The Post-War Relations Between Romania And The World’s Great Powers

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Abstract: Romania, has always been an interesting country and disputed over by western and eastern powers, also due to its geographical position. This did not change even when Romania was an independent state. Although at one time an autarkic development was pursued under communism, this was practically impossible. Necessary was to develop relations with various partners, mostly important economic forces: the West, China, the Council for Mutual Economic Assistance (CMEA). After 1990, Romania was the most uncertain country in the former communist bloc regarding its way to building a better social and economic future. In 1991, Romania was the only one that concluded an agreement with Moscow by which it practically accepted a position of subordination, while the other states firmly required the European structures to specify the conditions for their accession and integration. With a delay of several years Romania as well started the accession process trying hard to make up for the lost time. This paper analyzes the positions taken by the Romanian authorities of those times for the development of diplomatic relations with these economic powers.

Key words: national economy; Romania; CMEA; international relations; the European Union

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Introduction

The economic and social life in Romania was deeply influenced by the decisions taken by major economic powers in its proximity. If in the East, after World War I, the marxist-leninist influence set in, the West registered talks around the idea of setting up the unification of European states (a detailed presentation of events is put forward by Booker, North, 2004), a very common idea among Romanian economists.

Thus, an analysis is required regarding the events that took place around World War II. The framework of this period includes a neutral period (1939 - 1940), although in 1940 the country registered considerable territorial losses and had to manage large flows of people (territorial concessions to the Soviet Union and Hungary generated waves of refugees, and with Bulgaria there was an exchange of population by yielding the Quadrilateral), which disrupted the society and the economy at national level. Then there followed the years of war along Germany against the Soviet Union and, in fact, against the United Nations. At this stage Romanian exports were directed almost exclusively to countries allied at that time in the war, relations with traditional partners being discontinued: France, partly (well-known to support - by signing a treaty with each country - the Little Entente, also called the Personal Agreement, an organization established in 1920 and 1921 between

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Czechoslovakia, Romania and Yugoslavia to ensure defence from the Hungarian revisionism and to prevent the House of Habsburg’s return to governance), and the United Kingdom. Moreover, the German war machine, and Germany’s needs in general, were too much for Romania’s exporting power. In addition, there was also men’s calling to arms that led to major imbalances in agriculture, provided the fact that this was the main occupation of an overwhelming majority of the adult population.

1. Romania Under Communism

After World War II Romania came under Soviet influence, but the imposition of the Bolshevik economic system was difficult to accomplish. This was due to the fact that the Soviets had no plan, as also shown by the idea that Transylvania should be rated independently, and run by a Hungarian prime minister before the war, or the offer presented to Antonescu regarding his actions in favor of and according to Soviet demands (Burks, 1961) in exchange for his life.

The transition of our country towards the Soviet regime took place gradually, but if trying to establish a strict period of time when it happened we can establish the period February 27 - March 1, in 1945 (Gallagher, 2005, p. 63). The Sovietization of Romania during 1944 - 1946 was led by the Russian Andrei Vishinsky and was started also by a series of political actions, such as forcing King Michael to accept a government led by the communists (the threat was related to the revocation of the country’s independence). The newly installed government was headed by Petru Groza (lawyer and landowner, studied in Budapest and who enjoyed good relations with the Hungarians), and in order to pacify the Romanian position the Soviets decided in March 1945 that the entire territory of Transylvania should fall under Romanian jurisdiction.

In October 1947 a conference was held in Warsaw to establish “Cominform” (the Communist Information Bureau) which was meant to coordinate the activities of communist parties throughout Europe (Booker, North, 2004, p. 32).

In 1955, during the Geneva Conference, the issue of the Soviet military withdrawal from Romania was raised, which was completed in 1958. There was a change in attitude regarding independence towards the Soviet Union. In 1958 Romanian-Russian cultural institutions were restricted and then closed, such as the Romanian-Soviet Museum in Bucharest, the Russian Book Publishing House (Georgescu, 1983, p. 35).

In fact this distinction came amid diplomatic and economic problems. The Soviet Union (USSR) wanted the resuscitation of the Council for Mutual Economic Assistance (CMEA) which our country considered a forum for propaganda. In 1962 the Soviet plan was that the role of this Commonwealth to be played by the CMEA and that each state should focus on a particular field of activity. And as Romania had productive agricultural lands, it was to become the supplier of agricultural products, a situation which was considered as unacceptable to the national authorities who considered that the development of agriculture, and not of the industry, negatively influenced the country’s chances of economic prosperity. The eloquent proof of economic independence from the decisions of the USSR within the CMEA is represented by the decision to build Galati the largest steel factory in South-Eastern Europe (the raw material was imported and brought in on the Danube, so production costs were high. In 2001 the factory had debts of 900 million dollars and state subsidies that were supposed to be paid were of $ 250 million. The government had to bear these subsidies based on clear social reasons. Galati depended on this factory because it comprised 27 000 employees and its shutting down would have affected 60% of the city inhabitants. In 2001 the government managed to privatize 80% of the national steel production, and in 2002 there were signs that the economic restructuring process was irreversible). In July 1963 the Soviets were forced to close their discussions on the idea of economic integration. There was another attempt of the Soviets to impose their views, but Dej submitted it to the vote of his party's Central Committee on April 27, in 1964, which was considered an authentic statement of independence (Gallagher, 2005, p. 72).
Regarding Romania’s attitude of independence towards the Soviets, it reached its climax in 1964 when a book by Karl Marx was published related to Romanians (“Notes on the Romanians”) in which observations were made on the Romanian - Russian relations, including the statement that in 1812 Russia annexed Bassarabia to its territory without the right of doing so (Burakowski, 2011, p. 48).

In 1964 occurred the Valev Plan of Soviet origin that envisaged the creation of a “supranational economic complex” which was to be set up by the Moldavian Soviet Republic, almost half of Romania and part of Bulgaria. It seems that it was profitable in economic terms, but was meant more to alert the Romanian authorities of a conflict between the two parties. Romania firmly rejected the plan.

Romania was the first country of the communist bloc that managed to establish trade relations with the West. The Romanian leaders were aware that in order to improve diplomatic relations with Western countries it had to show respect towards freedom of opinion. During 1960 – 1964 almost all political prisoners were released, the Yugoslav model was imitated and applied by Romania’s Ministry of Economy, Alexandru Barladeanu, the country focusing its production on consumer goods. Meanwhile Dej pursued and succeeded in obtaining the western economic know-how.

At that time Romania did not enjoy its own diplomacy. Starting with 1959 contacts with the West were established, and these have been developed and intensified starting with 1960. Romania began to develop its own diplomatic relations in the international arena, the country’s position coinciding with that of Russia. Diplomatic relations with Japan were renewed, and in 1960 an agreement was concluded with the United States of America (USA) in the field of culture and education (Păiușan, Retegan, 2002, pp. 107–111). In 1960 China criticized the Soviets and Romania began to be concerned with improving relations with China. Moreover, Romania has improved relations with Albania, the European ally of China.

The early years of Ceausescu’s diplomacy are characterized by a tendency to preserve the independence trend. In 1966 he successfully opposed the Soviet plans to expand the Warsaw Pact’s powers on the armed forces of the member countries (Fejtő, 1974, pp. 317-318), and in 1967 the diplomatic relations with Israel, subsequent to the Six Day War, were not interrupted, as other Communist states did. In 1968, on 21 August, Ceausescu set a clear anti-Soviet line and followed a nearby growing approach toward leaders from outside the CMEA. This led to Romania’s isolation within the Soviet bloc, but was offset by the proximity of the West (actually, by richer and more developed countries which did not seek to impose a path towards economic development, which the USSR wanted to do). But this state of events was of positive nature until 1977 when they came to realize the country’s serious economic problems with implications on the social welfare and unequivocally distanced themselves from the Romanian regime.

Economically, this political line had as outcome Romania’s accession to GATT (General Agreement on Tariffs and Trade) in 1971, to the International Monetary Fund and to the World Bank in 1972, as well as the granting of the clause of most favored nation by the United States America in 1975 (Murgescu, 2010, pp. 356).

Following the situation generated by the invasion of Czechoslovakia and on the grounds of developing partnerships with the West (after Richard Nixon’s visit to Romania in August 1969, widely regarded as successful, the authorities decided to strengthen cooperation with the U.S.) development of relations with China can also be observed, determined mostly by the desire to seek American approval. As stated above, the only European communist country that China had good relations with was Albania, and the Chinese were seeking another partner within the communist bloc. China appreciated the anti-Soviet trend. In these conditions, Romania was of much importance to the Chinese.

China’s influence on the Romanian domestic politics was minimal, but globally the cooperation between the two countries was fruitful. Starting with 1968 the economic exchanges that took place between the two countries registered alert development, so that in 1968 they signed contracts worth 39 million rubles, in 1969 of 47.5 million rubles, and in 1970 of 55 million rubles. These contracts were systematically exceeded by 50% and even reaching 100%, reaching the amount of 100 million rubles.
in 1970. Moreover, following the floods that challenged Romania in 1970, China offered a contribution of 53 million Yuan, in the form of consumer products and machinery (Murgescu, 2010, p. 151).

Romania’s position on the world map regarding international economic relations improved continuously and thus, actually, was forced to promote them properly. For Romania the maintenance of best possible relations with the U.S., China and the USSR was necessary. In 1971 there was an improving of Romanian-Chinese relations, and in June of that same year Ceausescu visited the Asian region (China, the Democratic Republic of Korea - North Korea, Vietnam, Mongolia) and both his departure and his return registered one stop in the USSR. Of particular note would be that on his return he was not received by Leonid Brezhnev, the USSR President, which leads to the perception that his welcoming was less cordial, provided that relations between China and the USSR were not particularly friendly and of cooperative character.

If the visit in 1971 to Asia (China, North Korea, Vietnam) led to, or rather, shed some light on the need to clear enunciation and implementation of the famous cultural and social restrictions on July 6, 1971 (“the theses of July”), it also left a lasting impact on the decisions to be taken in the field of economy, beyond the political one (communist North Korea was considered a much better fit and it was decided that similar actions to those implemented by the fanatical Kim Ir Sen should be implemented) (Gallagher, 2005, p. 77). In these conditions an intensive development of the heavy industry was registered, which was energy consuming, although these were overexploited in previous periods. This made the economy unjustifiably greatly dependent on imports. And all this on the background of neglecting the high-tech sector (which was the trend in developed countries), although the country had the resources and the local scientific talent. Insisted was more on the production of weakly competitive production of goods that could be exported only to Third World countries, which represented uncertain markets.

The oil crisis situation has left its mark on the world economy (the global price of oil increased during 1973-1974 from an approximate value of $ 3 / barrel to over $ 12 / barrel, the price fluctuating in the coming years around the level of $ 14 a barrel, and during the second oil shock it increased to a levels above 30 dollars / barrel, occasionally reaching $ 38 a barrel). Right after the first oil shock the world economy suffered, the ones registering a drawback being the developed countries that had important industries based on huge oil consumption. Obviously, the U.S. economy was also influenced. There was even significant inflation and unemployment which induced damage to the dollar. If part of the rise of crude oil was eroded by the relative depreciation of the dollar, the increase in oil prices (which was expressed in U.S. dollars) was still substantial, global prices in the years 1980 and 1981 in real terms were about five times higher than they were in early 1973 (Murgescu, 2010, p. 392).

For Romania, the greatest problem occurred during the second “oil shock”, as the first was put behind based on using local resources, which at that time were overexploited. Thus, Romania faced urgent need for resources, raw materials, but this request (particularly the one of energetic resources) was very high throughout the communist bloc. In these conditions on May 19, in 1980, the Prime Minister Ilie Verdet went to Moscow to present an ambitious program to boost trade between the two countries. Romania foresaw the trade to 25 billion rubles for the following five-year period, while the Soviets wanted to settle for only 12.7 billion rubles. Due to major differences, the contract was not agreed on but only a year later, when it reached the amount of 14.4 billion rubles to the possibility of supplementing with 2.5 billion rubles by a separate treaty (it should be noted that both sides were in need of raw material and wanted to export industrial products).

In 1978 Ceausescu visited China and other countries in the region (the People’s Democratic Republic of Korea, Vietnam, Laos, India, Cambodia), being very well received. The biggest issues usually arose, as in the case of the Soviet partnership, when it came to economic cooperation. Trade relations with China were quite good: 1.2 billion Swiss francs (the currency used by the two countries for their calculations) in 1979, 1.25 billion in 1980 and 1.18 billion in 1981. The exchange structure was beneficial to the Romanian side, according to the protocol signed in 1982, exports being formed of 41% machinery, 12% industrial goods and 47% raw materials. On the other hand, Chinese exports to
Romanian counted 60% raw materials, 36% food and industrial products and only 4% machinery. But in 1981 Romania had a negative trade balance. Then goods were bought from China worth 200 million Swiss francs over the amount of Romanian exports to China (Burakowski, 2011, p. 270).

Although the country’s foreign trade registered a continuous increase during the communist period, Romania did not come to have an export-based economy as there was in the interwar period. Moreover, the domestic politics did not pursue this goal, improving foreign relations was a secondary purpose to serve the industrialization of the national economy. It was this attitude that led the national economy further away from the developed countries because it caused a rupture in the accelerated scientific and technical developments that induced the shortening of cycles for different products and production methods.

2. Post-communist Romania

After 1989, just like the other European communist bloc countries, Romania registered a change in the political regime, but also in the economic and the social system. Obviously this led to profound economic and social transformations, as in fact there were when the communist regime was installed. But certainly, this time, the effects were not as tough. The communist regime was a fully totalitarian one, which flattened the Romanian society and arranged people’s lives to the smallest details.

Immediately after the change of the communist regime in 1989 the former communist countries experienced a short and intense period of “extraordinary politics” as Leszek Balcerowicz calls it, a supporter of Poland’s transition to democracy. This period is a time when “both leaders and citizens felt a more than normal tendency to think and act in terms of public welfare” (Balcerowicz, 2000, p. 237). In Romania this period was very short, up to a month. There was a switch from a communist nationalism, in free fall during its final decade, to democracy. Although Romania has started the reconstruction of the economic, political and social system without being indebted to third parties, the country needed consistent western aid as the national economy had to be revived while people’s expectations were high because of many frustrations induced by aberrant political and economic decisions made by the communist Romanian authorities.

The actions that took place around mid-June 1990 stunned Western countries. It was said that “Romania has become a strange country” (Cioflâncă, 2000) and its application to be included in the Visegrad group got rejected (this was an organization on cooperation consisting of four Central European countries: the Czech Republic, Poland, Slovakia and Hungary, an association similar to Benelux, the West-European economic association); on February 15, in 1991, in the medieval city of Hungary, Vaclav Havel – the President of Czechoslovakia, Lech Walesa – the Polish President and József Antall – the Prime Minister of Hungary, signed a joint statement assuring their mutual support for political and economic integration – by a very close regional cooperation between them – within the European Union). The refusal was sent directly to the President of Romania, but the PM Petre Roman went uninvited even so, and he was not received. The President of Czechoslovakia, Vaclav Havel, stated that including Romania in the negotiation may have created a difficult situation for them, as it was considered to affect their credibility in the Western structures they wanted to join as soon as possible (this represented, in fact, the renewal of the agreement of 1335 between the kings John of Bohemia, Casimir IIIrd of Poland and Charles Robert of Anjou of the Hungarian Kingdom).

Immediately after the revolution, Romania nurtured the relationship with the Serbian leader, Slobodan Milosevic. Iliescu’s first visit abroad as president took place to Serbia. And when the United Nations condemned Serbia on the grounds of violating human rights, Romania tried not to break diplomatic relations. Indeed, on April 5, in 1994, Milosevic officially visited Romania, and the Romanian President stated that relations between the two countries are positive in all respects (Gallagher, 2005, p. 72).

All these were subsequent to April 1991 when Romania was the only state in the Soviet sphere of influence that signed a comprehensive friendship treaty with the Soviets, a treaty which drew a firm
line of neo-communism, an approach that seemed inexorable to Moscow. This treaty became obsolete once the Soviet Union collapsed in the autumn of that year.

In February 1991 Romania was given special guest status in the Council of Europe, and in October 1993 was admitted entrance, while the countries of the Visegrad group were already admitted by the time Romania received the status of guest. On admission, UDMR (The Democratic Union of Hungarians in Romania) opposed on the grounds that the country did not register sufficient progress concerning minorities (Hungary was obviously siding the UDMR, but ultimately did not make use of its right of veto). The reserved attitude towards Romania was maintained thereafter, so that by 1997 there were biannual visits of European rapporteurs in the country to assess the state of affairs (Gallagher, 2005, pp. 146-147).

In October 1992 Romania regained the status of favored nation clause of the U.S.A, and November 17, in 1992, Romania signed the EU Association Agreement. These decisions on the approach to the structures designed and built by capitalists led to the improvement of the Romanian democracy: the Romanian Intelligence Service was placed under the control of Parliament, and the independent press was revived and began to expose and fight corruption.

In 1994 when NATO announced the desire to initiate and develop a cooperation program (Partnership for Peace) for including new members, Romania was first to join. This led to a military modernization and to extending civilian control over military management structures to meet the requirements of Western democracies. After the war in Yugoslavia it became clear that Eastern Europe is not to be ignored; at the beginning of 1996 the countries which signed the Warsaw Pact received invitations to join, and Romania started the process in April of that same year. But the new requirements imposed to candidate countries were related to society’s democratization, to economic reform, to restructuring the army and to settling disputes with neighboring countries. Analyzing Romania’s situation, it was not encouraging at that time. Indeed, the Marxist-Leninist attitude was renounced, but an oligarchic governance set in, the economic reform was slow, problems with neighboring countries were plenty (the bilateral treaties with Hungary, Ukraine and Russia were not concluded) and in these conditions Romania seemed more a beneficiary of security rather than its generator in this part of the continent.

An important issue for the NATO leadership regarding Romania was a major presence and influence of former agents of the Intelligence Service in the political and economic environment (it could be stated that in Romania, unlike in other states – Czechoslovakia, Hungary, Poland – the Soviet influence on the structure was much lower) (Gallagher, 2005, p. 150). But, however, Romania, in addition to Poland, was the only former Communist country that proved to be considered as having an active role in NATO (Gallagher, 2005, p. 132).

In July 1997 it was recommended that six countries, including Romania, to be left out of the accession process (Gallagher, 2005, p. 207), but in December 1997 it was decided that all 11 candidate countries should receive invitations to begin EU accession negotiations, but that a slower pace should be adopted with countries that do not meet membership requirements. In 1998 a member of the European Commission stated that “Romania registered the worst performance in the last year of all candidates for the European Union” (Economist Intelligence Unit, 1998: 18). In order to improve the economic situation of states lagging behind it was decided in the spring of 1998 that they should receive disproportionately large funding from the EU in the hope of rapid catching up with those advancing quickly (Gallagher, 2005, p. 207).

The situation significantly changed between 2000 and 2006. Following the timid reforms promoted in the late 90s, the economy increased again in 2000. Subsequently, the growth pace accelerated substantially reaching an annual average of 5-6%, with the adoption of comprehensive reform programs in the core of which stood the economic restructuring, the administrative and institutional reform and the macroeconomic strengthening. The fresh drive of the reform coincided with the official start of EU accession negotiations in December 1999, which culminated with the signing of the Accession Treaty in 2006 and the entry into the EU as a full member on January 1, 2007. Romania registered important progress in addressing the main challenges of the reform, progress that the
observers associated to the EU accession process and the application of the acquis communautaire, which actually anchored the reforms in a comprehensive and transparent framework. Important was also the role of other country’s development partners that have helped Romania to meet these challenges.

3. Conclusions

In the early postwar years the restrictions on economic ties with the West followed immediately after the establishment of political and military control of the Soviet Union on Romania, being also favored by the economic difficulties that affected most parts of Europe during those years, while in the ‘70s and the ‘80s Ceausescu tried to maintain an upward trend regarding foreign trade, including the one with the West, even after adopting a nationalist and authoritarian style regarding the internal policy. Imports were restricted only after imbalances in external economic relations led to the debt crisis in 1981 and were considered a threat to reduce its absolute authority in the domestic politics. In case of the transition from focusing on the diversification of foreign economic relations, there should be noted the alternation of political and economic decisions in the process of reorientation of the communist regime towards a national-communist line and towards cooperation with the West: after the Soviet troops’ withdrawal from Romania in 1958, in 1959 the institutional foundations were set by agreements with Western countries in the pursuit of imports to stimulate Romania’s industrial development, and in the following years the decision to build a steel factory in Galati marked the regime’s decision to refuse agricultural specialization within the Council for Mutual Economic Assistance (CMEA) and to develop the Romanian heavy industry over the domestic needs; at political level, the new orientation of the regime became visible in 1963-1964, when Romania started to vote differently from the Soviet Union in international bodies and then announced by the declaration in April 1964 the right of each communist party to independently decide its country’s policy. Actually, the political and economic mutation happened even before 1965, Ceausescu only continuing and enhancing the political and economic distancing from the Soviet Union and the diversification of international relations.

The prejudice against Romania’s economy during the communist regime is reduced. It can be noted that the immediate postwar years were difficult, the system was hypercentralized, that in the 60s and 70s there was an economic growth (although the final effects of social welfare were not fully felt), and that in the 80s Romania entered a period of crisis and relentless economic deprivation that contributed to the collapse of the regime in 1989. We can state that the Ceausescu regime had the following coordinates: nationalism accompanied by anti-Soviet behavior, but also international recognition amid records of economic successes.

After 1989 the authorities failed to draw a clear line for Romania’s future. They could not let go of the Russian influence that they were formed under, signing a new agreement on economic and political cooperation with Moscow. But at the same time, they continued flirting with the idea of joining the Western European structures. So, if during the Ceaușescu regime Romania had a less than typical position within the communist bloc, after the fall of the regime it had a differentiated attitude to its western former communist countries which the comparison is more wanted with. These oscillations occurred due to the uncertainty of the government, who acted in fear of losing power, led to the loss of time and failure regarding directing the Romanian society towards the appropriate path to modernization. In the end decisions were taken in accordance with national aspirations. But once the directions of action and the measures to be taken were established, the national authorities proved lack of interest and acted reluctantly, more due to external pressure, which seemed more concerned about Romania’s future.
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5. References


