

THE FAILURE OF INDUSTRIALISM IN COMMUNIST ROMANIA

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This work aims to present the exact thinking and action of the Romanian Communist leaders that had as declared purpose the Romanian society's prosperity company. This falls into the line drawn by the Communists, but in the case of Romania the ambitions were far above the country's potential.

In order to understand the situation of the national economy in the past two decades we must take into account the manner in which they have carried out economic policies in the Communist leadership. This marched on exacerbated development of manufacturing industry by capital goods to the detriment of the goods consumer industry, which generated a series of social tensions.

The economic objectives of Communist Romania were limited for the exacerbated development of the industrial sector. Its presence of economic policy measures implemented in our country shows that the authorities had in mind a self-sufficient industrialization by providing greater care than conventional industries, with high energy consumption. This unprecedented enhancement for national economy was made possible by the contracting of foreign credits And this began to give increasing and more frequent misfires when the world was hit by the resources of the crisis. The falling of the national economy has been Romania unable to repay loans on time. The obsessive decision of the authorities was to fully pay off foreign debt in order to allow new investment in construction of some megalomaniac industrial sights, that could hardly be effective. Thus, there was no link between the overall targets of national economic policies and the needs of the company. In this work are chronologically and factually shown all the decisions adopted in the industrial policy in Romania. Certainly that at the beginning of massive industrialization results seemed to be at least some optimistic, but after the population had passed through various serious situations (floods, earthquake) to what degree very hard decisions devoid of rationality regarding the impulse energofag industry. Inevitably the complaints gathered, the economic system implemented by the Romanian communist authorities collapsed. Eventually, the economic system imposed by Ceaușescu collapsed because of his desire to increase in the country's industrialization. Basically he shown the limits.

This paper seeks to show how faithfully the faulty module was designed during the development of the country's Communist leadership.

Keywords: industrialization, communism, Romania, national economy, energofag industry

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Introduction

The industrialism can be defined as an orientation in the economic thinking which envisages the development of industry and its raising to the level of the economy main branch or an economic theory which grants the preponderance of industry in economic activity. Therefore, it is a system that considers economy as main objective of industry's development.

The socialist system was established on the basis of the historical experiences gained in the first half of the 20th century and had as its main objective to establish an industrialized society in countries that were usually in a precarious level of development. During the establishment of the Communist political regimes, the classic system of socialism outlined during Stalin and implemented as a model in most countries of the European Socialist was repressive and ineffective, i.e. it obtained results in economic development with the price of a high consumption

of resources (Murgescu 2010: 403). This happened because the Socialist property determined a net split between ownership and management. The high consumption of resources was possible because the system pursued only macroeconomic efficiency that could hide the inefficiency at firms level to which it was added the falsification of reported data that became a phenomenon. The national economy analysis and of the unbalanced relations between the different economic branches shows that are the result of a relationships mix between the production factors that were simultaneously Socialist (by removing the private property over the means of production), capitalist (by keeping economic coercion of labour selling and the impossibility of controlling the use of the added value by the producers) and pre-capitalist one (by non-negotiability of working conditions and coercive organisation of labour) (Murgescu 2010: 404)

Forced Industrialisation

In 1955, at a Conference in Geneva, has raised the question of withdrawal of the Soviet army from Romania, but was completed in 1958. It is interesting that afterward plan of finalization of collectivization was resumed.

It was switched to an independent attitude towards the Soviet Union, so it was switched from a internationalist onset to a national one. In the beginning the nationalism risen from economic sources (During the Council for Mutual Economic Assistance– CMEA, Romania was assigned a minor role in the vision of past Romanian leaders by the fact that it was wanted to become an agro alimentary main source, as opposed to the German Democratic Republic or the Czech Republic that were to follow the path of a strong industrialization). The position of economic independence towards the USSR decisions within CMEA is the decision to build in Galați the largest the steel works in the South-Eastern Europe.

During the quinquennial of 1965-1970 the medium pace of economic growth was 7.7%, and the one of the industrial production was 11.8%, although there are opinions (1) that this data was inflated. In the early '70 of last century, Romania recorded the second rate of economic growth in the world, after Japan (Jivan, Pațac 2004: 112). Thus, Romania had a growth of national gross product of 9.4% and 8.4% of the gross domestic product per inhabitant (Iancu 2003: 48). However, the year of 1970 represented the last year of the quinquennial, and planned growth was 12% (2). In May 1970 were very large flooding, and the agricultural output decreased by 5% towards 1969 (the overall plan of agricultural production has been achieved to 80%, the biggest problems were for the potatoes 47%, vegetables 56% and cereals, 70%).

The problems in agriculture have tried to be dimmed by the rise in the industry, but it has not reached the quinquennial plan. In the 1970s the social problems were sharpened. The investment plan has been exceeded, but the salary was increased only with 8% and it was spoken that they ought to have decrease (Burakowski 2011: 147). This is a sample for the inefficiency of investments made. a lot about increase labour productivity was taken into discussion, but now it is proven to be an unattainable wish. Moreover, after the spring floods, Romania called for international help, but all that she got was channeled towards the development of the industrial sector, the disaster victims receiving few benefits being obliged to register on the waiting lists and lose many hours on queue in order to receive construction materials to rebuild the affected endowment.

In 1971 the problems have continued to widen, thus it has established control over the economy and high labour productivity and attempted to gain credits. It appears that instead to deal with the causes elimination of the Romanian authorities crisis it had considered stepping up industrialization. It was planned to increase industrial production annually by 11%-12.2, and accumulation of national income to be annually at around 16 %, in previous quinquennial, to 34%.

In 1973 the Romanian situation worsened, amid the onset of the crisis. Before the outbreak of the crisis was adopted a plan to tackle energy shortages (finding new deposits of hydrocarbons and

even Atomic Central construction), but realised energy surplus and that was supposed to be exported has been used to avoid losses and further stated investments.

In 1974, the issues were far from being exceeded, the production (including agriculture) and investment has not been fulfilled, which has led to a worsening of the food shortages of the population. However, in November 1974 at the 11th Congress of the Romanian communist party's the economic condition was considered a positive one. The officials arguments were that, towards 1971, the industrial production annually grew on average by 13.2 %, agricultural output by 7.4%, national product with 11.6% and 10.6% per capita income growth, but the population was only 7.1%. Was insisted on the fact that all these results have been obtained in spite of the unfavorable global context, but also of the natural disasters effects (the floods).

In 1974 began a period of stagnation of the Communist system, resulting in a deterioration of the national economy state. Until 1977 the officials didn't give it too much importance. The economy resisted on account of a permanent financial assistance that was assured until the late of the 1970s. In 1975 remained below the rate of increase in the industrial production of about 12%, but food shortages were sharpened, particularly in small towns and villages, but soon they started and the cities most important because people tried to do provizi and for the Nations from the villages. In July 1975, the country had strayed very large floods. The consequences have been over estimated by the officials in order to justify internally the satisfactory shortage.

The process of industrialization continued in order to increase the accumulation rate from 30-32% to 33.5% in 1980. The Romanians were based on technologies and their technic thinking also on the imports reduction, [simultaneous](#) with exports stimulation. This led to a poor supply of the internal market and, consequently, the standard of living and the mood of the people was degraded.

The Communist authorities have said that also in 1976 the macroeconomic results were positive. Industrial production increased by 11% as a result of a substantial increase in labour productivity. Rise of agricultural production was 17.2%, on the basis of the record harvest of sugar beet, potatoes, grapes, as well as cereals and other agricultural products (Burakowski 2011: 202).

If the trends of the 1960s-'70s would be maintained, Romania improved the position against the US, from 11.7% - 14% in 1970 to about 50% in 2000 (Iancu 2003: 51). Therefrom reveals the enormous gap that the Romanian economy had to recover.

The economic decline

The earthquake from the 4th of March 1977 is considered by many the symbolic start of the communism end in Romania. The earthquake has had very serious consequences: 1570 people lost their lives (nearly 1400 only in Bucharest), over 11,000 people were injured of whom approximately 7500 in the capital. Around 35,000 of people were left without housing and over 750 of the economy was affected, the matyerial damages were estimated to 10 billion lei. Under these circumstances, Ceaușescu (in those days was away with his wife on a visit to Africa and returned immediately) was forced to institute the state of necessity in the country until March 10, while in Bucharest until March 15.

In 1977 the investment rates were risen associated with the quinquennial 1976-1980, the social problems have been accordingly stuffed into account. Ceaușescu appreciated that the essence of the crisis boils down to lack of balance between allocations for investment and living standards of the people.

Ceaușescu considered that the exaggerated social expectations represented the root cause of the complaints. The inability of the economy became apparent to the public, but also for leaders (tacking into account the miners strike in the Jiu Valley, to which was attended by more than 30.000 miners).

All these events, as well as the economic collapse that followed have splintered a lot the Romanian's prestige. However, it was more appreciated at international level until 1981 when it

became evident that the Romanian economy was totally exceeded. This position was reached because the policy of massive ineffective investment, badly designed and applied with some intermittently failed to produce the expected effects of the Romanian Communists. Romanian products were poorly competitive on export, the intensive paranoid decisions of the industrialization lead to increased imports of machinery, equipment and Western technologies, and thus trade balance was poor, with all Romanians' constant efforts. Moreover, Western analysts lacked confidence in the forecasts of the Ceaușescu regime (Burakowski 2011: 265).

The very heavy economic situation determined Romania that at the end of 1981 to ask its creditors to defer payment (this was recommended by the International Monetary Fund in early 1982) were at 11.4 billion dollars (Harrington 2000: Courtney, 454-455). As if this were not enough, a number of multinational companies have withdrawn from Romania, from 62 in March 1982 have left only 22 representation of some transnational companies (Burakowski 2011: 272)

Romania have pressing needs of resources, raw materials, but this claim (especially of energy resources) was raised throughout the Soviet bloc. For the national economy the disastrous decision has been unwavering in its determination of the payment in full of the foreign debt.

This decision shows the determination but also the desperation of the Romanian leader to escape from the foreign influences. The trend of total autarky continued, and in this context, the standard of living of drastically diminished.

On 11 March, 1985 in Kremlin the power was taken over by Mihail Gorbaciov. It may be considered the key moment or the start of the collapse of the Communist system in Romania. This is because between the frozen concepts of Ceaușescu's and those of Gorbaciov, more open and viewing has been formed a growing gap as the time passed. Romania was increasingly isolated, which was reflected upon the country's economy. In 1985 the economic exchanges with other countries decreased by 5.5%.

In the last decade of leading authoritative, the Romanian economic system stepped into a crisis, a systemic crisis, with many facets. The Romanian economy's crisis falls within the coordinates of the socialist system, State monopolist with peculiarities determined by the its dogmatic (Dobrescu, Postolache 1990: 32).

The forcing rate of investment in the 8th decade was the expression of the foolish wishes of Nicolae Ceaușescu that this is the only viable alternative for economic success and the Romanian society. In absolute terms, the annual volume of investments increased from 6.3 billion lei in current prices in 1950 to 27.6 billion lei in 1960, nearly 80 billion lei in 1970, 210 billion lei in 1980 and a maximum of 249 billion lei in 1986, and then until 1989, when it was of 236 billion lei (***) - Anuarul 1990: 526-527).

Table no. 1- GDP dynamics/inhabitant in the European socialist States, 1980-1989 (1980 = 100)

Country \ Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Albania	100	100,6	101,1	101,7	102,3	102,8	103,5	104,1	104,8	105,5
Bulgaria	100	102,3	105,4	103,2	106,4	103,0	105,6	105,6	104,8	102,8
Czechoslovakia	100	99,1	100,8	102,1	104,2	104,8	106,6	106,9	109,1	109,8
Jugoslavia	100	101,2	101,4	101,8	103,9	104,3	108,2	106,6	104,8	103,0
Poland	100	93,8	92,1	95,8	98,4	98,6	101,0	99,0	100,9	99,0
Romania	100	98,8	98,5	97,4	101,0	100,6	101,9	99,4	98,8	95,3
Hungary	100	100,7	104,4	103,5	106,4	104,0	106,2	108,1	111,5	109,5
Union of Soviet Socialist Republics	100	100,1	101,7	104,0	104,3	104,3	107,6	108,0	109,4	110,5

Source: Madisson Angus – *the World Economy: Historical Statistics*, Paris, Development Centre of OECD, 2003, p. 101 (Murgescu B. – *România și Europa. Acumularea decalajelor economice (1500 – 2010)*, Editura Polirom, Iași, 2010, p.396)

The energy policy of the authorities took a leading role in the failure of haynie in the 1980s. The dynamics of the national economy in the context of the European Communist bloc is presented in table no. 1. It is characterized by poor economic growth in the Communist bloc. The whole block is observed that only Poland and Romania have had a declining economy. Starting from this situation Silviu Brucan appreciated that the industrialization policy of Romania (of those years) was an "underdevelopment" policy (Brucan 1990: 47) sending country to the third world. (Brucan 1990:38).

The failure of industrialization policies of outliers is given by the over consumption of production goods obviously accompanied by a substantial increase in spending on maintenance and repair (from 21.7 billion lei in 1975 to 80 billion lei in 1985), which inevitably leads to a very reduced productivity (Hitchins, 1996: 420). The volume of unused industrial production capacity increased from 358,4 billion lei in 1985 to over 400 billion lei in 1989 (Ionete 1993: 76).

Meaningful is the comparison of normate service term of production equipments in Romania and in other countries. In developed countries this term was under ten years (in the United States of America was 6 years in Japan was 5-6 years), while socialist countries was less than ten years (in the Soviet Union was 12,5 years, in the German Democratic Republic for 16 years, while in Romania it was 20-30 years) (1993; 90 Ionete).

The industrialization conceit, the megalomania and the anomaly thinking of the Romanian leaders stands out by the organization of the educational system. The first step led to this situation was taken in 1974 by the provision that the unambiguous party "in schools of all grades, in the process of education will organize the effective participation of teachers and students in productive activity", so it has been used as a cheaper work labor (students who were entitled to 20% of the value of work done) (Murgescu 2010: 388).

In 1977 the network of highschoools has been restructured, being dismantled high real-humanities and replaced with narrower profiles (mathematics-physics, philology-history, science of nature, etc.), but redistribution of seats in favour of industrial profiles (table no 2).

Table no. 2- The weighting of the various types of highschoools by the number of students enrolled(%)

Period	1968/1969	1978/1979	1988/1989
Type of high school			
Math-Physics	80,1	11,4	3,1
Science of nature		1,3	0,6
Philology-history		4,4	0,6
Pedagogy	3,5	1,0	0,4
Sanitary	0,1	1,2	1,0
Art	0,7	0,4	0,1
Economics	5,3	4,1	3,8
Industriale	4,4	67,7	71,1
Agricultural and silvan	4,7	8,5	19,1

Source: Constantinescu N.N. (coord.) – *Istoria economică a României, vol. 2, 1939 – 1989*, Editura Economică, București, 2000, p. 336

Another unmatched anomaly in any country (Sadlak 1990: 60) happened in the last Communist decade when the students of the weight in the engineering field consistently exceeded 50%: 56,1% in the academic year 1978/1979 and 68.8% in 1988/1989 (Constantinescu et al. 2000: 336).

Conclusions

The industrialism introduces an order which is removed from the knowhow and alienate us from where we were born. He applied the same methods and technologies in any country. Thus, the industrial economy is inherently aggressive. Causes a wreckage in order to enrich the above measure to another location.

Introspection development of national economy in the Socialist period indicates that this was a "forced", specifies all the Soviet bloc economies (Kornai, 1992: 197). In Romania the Communist leadership ambitions led to a linking of decisions which have not achieved the ultimate goal, the improvement of social life. The Romanian economy was a demand-driven economy, particularly the offer of prodfactori at the expense of consumer goods production, and much less a demand-driven economy, which would have its connection to national consumption requirements.

The Communist regime relies on a long book as evidenced by losing: chaotic accumulation intensively (common plan of dictatorial regime) and also autarhic of the capital. It was pursued classical industrialization rejecting purposely the development of the capitalist countries. And when this fact was obvious, Romania has not actually changed the siding. This shows that the authorities were frozen and lacking in vision. Normally would have had to act on the directions in which the gap was not so high and the chance of recovering the gap was larger.

The foreign debt payment ought to mean economy and social life ungridle, but it was not like that. Despite its ambitious programmes, of the efforts made by the Romanian society as a whole and of religious sacrifice imposed on the population, the Communist regime has failed to solve the problem of relative undevelopment of Romania in the European context.

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Notes:

- (1) It is about the analysts of Polish Embassy in Bucharest
- (2) According to Burakowski Adam, who had access to notes and of the Polish Embassy in Bucharest of that time, in 1970 only 7.7% was obtained.

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