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SURVEY OF THE POLITICAL AND ECONOMIC SITUATION IN RUMANIA

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DEVELOPMENT OF INDUSTRY

It is no longer possible to obtain precise facts or figures on Rumanian industry. Everything is expressed in percentages, which are open to all kinds of interpretation. Official communiques often do not correspond with the actual situation. This can be explained easily, for, when unsatisfactory results are obtained, the figures are simply falsified. It is not admissible for a regime which applies the discoveries of the USSR to suffer reverses.

The Five-Year Plan provides for large investments in the heavy electrical, and chemical industries. The plan has been modified many times. The nature and volume of products required of industry have not been definitely fixed. The investment plan provided 350 billion lei to cover the 5 years. However, spending has been much more rapid than was foreseen at first. Heavy industry was given a very large share of the fund, to the detriment of other sectors of industry. In 1951, heavy industry was granted 35 billion lei out of a total of 100 billion, and will receive almost 40 percent of the 130 billion lei marked for 1952.

Classified information which the source possesses indicates that the main efforts of heavy industry will be centered on the building of blast furnaces, electric furnaces, and Siemens-Martin furnaces. This is being done to assure an increase in the production of iron and steel at Resita Humedoara, Targoviste, Ploesti, Bacau, Roman, and at enterprises such as the Astra Vagone Fabrica (Astra Vagone Railroad Car Plant), the Steagul Rosu Uzina (Steagul Rosu Railroad Car Plant), the 23 August Uzina (23rd August Steel Plant), the

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Malaxa Uzina (Malaxa Steel Plant), the Franco-Romana Uzina (Franco-Romana Railroad Equipment Plant), and at the Progresul Uzina (Progresul Railroad Equipment Plant) in Braila.

Great efforts have been made recently to increase the capacity of smelting and assembly plants. The accelerated development of heavy industry is being carried out for a possible future vast rearmament program. The existing armament and ammunition factories formerly tried to remain in operation by producing civilian goods; however, since 1950, they have refused nonmilitary orders and are working at capacity.

The industrialization campaign has had concrete results which are apparent to the observer. New products, ball bearings, machine tools of medium size, a new type of caterpillar tractor, new agricultural machines of Soviet type, tools, and spare parts for the petroleum industry may be seen. There is a tendency to produce not only spare parts, but entire industrial installations. Today, rotating ovens for cement factories, installations for the manufacture of sugar, soap factories, petroleum equipment, thermal-electric stations, and other items are produced in Rumania.

The price of domestically produced machinery is 12-15 times that of modern equipment of good quality produced in a foreign country. For example, an IAR tractor, produced by Sovromtractor in Stalin costs 3.5 million lei. The plant, employing 4,000 workers, has turned out 2,500 tractors in the past 3 years. These tractors are based on an old Soviet model and must be repaired every 400 hours.

To improve the poor quality of new products and their high production cost, the Five-Year Plan provided for specialization of factories and mass production methods. However, the Five-Year Plan has not actually been established in final form, probably because of orders and counterorders from Moscow. The result is that each enterprise has a great diversity of products. The plants are regularly required to introduce new items or the manufacture of spare parts needed by other plants, thus disrupting their annual plans. These factors prevent enterprises from improving their production plans and reducing operating costs.

#### EXPLOITATION OF RUMANIA BY THE USSR

Soviet participation in the Rumanian economy has taken various forms. First there is the payment of war reparations. This has been used by the Soviets as a pretext to take gratis a large part of Rumanian production. At first these products were computed in 1938 dollars. Later they were expressed in rubles, which in turn were converted into lei. In the conversion, the value of the ruble was raised far above its real value. Thus Rumanian industry was credited with less and less value for its products, so that at present Rumanian goods going to the USSR is paid for at a figure which does not take into account the real cost of manufacture. The ruble varied from 80 to 120 lei for heavy industrial products going to the USSR while the official value was 55 lei to the ruble.

The value of the 1938 dollar used as a base price was comparatively low. The various fluctuations of the value of the ruble and of the lei have brought the total value of reparations paid by Rumania to very near eight times the sum of the 300 million dollars specified by the peace treaty.

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Through the creation of the Sovroms (Soviet-Rumanian Enterprises) the Soviets have secured a complete monopoly over many phases of the Rumanian economy: maritime and river transport air and road transport through Sovromtransport; timber exploitation through Sovromleam; petroleum through Sovrompetrol; steel through Sovrommetal; the chemical industry through Sovromchim; tractor production through Sovromtractor; insurance through Sovromasigurare; export through Sovromexport; and others. There are a great many other mixed enterprises or entirely Soviet enterprises of smaller size.

It is also important to mention that an important part of the production of nationalized industries is channeled to the USSR on the basis of the Soviet-Rumanian economic treaty; another part of the production is used for the support of the Sovroms or Soviet enterprises. In the food products, textile, and leather industries a large part of the production labeled for domestic consumption is actually used to cover the needs of Soviet troops, specialists, counselors, directors, technicians, and officials quartered in Rumania. These are becoming increasingly numerous. Authorities have taken measures to house approximately 20,000 Soviet technicians and officials in Bucharest for the winter of 1951 - 1952.

The salaries of all Soviet citizens working in Rumania are much higher than those of Rumanians performing the same work. In addition, the Soviets receive large sums which Moscow requires Rumania to pay them for "technical assistance," for propaganda, and for instructional and cultural material.

Nonofficial economic circles estimate that two thirds of the entire Rumanian national production goes to the Soviets. This explains the extremely low standard of living of the majority of the people and the slowness in recovering from war damage.

#### PETROLEUM INDUSTRY

All former petroleum companies which were under foreign control were combined into Sovrompetrol. Small Rumanian companies were nationalized and fused into the Muntenia and Moldova enterprises. Almost 80 percent of the petroleum area is in the hands of Sovrompetrol and almost the entire production is controlled by Sovrompetrol. Representatives of Rumanian enterprises are rarely consulted at important conferences. All decisions concerning quantity, quality, and terms of delivery of products in both light and heavy industry are discussed with Soviet specialists or Rumanian specialists employed by the Sovroms.

While petroleum areas and production are coming more and more under Soviet control through Sovrompetrol, geological and exploratory drilling are done by Rumanian enterprises. In this way, expenses for exploration of new areas and the discovery of new wells are borne by the Rumanian state while the benefits of new discoveries go to the mixed enterprises.

Gheorgiu-Dej declared in one of his 1951 speeches that the tonnage of Rumanian petroleum production in 1950 was almost 50 percent higher than that of 1938 and had reached a new high for Rumania. Rumanian specialists, however, estimate the 1950 production to have been 4.5 million tons. Despite claims of high production, it is difficult [for an individual] to procure more than 2-3 liters of petrol a week. Petrol is 75 lei per liter for the ordinary citizen, 27-28 lei for ministries and state institutions, and 3.5 lei per liter for export or for Soviet enterprises.

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## POLITICAL AND CULTURAL INFLUENCES OF THE USSR

Since December 1947, all measures of the Rumanian government have aimed at the introduction of Soviet organizations and institutions into Rumania. As a result the RPR (Rumanian People's Republic) is the satellite which most resembles the republics of the USSR. In order to guarantee the strict application of Communist principles, each ministry of the USSR has one or more counselors in its Rumanian counterpart. It is common to see notes and resolutions written in Russian on documents coming from Rumanian factories and institutions. These Soviet counselors always participate in important meetings at the various ministries. The counselor speaks immediately after the Rumanian minister. At the end of the conference, it is customary for the Soviet expert who participated to present and emphasize the new directives discussed. This presentation constitutes a formal order. For example, a Soviet counselor was present at the conference of directors of enterprises held in summer 1951 at the Ministry of Industry in Bucharest. At this conference the ministry presented its report on results of the plan for the first half of 1951. After the report, the technical director of the ministry criticized severely most of the individual enterprises. The assistant ministers also participated. Then the Soviet counselor spoke, emphasizing the fact that directors and workers repeatedly showed a serious lack of comprehension of economic problems. He declared that a purely quantitative fulfillment of planned production did not represent successful achievement when other economic plans were not fulfilled. According to him, it was also necessary to reduce the revolving fund, the production cost, amortization, and other items. The counselor then stated in an energetic manner that the breaking of economic laws was no longer permissible. Any director who had not taken measures to correct previous mistakes in this regard by the end of 1951 would be replaced.

When Soviet counselors are unable to solve problems they forward records to Moscow, where they are handled by the Rumania section of the appropriate ministry. Moscow solves not only important questions such as nationalization of industries and real estate, monetary reform, the establishment of plan figures, and other items, but also grants or refuses permission for sports teams to participate in foreign countries.

The intellectual life of the RPR is also being controlled by the USSR. There is a large volume of Soviet books, films, and plays. Rumanian authors are required to find inspiration in Soviet models. Censorship of books is very strict. Rumanian technical books are required to contain quotations from Soviet sources, even if these are not applicable.

It is expected that within a short time no Rumanian will be able to occupy a position of importance without a knowledge of the Russian language. It is now no longer possible to become a teacher or university professor without a good knowledge of Russian. During 1951, there was an increase in propaganda for Russian-language courses to be organized in schools, ministries, and state institutions. Those who refuse to participate in courses risk the loss of employment. All new school manuals lack any mention Rumanian traditions of Latin origin. This has been replaced by an amalgam of Slavic-Bolshevik culture which has no direct relationship with the Rumanian nation. Every new text has a picture of Stalin on the first page and glorifies everything Soviet. As a consequence of such measures, the younger generations will be deprived of all national conscience. The purpose of all the numerous reforms in all fields of activity is to pave the way for the annexation of the RPR by the USSR.

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A nonskilled worker in the RFR receives 18-25 lei per hour or 4,000-5,000 lei per month. A skilled worker can earn a base pay of up to 40 lei per hour, plus an additional 50-100 percent, for a maximum of 12,000-17,000 lei per month. The average is 10,000-11,000 lei per month.

Administrative officials receive 6,000-9000 lei per month, technicians 8,000-20,000 lei per month, and certain specialists can attain 24,000-30,000 lei per month. Rumanian directors of enterprises can achieve a maximum salary of 50,000-55,000 lei per month. Technicians who have displayed the proper political attitudes can earn bonuses of 40-50 percent of their base pay every few months.

A minister or assistant minister receives 100,000-120,000 lei per month plus various stipends and special funds which guarantee them 200,000-300,000 lei per month. Deputies receive 30,000 lei per month. Members of the academy and various other institutes get 20,000 lei per month. High government officials may be members of the Council of Ministers, deputies, members of the academy or other institutes all at the same time. Their income is further increased by payments from the state printing enterprise for works which bear their name. This may bring them from 300,000 to several million lei.

Members of the presidium, presidents of large state institutes, and other leading figures receive more than half a million lei per month.

In addition to their salaries and stipends, state officials have other advantages. They are provided with villas, cars, and servants without cost. They may obtain supplies at special cooperatives which sell the best products obtainable in unlimited quantities at nominal prices. Thus officials earn on an average of 20 times as much as an unskilled worker, while high government functionaries earn almost 100 times the average salary of the unskilled worker and also enjoying numerous other privileges. In contrast, the General Confederation of Labor can supply scarcely 8 percent of the workers with beds.

The price of consumers' goods brings these differences in salary into sharp prominence. Black bread costs 40 lei per kilogram. A ration card entitles the individual to 350-550 grams per day. White bread, which costs 72 lei per kilogram, or 2-5 hours labor per worker, is not rationed. Meat costs 120 lei per kilogram. Ration cards provide for 250 grams per week. On the free market some meats cost 200-250 lei per kilogram, the equivalent of 6-11 hours of work. One kilogram of pork is 400 lei. A kilogram of butter is sold officially at 400 lei. Each person is entitled to 200 grams per week. Sugar is sold at 75 lei per kilogram and rationed at 250-500 kilograms per person per month. Sugar can be bought on the black market for 200-300 lei.

A pair of shoes that can be bought once a year with special coupons costs 1,400-1,800 lei per pair, while on the free market they cost 4,000-6,000 lei per pair. A man's suit or woman's dress of modest quality may be purchased once a year and costs 8,000-12,000. A good quality garment of Rumanian or Czechoslovak manufacture costs 30,000 lei. A pack of cigarettes costs 36-120 lei and a cake costs 40-100 lei.

For the farmer who has more than 1.5 hectares, life is extremely expensive, since he does not receive any ration cards and he can sell his products only through the cooperative of his area. He is required to sell his wheat at 5 lei per kilogram, but must pay 100 lei per kilogram for white flour. He is required to sell all of his wine at 20-30 lei per liter, and he buys it back from the state store at 180-400 lei per liter. Since he no longer is permitted

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to make his own brandy, he has to sell his plums at 10 lei per kilogram and pays 400 lei per kilogram for brandy. Because the local cooperative is so poorly supplied, he is forced to sell his surplus food on the black market in order to procure the industrial products he needs. A great many peasants have been caught making black market sales and are now working on the Danube-Black Sea Canal.

State employees, officials, workers, and collective farmers pay taxes which vary from 6 to 20 percent, according to earnings. Almost all are members of a union, to which they must pay one percent of the monthly salary. Many employees must subscribe to Scanteia, the official party organ, and often to other newspapers such as Viata Sindicala, official organ of the General Confederation of Labor, Scanteia Tineretului, organ of youth, and Viata Femeii, organ of Communist women workers, as well as to local newspapers which contain dates of food distribution and the weekly newspaper of the place of employment.

All small administrative units, such as offices and shop sections, have union representatives who sell a series of propaganda pamphlets which appear every 2 weeks and cost 15-60 lei each. The representatives sell tickets supporting propaganda work and collect for aid to Korea and aid for Greek children. These combined expenses total 500-1,000 lei per month, or more than 10 percent of a low wage.

In addition, the price of membership in the canteen costs approximately 1,000 lei per month for one meal a day per person. Thus nonskilled workers, who represent two thirds of the total, have scarcely more than 100 lei per day for the support of their families.

#### REPRESSIVE MEASURES

Despite the constitutional guarantees so often claimed by Communist propaganda, the majority of the citizens of the RPR have no assurance that their rights will be respected. There have been mass deportations of undesirables from border areas. These people were transported by freight car to empty fields on the Baragan plains near Braila to miserable villages which became veritable extermination camps.

Arbitrary arrests are the order of the day. For example, five generals who bear the same name were arrested and held for several months until the identity of the correct person could be established. There are mass arrests of all the clients of a physician in order to identify the seller of illegal foreign medicine. A simple remark on repressive measures or on abuses committed by Soviets can lead to 6 months' imprisonment. When a report stated that Soviet raw materials and products were of very poor quality and were the cause of numerous accidents, the entire enterprise management and all the ministerial inspectors who had signed the report were arrested. The source knows personally that there were several cases in which physicians were arrested for declaring that fatalities had occurred in their hospitals because of the poor quality of Soviet medicines.

No one is sure that he will remain at his job or in his own home. All persons are subject to 48-hour transfer. This has broken up many homes and separated many families. Those who are not permitted to have gainful employment because of social origin are condemned by the regime and become pariahs. They are sent to small provincial cities and remain without food, clothing or fuel cards.

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The receipt of a package or a letter from a foreign country is a crime. The relatives of persons who fled from the country have been arrested and shipped to work on the Danube-Black Sea Canal project.

The repressive measures are carried out through the Militia, whose conduct is so brutal and inhuman that the entry of a militiaman into a house or office causes great terror. As a result of the acts of terror committed by the Militia, there has been an increase in the number of murders of militiamen in all parts of the country.

At the end of 1951, there will be 700,000-800,000 men under arms, of which 120,000 will be in the Militia, 150,000 in militarized work units, and 360,000 men of the normal 1950, 1951, and 1952 drafts. In addition, men of the 1945 - 1950 classes who were previously rejected for reasons of wealth or social origin are now being accepted.

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