science, medicine, tourism etc.²⁶.

However, France has not been the main economic partner of Romania, from the contemporary documents resulting that France was ranked on 8th place in the total commercial trade of Romania and on 3rd place in Romanian trade with the developed capitalist countries, after countries such as the Federal Republic of Germany and the United States of America²⁷. In the eighties, bilateral economic exchanges between the two countries faced difficulties because France, which in 1987 exported 3.6 billion francs in Romania and imported only 0.8 billion was surpassed by Italy in the preferences of our country and had a considerably economic trade deficit²⁸. In these circumstances, to which we add only weak domestic politics and dissent faction, our country recorded a severe negative image so France declined its support at European level and no longer supported Romania in its efforts.

As already mentioned, an important sector for the Romanian economy was the automobile industry, which produced in 1965 approximately 3,600 units. In 1980 it was made up of three automobile factories (Piteşti, Craiova, Câmpulung), eight factories of sub-assemblies and more than 100 factories of assemblies of parts (Piteşti, Topoloveni etc.). The vehicle representative for the last century’s Romania, Dacia (with its derivatives) began to be produced in 1968 at Mioveni,

²⁵ Florin Chivoci, *Cum investea Franţa în România lui Ceauşescu*, in “Historia”, 2011; available at http://www.historia.ro/exclusiv_web/general/articol/cum-investea-fran-n-rom-nia-lui-ceau-escu; accessed at: 8 May 2015.

²⁶ *Ibidem*.

²⁷ National Archives of Romania (ANR), fund of the Romanian Communist Party’s Central Committee, External Relations Department, file no. 4/1980, f. 2.

²⁸ Valeriu Tudor, *In misiune la Paris*, Bucharest, Cavallioti Publishing, 2009, pp. 210-210.

Arges county, under license from Renault. The Mioveni factory succeeded in selling more than 40,000 Dacia 1100 until 1971, and the selling of Dacia 1300 reached one million units in 1985. The automobile factory in Timișoara has produced Dacia 500 (Lăstun) only with domestic technology. In 1976, in Craiova was established the Oltecit SA company, under Citroen license, whose production was mostly destined to be exported to countries in Latin America or in Europe. Because of doubtful quality and high price, the Oltecit car was sold quite difficult even in countries member of CAER as German Democratic Republic or Czechoslovakia, so its production ceased in 1995, all the actions remaining to the Romanian state²⁹.

In the 80s, the retail market for Romanian cars was the external one at a rate of 50-80% (Cuba, Hungary etc.). In 1988, Romania registered a production of 121,000 cars and 17,000 trucks³⁰.

Although Romania was a car manufacturer in the communist period, its domestic car fleet, serviced by domestic production in proportion of 90%, was deficient in number and poor in car brands. The same paradox was recorded in the fuel field, where although there was a big production and a poor car fleet, gasoline was rationed in the middle '80, a car owner family being entitled to 30 liters of gasoline per month³¹.

Romania has undertaken economic relations not only with the socialist bloc countries, but has also initiated a series of actions in this regard with developing countries, which were stimulated by the Ninth Congress of the Communist Party. Interest in the development of economic relations with these countries is explained by the Romania's belief that small and medium-sized countries, in time, will have a growing weight in the global economy. In 1976, in Manila, in the third ministerial conference of the *Group of 77*, our country became a full member, and at the Fifth Conference of Non-Aligned Countries in Colombo, Romania obtained the status of permanent guest³². Romania also had an intense activity since its first meeting at the United Nations Conference on Trade and Development (UNCTAD), where he presented proposals to boost economic and trade relations and promoted initiatives to boost the commercial trade of developing countries. During 1960-1970 the volume of trade conducted between Romania and developing countries has increased 5 times and 15 times during 1970-1980. The products mainly exported to these countries were cars, machinery, transport means, chemicals and industrial

²⁹ Florin Chivoci, *op. cit.*, http://www.historia.ro/exclusiv_web/general/articol/cum-investea-fran-n-rom-nia-lui-ceau-escu, accessed at: 8 May 2015.

³⁰ See http://www.stiri-economice.ro/Industria_de_masini_utilaje_Romaniei_1965-1989.html, accessed at: 5 May 2015.

³¹ Florin Rusu, *Jumătate de secol de comunism: ciudatul caz al industriei de rafinare și al celei auto*, in "Energy Report"; available at <http://www.energyreport.ro/index.php/2013-petrol-si-gaze/2013-stiri-petrol-si-gaze/2013-rafinare-si-marketing/2759-jumatate-de-secol-de-comunism-ciudatul-caz-al-industriei-de-rafinare-si-al-celei-auto>, accessed at: 10 May 2015.

³² Iulian Dănescu, *op. cit.*, pp. 113-114.

consumer goods. However, the major imports made by Romania to developing countries were industrial raw materials: oil, coal, iron ore, textile fibers, natural phosphates, etc. In 1981, our country developed trade relations with 100 such states in Africa, Asia and Latin America. In the 80s, the volume of currency trade with Asian countries has registered about 14 billion lei currency, with African countries about 8.3 billion lei currency, and with countries of Latin America about 1.1 billion lei currency³³. World economic crisis of the 80s has tempered and even affected the economic exchange between our country and developing countries.

Between 1965-1989, Romania will succeed in achieving a relative economic independence from the USSR, as in the 80s in benefiting from a very high capital accumulation rate, among the highest in the world. Thus, Romania will become a major producer of finished petroleum products, steel, locomotives, planes, industrial production in 1970 managing to exceed 100 times that of 1945. During this period, many projects have been developed as Iron Gates I and II hydroelectric plants, Danube-Black Sea Canal, over 100 hydropower plants, refineries, nuclear power plant in Cernavodă, Bucharest metro, and many other projects. As regards agriculture, irrigation systems were developed and new methods were applied leading to the massive increase in the quantity of agricultural products harvested, this does not mean an increased standard of living, but rather the methods used have negative consequences on the population. Experts in the field believe that the measures taken in this period to accelerate industry development and payment of external debt have not been the best for our country and have obviously meant, as already mentioned, a regrettable decline of living standards of the population:

”For Romania (...), predominantly agricultural country, forced industrialization meant a violation of normal development, the destruction of virtual sources of economic growth, throwing out the necessary balance between the different branches of the economy”³⁴.

In conclusion, the period under discussion was very hard for the Romanian population, because Ceaușescu, by lending large sums to be able to fulfill his megalomaniac dreams, wanted to pay all the foreign debts of the state in a relatively short time, which was a big mistake. So he turned pretty quickly from a leader respected and appreciated by the people (in 1968) in an odious leader, one of Europe’s true neo-Stalinists leaders in the last decades of the twentieth century.

³³ *Ibidem*, p. 114.

³⁴ Cezar Avram, Roxana Radu, *op. cit.*, pp. 239-240.

