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Unrest in Romania: Causes and Implications



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An Intelligence Assessment

State Dept. review
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EUR 82-10026C

March 1982

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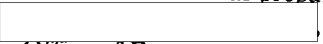
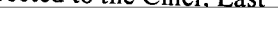
Unrest in Romania: Causes and Implications



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An Intelligence Assessment

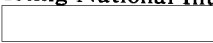
*Information available as of 4 March 1982
has been used in the preparation of this report.*

This assessment was prepared by 
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are welcome and may be directed to the Chief, East
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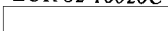
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This paper was coordinated with the Office of Soviet
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Figure 1



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**Unrest in Romania:
Causes and Implications**

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Key Judgments

The maverick regime of President and Communist Party chief Nicolae Ceausescu is being undermined by economic stagnation and growing unrest. Ceausescu's inability to reverse these negative trends could erode his power over time, although his long dominance of the Romanian political scene does not appear threatened at present. In any event, as Ceausescu becomes weaker at home, he will find it more difficult to continue the strategies by which he has carved out a unique degree of autonomy for Romania within the Warsaw Pact.

Ceausescu's internal policies, among the most dogmatic in Eastern Europe, are the source of most of his troubles. His policies of rapid industrial development—at the expense of the agricultural and consumer sectors—and tight control over all decisionmaking have imposed severe strains on the economy in the last few years as energy, raw materials, skilled labor, and foreign exchange have come into increasingly short supply. As living conditions have deteriorated over the past 18 months, unrest—though intermittent and lacking national organization—has intensified dramatically.

Ceausescu shows no signs of altering the basic strategy he has followed for nearly two decades, possibly because substantial deviation from it could undermine his credibility among his subordinates and jeopardize his authority. He has opted for a stopgap approach that has aimed at containing unrest but left its economic causes unresolved. Living conditions, therefore, will continue to deteriorate, threatening to spread unrest to wider segments of the population.

Neither general upheaval nor the emergence of an organized opposition on the scale of Solidarity in Poland seems to threaten Ceausescu at this time. Rather, a gradual decline into increased social and economic turbulence seems likely, which could in turn radicalize Romania's workers and exacerbate latent discontent among ethnic minorities. The intertwining of worker protests and minority unrest could be the ultimate undoing of the Ceausescu regime.

Ceausescu's mounting domestic problems already are undercutting his independent foreign policies. He would like to continue playing an active role internationally, both to shore up his position at home and to gain sympathy and help from the West and the Third World. But Ceausescu also tries to accommodate the Soviets to gain more favorable economic treatment, including increased access to Soviet energy and raw materials.

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His courtship of oil-rich Arab states must be tempered if he is to retain the "honest broker" role that has netted him so much publicity in the past. Ceausescu will likely have little luck in reconciling these mutually antagonistic goals, and his foreign policy will become increasingly erratic.

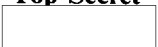
Ceausescu's inability to stem unrest could eventually raise the prospect of a breakdown in party control and lead his followers to replace him, ushering in a period of leadership instability and increased vulnerability to Soviet pressure. Moscow would not pass up an opportunity to exploit the weaknesses inherent in a divided, transitional leadership to restore Romania to a subservient position.



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**Unrest in Romania:
Causes and Implications**

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The Key Issue: Romanian Independence

Romania's pursuit of an independent foreign policy under President Ceausescu has caused difficulties for the Soviets in the past. By resisting pressure for further integration into the Warsaw Pact and the Council for Mutual Economic Assistance (CEMA), Bucharest has obstructed Moscow's efforts to expand use of these organizations as instruments of control not only over Romania but also over the other Soviet client states in Eastern Europe. Moreover, the Romanians have deprived the Soviets of unanimous support within the Warsaw Pact on a number of important international issues—such as the invasions of Afghanistan and Kampuchea—and have collaborated on occasion with the Yugoslavs, the Chinese, and the Italian and Spanish Eurocommunists in opposing Moscow's claim to leadership of the world Communist movement. Bucharest has further annoyed the Soviets by actively cultivating relations with the West and identifying itself with nonaligned Third World countries.

Ceausescu has strong political incentives at home to avoid compromising his independent principles. Any betrayal of Romanian sovereignty would destroy a major prop of his regime and undermine his standing with the people and with other members of the leadership. But Ceausescu has been careful to balance anti-Soviet actions in one area with conciliatory behavior in another and to avoid actions that might provoke the Soviets to retaliate.

Ceausescu has been buttressed in his independent stance by his awareness that, short of an outright military move, Moscow has only limited means to bring pressure to bear. The Soviets have few assets within the Romanian leadership who can press Moscow's line. Over the years, Ceausescu has ruthlessly removed most of the men who played significant roles during the era of domination by Moscow.

Ceausescu apparently believes he has room to expand economic ties with the USSR without risking his independence. As Romania's economic problems have



worsened over the past 18 months, Bucharest has made several appeals for assistance from Moscow and its other CEMA partners. Prime Minister Verdet told the last two CEMA Council sessions that Romania has become more willing to cooperate with the other members. In addition, Romania's current five-year plan projects a larger share of trade with its CEMA allies. A desire for increased deliveries of raw materials—especially energy—is behind Romania's overtures to the East.

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Moscow, however, has repeatedly rebuffed Ceausescu's requests for increased oil deliveries at preferential terms, hinting only that more favorable economic treatment might be forthcoming if Bucharest would first demonstrate greater support of Soviet interests. The Soviets, who are suffering resource shortages of their own, seem to accord higher priority to defending their own hard currency position and aiding Poland than to "buying" more submissiveness from Bucharest. While the economic support needed to prop up the Ceausescu regime is small compared to total Soviet resources, Moscow is acutely aware that its means are stretched thin.

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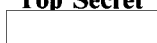
In addition, the Soviets have surprisingly limited economic means to force the Romanians to be cooperative. Moscow appears unable to wring greater loyalty from the Romanians by threatening a cutoff of raw material deliveries. Bucharest has diversified its sources of key raw materials and now relies heavily on the USSR only for coking coal (some 33 percent of its consumption) and iron ore (about 40 percent). Romania pays close to world prices for these materials, at least partly in hard currency or hard goods (that is, goods that could be sold for hard currency). Unlike its CEMA partners, moreover, Romania satisfies only a small portion of its oil needs (about 10 percent) from the USSR, and for that it must pay world prices in hard currency or hard goods.

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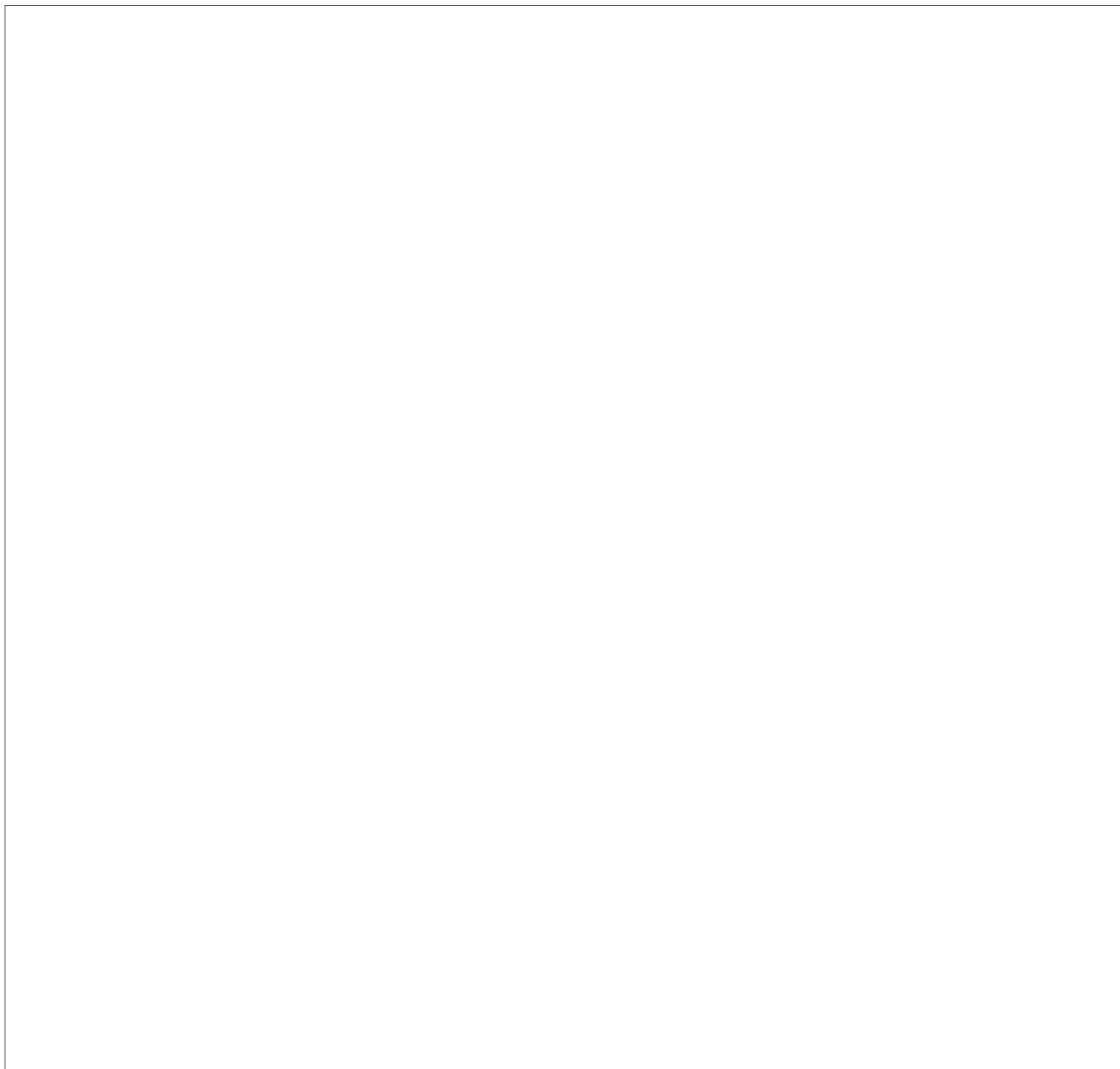
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While a cutoff of raw material deliveries could cause serious economic dislocations, the Romanians could probably make up enough of the losses from suppliers in the West and the Third World to get by. A trade boycott by Moscow, moreover, if it led to greater unrest in Romania, would appear to run counter to the USSR's interest in maintaining stability on its borders. [redacted]

The Pattern of Unrest

Public unrest over deteriorating living conditions has reached unprecedented levels and is undermining the Ceausescu regime. Incidents in key industrial and regional centers have so far remained sporadic, uncoordinated, and containable, but they have grown in scope, number, and intensity. [redacted]

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Unrest has hit Romania in three waves of increasing severity over the past year and a half. The first, in the summer of 1980, was limited to brief work stoppages at a number of industrial centers and concerned local economic grievances—food shortages and pay cuts for nonfulfillment of unrealistically high production quotas. The regime appeared to have little difficulty in defusing these relatively minor disturbances. [Redacted]

The second wave, in the early months of 1981, involved a broader range of participants and issues. In addition to several industrial strikes, there were reports [Redacted] of student protests, anti-Ceausescu demonstrations, and an attack on a provincial government office—all provoked, in large part, by unhappiness with the continuing food shortages. [Redacted]

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[Redacted]

[Redacted] Political dissidents tried to exploit the unrest by distributing leaflets calling for a general strike and demanding free trade unions for workers and farmers. These efforts foundered, but regime officials were concerned. [Redacted]

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The latest disturbances, which took place last fall, were marked by considerable violence. The most serious incident, a strike by over 2,000 coal miners in the city of Motru in the southwest part of the country, was apparently triggered by the introduction of bread rationing and antihoarding regulations. It mushroomed into a major protest involving street demonstrations in several towns, the storming of a local party headquarters, and, according to an Embassy source, the killing of a local government official. [Redacted]

[Redacted]

[Redacted] The regime was able to restore order, but not so easily as in the past. [Redacted]

[Redacted]



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Figure 3. Bucharest shoppers queue up at fish market. [Redacted]

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Ceausescu encountered hostile crowds during a cross-country speaking tour last fall. [Redacted] Grumbling, open criticism, and even derision of Ceausescu, his family, and his programs have become more evident. [Redacted]

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Cause of Unrest

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A faltering economy lies at the heart of current unrest. The growth of national income has slowed in the past two years to an average of 2.3 percent per annum, the lowest rate since the 1950s, and prospects are poor in the near term for a turnaround. [Redacted]

The populace is bearing much of the burden of the economic slowdown. Pressure for increased productivity; long work days in unsafe conditions; persistent shortages of food, housing, and consumer durables; and the lowest living standards in Eastern Europe outside of Albania account for the Romanian workers' traditionally low morale. But Bucharest has leaned even more on consumers recently in hope of weathering its economic crisis. In the past year, higher prices, longer lines, new credit restrictions, and tax increases have worsened the average Romanian's lot. As food shortages grew more severe, the regime instituted rationing for many items. In mid-February, food prices were raised by an unprecedented 35 percent, with prices for some staples rising even more. [Redacted]

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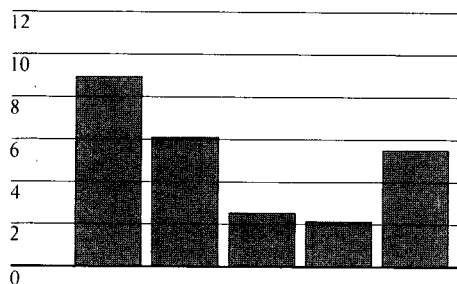
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Figure 4

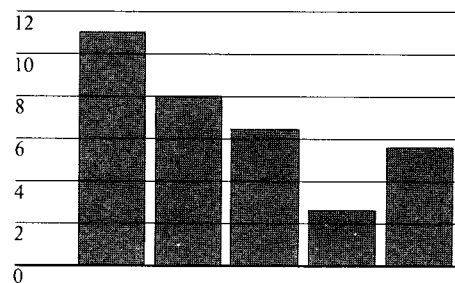
Romania: Selected Economic Indicators^a, 1976-82

Percent Note change in scales

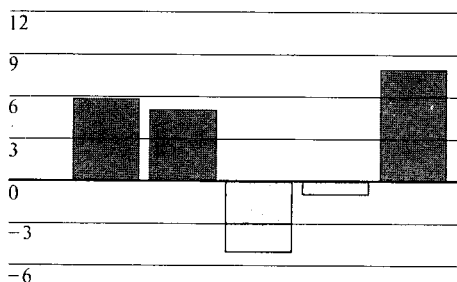
National Income



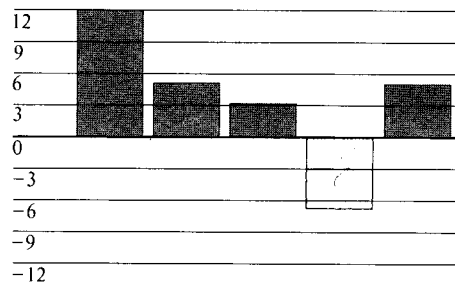
Industrial Production



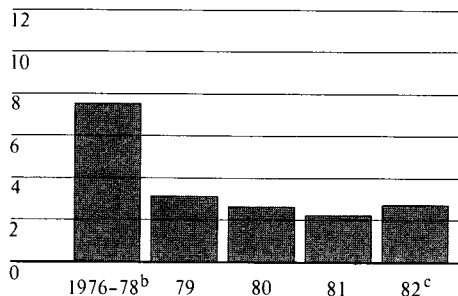
Agricultural Production



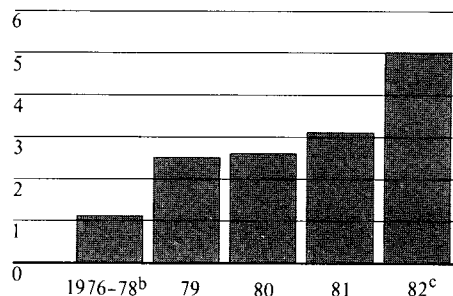
Investment



Real Personal Income



Retail Prices



^a Based on official Romanian statistics.

^b Average annual rate of growth.

^c Planned.

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[Redacted]

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The regime argues, with some justification, that Romania's economic problems are the result of factors over which it has had no control: OPEC pricing policies, bad weather, high global interest rates, and even an earthquake. For the most part, however, the current economic situation can be blamed on Ceausescu's personal mismanagement of the economy. Over the past 17 years, Romania has focused on rapid development of heavy industry, with emphasis on steel, chemicals, machine building, and petroleum refining. Over a third of national income has been reinvested in the economy—the highest rate in Eastern Europe—with half of all investment funds funneled to industry. This development strategy produced high economic growth until recently, but it has imposed severe strains on the economy. [Redacted]

bring the oil on line. In the meantime, Bucharest must increase the crude oil recovery rate to stave off a further decline in production, which also requires costly Western help. [Redacted]

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Growth in the production of other energy sources will not compensate for the oil problem. Coal production (mostly low quality brown coal and lignite) has grown by about 8 percent per annum during the past four years but still has fallen far short of overly optimistic targets. Romania had originally hoped to reduce natural gas output steadily over the next five years in order to conserve reserves, but persistent shortfalls in coal and oil output have forced a boost in gas production. In any case, oil is essential for the refining and petrochemical industries. [Redacted]

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The strategy assumed that Romania would be able to pay for large purchases of Western equipment and for imports of crude oil and other materials with profitable exports to the West of finished manufactured goods, refined oil products, and petrochemicals. Exports have lagged, however, because of high domestic costs, poor quality control, the economic slump in the West, and developments in the oil market that severely limited the profitability of refining and petrochemical activities worldwide. [Redacted]

Domestic energy production difficulties have left Romania increasingly dependent on imports. A net energy exporter until 1973, Romania now relies on net energy imports for one-fifth of primary energy consumption. Oil accounts for most of the increase in imports, with crude oil imports climbing to a record 319,000 b/d in 1980, triple the 1975 level. This sharp increase is costly because Bucharest must pay for most of its oil in hard currency at market prices, whether it buys from OPEC or the Soviet Union. Moreover, Romania is in the vulnerable position of relying on the unstable regimes in Iran, Iraq, and Libya for well over half of its crude oil imports. [Redacted]

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Energy. Domestic production of primary energy, especially crude oil, cannot satisfy Romania's growing industrial requirements, including demand for the feedstock needed to maintain exports of oil products and petrochemicals. Crude oil production peaked in 1976 at 294,000 barrels per day (b/d) and then declined to 230,000 b/d by yearend 1980. The slide has stopped, but probably only temporarily as oil reserves are rapidly being depleted. One high Romanian official candidly admitted a couple of years ago that established reserves would be exhausted in 10 years. [Redacted]

Crude oil production could pick up again if Romania finds substantial amounts of oil in the Black Sea. Oil has been found by Romania's one offshore drilling platform and tests are under way to determine the size of the find. But even if the reserves prove to be large and commercially exploitable, it will take several years and some expensive Western technology to

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Labor. The recent large migration of workers from agriculture to industry has intensified labor and social problems. During the 1970s, the agricultural labor force declined by 1.7 million—almost 17 percent of the total labor force—and the share of labor employed in agriculture fell from one-half to less than one-third. Those workers remaining on the farms are aging, poorly educated, and largely female; many are part-time workers. [Redacted]

[Redacted]

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Many of the former agricultural workers that now make up a large part of the industrial labor force are poorly educated and ill equipped to meet the demands of work in a factory and life in an urban area. The industrial sector complains of shortages of skilled labor and poor worker discipline. For their part, the workers are demoralized by serious shortages of housing and services in cities which cannot meet the unprecedented increase in demand of the past decade. [Redacted]

Bureaucratic Rigidity. Economic performance has been severely hampered by a highly centralized and rigidly Stalinistic bureaucracy. Current attempts at economic reform center on Ceausescu's "new economic mechanism" introduced in 1978, which called for limited decentralization. These reforms have been poorly implemented, and even strict adherence would produce few benefits since central planning is still dominant. In the absence of real reforms, the regime addresses its most glaring problems by constantly shuffling personnel and reorganizing ministries. Such an approach is counterproductive; the bureaucracy's stranglehold continues while expertise is not allowed to develop. [Redacted]

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Agriculture. Agriculture has become a key trouble spot, with production of many foodstuffs no higher now than in 1976. In fact, output peaked in 1979 and then declined 6 percent over the next two years. Romania—once considered one of the breadbaskets of Europe—has become a net importer of food from the West. [Redacted]

Trade and Financial Difficulties. Ceausescu's development strategy has imposed serious strains on Romania's external financial position. Massive imports of many goods—especially raw materials—are now required to sustain newly built industries. To obtain these imports, Bucharest has expanded trade with the West, thereby reducing its dependence on CEMA. Since Ceausescu assumed power, CEMA's share of total trade has fallen from 60 percent to about 33 percent, with the Soviets' share cut in half to just over 20 percent. Conversely, non-Communist trade jumped from 35 percent to 60 percent, with the LDCs' share rising sharply and now accounting for one-fourth of total Romanian trade. [Redacted]

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The poor agricultural performance is partly the result of bad weather but is mostly due to Bucharest's deliberate neglect of farming for the sake of industrialization. Investment has been meager, with agriculture's share of total investment below 15 percent for most of the past decade. Mechanization has not compensated for the loss of labor to industry, and fertilizer use remains the lowest in Eastern Europe. Large grain losses occur annually because of poor irrigation, drainage, harvesting, transportation, and storage. [Redacted]

Romania continues to run a trade surplus with its Communist partners, including the Soviet Union, but its determination to expand economic relations with non-Communist countries has led to a deterioration in its hard currency position. Hard currency trade was nearly in balance in 1976-77, but the deficit rose

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Romania has yet to deal effectively with the various organizational and structural problems brought about by collectivization—especially the need to provide adequate incentives to promote production. [Redacted]

[Redacted]

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[Redacted]

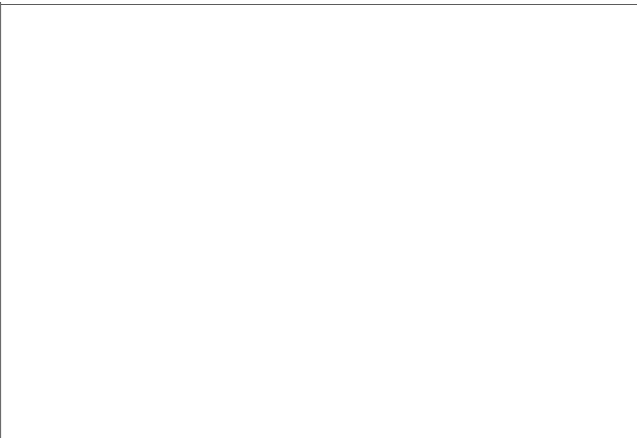
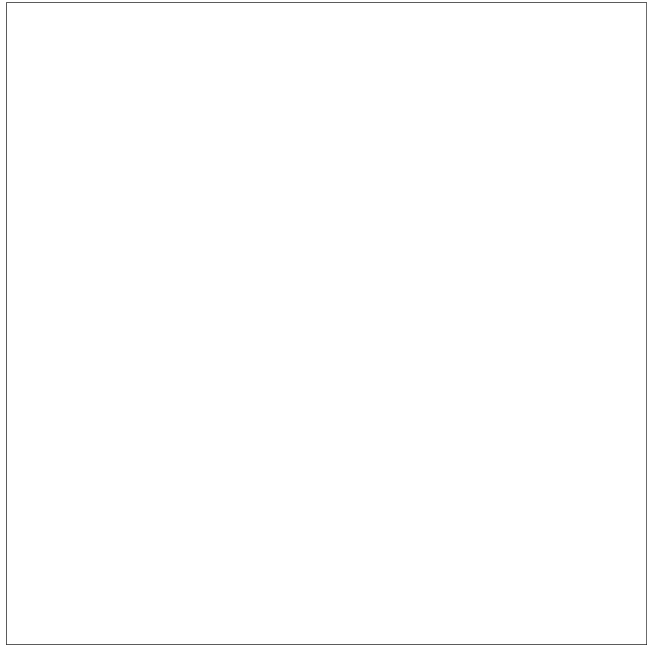
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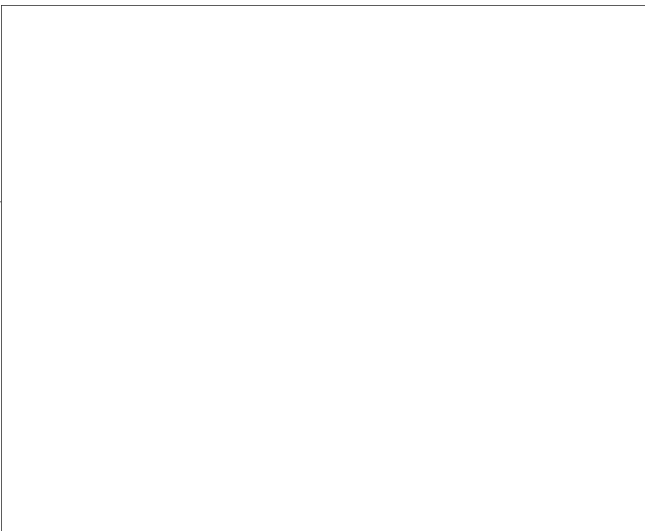
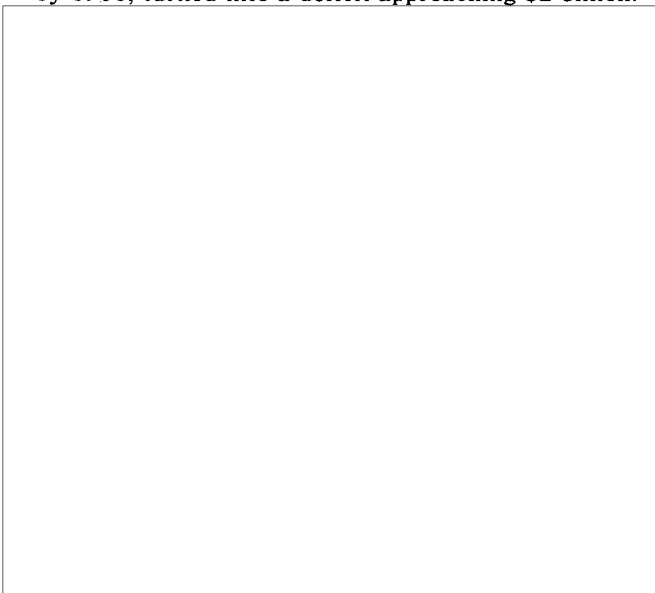
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sharply exceeding \$1.5 billion by 1980. During this same period the current account deficit climbed from about \$300 million to \$2.4 billion, and the hard currency debt tripled to over \$9 billion. Even more alarming was the dramatic rise of short-term debt between 1976 and 1980 from less than \$50 million to more than \$2.1 billion. The worsening oil balance played a key role in Bucharest's international financial position; the small oil trade surplus of 1976 had, by 1980, turned into a deficit approaching \$2 billion.

Bucharest faces hard times even if a rescheduling accord is reached. Fuels and raw materials account for three-fourths of Romania's hard currency imports, and even a slight reduction in these imports would lead to declines in production and exports. Imports of machinery, which account for only 15 percent of total imports, are already falling. Imports of food and consumer goods account for the remaining 10 percent and could be reduced only at the risk of increased discontent.

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Ceausescu's Response: More of the Same

Despite the potential for wider unrest, Ceausescu has failed to come up with any new solutions to his worsening problems. He is relying instead on a stop-gap approach that combines coercion, concessions,

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Figure 5. Ceausescu addresses peace rally in northern Romanian city.

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and bureaucratic tinkering. The economic measures taken so far are unlikely to increase productivity significantly. Tightened central controls and frequent reorganizations have depressed worker morale and contributed to bureaucratic confusion. Although the violent confrontations of last fall have not been repeated in recent weeks, discontent appears to be simmering just below the surface.

Ceausescu now seems to be relying more heavily on traditional tactics of exhortation and propaganda to avert unrest. In numerous public addresses delivered throughout the country over the past year or so, Ceausescu has stressed how "well off" Romanians have become as a result of his beneficent policies and their own hard work. He has called for even greater worker discipline in the future. He has also staged a number of demonstrations of support for his leadership, including a month-long "peace campaign" last fall and workers' and peasants' congresses earlier in 1981.

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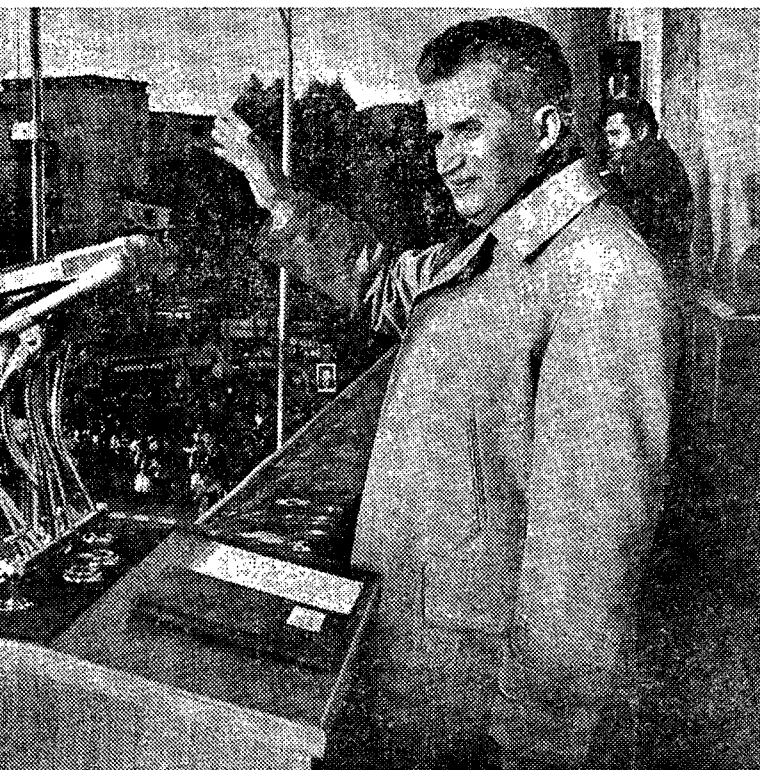
In addition to these public spectacles, Ceausescu has sought to improve the image of the official trade unions and expand the role of the "workers' councils"—the vehicle by which workers ostensibly participate in the management of their own enterprises. These efforts to enlist worker support for the regime seem to have evoked little interest, however, probably because both organizations clearly remain under strict party control.

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[Redacted]

Economic Tactics. Ceausescu has essentially opted for a continuation of the economic strategy of the past 17 years. Some price adjustments are being made, apparently at the prodding of the IMF, and growth targets have been lowered in recent plans. But the emphasis remains on developing heavy industry, with many production targets still unrealistically high. The regime boasts that Romania will be a medium-level developed country by 1985 and predicts energy self-sufficiency by the end of the decade. [Redacted]

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The government tried first to improve food distribution last fall via a media campaign against speculators and hoarders. It followed this by imposing stiff penalties—including prison sentences of up to five years—for holding food supplies in excess of legally established limits. A nationwide food rationing program was imposed for corn and wheat products. [Redacted]

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In order to deflect blame for the failure of his policies, Ceausescu has sought scapegoats among his subordinates and shuffled his leadership team. Since last February, the Central Committee secretaries for the economy, agriculture, culture, and ideology have been replaced, as have the principal government officers responsible for economic planning, agriculture, labor, energy, electric power, and finance. The regime has made a show of severely punishing fraud, negligence, and mismanagement. [Redacted]

The failure of these tactics alone to check growing unrest has led Ceausescu to rely increasingly on internal security forces and to tighten the country's already repressive controls. [Redacted]

Agricultural incentives have been given more attention recently in an effort to boost food supplies. The share of investment allotted to agriculture has increased slightly in the 1982 plan, incomes have been boosted for those working on cooperatives, and bonuses have been introduced to encourage production and delivery to the state of livestock products, poultry, grain, and vegetables. [Redacted]

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These minor changes are the only positive steps taken since Ceausescu proclaimed the need for an agricultural revolution a year ago. There are no stronger signs that Ceausescu might be willing to alter his development strategy. Bucharest has repeatedly stated that Romanian agriculture has all that it needs and that managerial incompetence and lack of work discipline are to blame for shortcomings. [Redacted]

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Administrative tinkering has largely worsened the economy's problems. Tighter party control over the agricultural sector has recently introduced another layer of red tape, and a plan to make each county self-sufficient in agriculture has further added to bureaucratic inefficiency. Recent ministerial reorganizations did little more than expand the bureaucracy. A new foreign trade law introduced in January 1981 was intended to make foreign trading organizations act more responsibly, but it had the adverse impact of paralyzing many officials who were unfamiliar with the law's technicalities.

Extensive Western financial support would encourage Ceausescu to preserve—and possibly strengthen—his independent position, but one shot of assistance would not cure Romania's economic ills and he would have to repeat his requests in the near future. Despite his need for Western economic support, moreover, Ceausescu would not make concessions that went beyond what he perceived as the limits of Soviet tolerance, particularly in view of heightened East-West tensions over the Polish crisis.

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Should Ceausescu fail to obtain the economic help he needs from the West, he will probably turn increasingly toward radical Arab states. Although a luke-warm supporter of the Camp David accords and the only Warsaw Pact country to have diplomatic relations with Israel, Romania has tilted slightly in recent years toward the Middle East's more militant forces in order to assure future oil deliveries. Bucharest now imports just under one-half of its oil needs from North Africa and the Middle East, mostly from radical Arab regimes such as Libya, Iran, and Iraq.

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Implications for the West

As financial difficulties have mounted, Romania has sought Western help, with mixed results. Bucharest's membership in the IMF—it is the only IMF member from the Warsaw Pact—enabled it to secure a \$1.3 billion standby credit last June, along with \$196 million in compensatory financing to offset shortfalls in exports in 1980. Bucharest recently failed to satisfy the conditions set for the standby credit, however, and this resulted in a suspension of loans. Last fall, Romania asked the United States, the United Kingdom, West Germany, and France for substantial financial assistance but came away emptyhanded.

Another important consideration for the West in weighing future Romanian aid requests is the meaning of a destabilized Romania for the Balkans, an area where three of the four Communist states have managed to slip away from Soviet control. Yugoslavia would be exceedingly nervous over any instability that might lead to increased Soviet influence. Moreover, Belgrade would have reason to fear that serious economic disarray in Romania would have unfavorable consequences for already shaky Western banker confidence in Yugoslavia. The USSR's traditional friend Bulgaria, concerned about possible spillover from unrest in Romania, might press for Soviet intervention.

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Ceausescu nevertheless is counting on his image as a foreign policy maverick to convince Western nations, especially the United States, to assist him in overcoming his current economic difficulties. His call last fall for the withdrawal and dismantling of Soviet missiles in Europe in return for US nondeployment of INF was apparently intended to win Western sympathy and support.

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A reassertion of Soviet dominance over Romania, especially if it resulted in renewed Soviet military presence there, would threaten directly or indirectly the security interests of many neighboring states. Yugoslavia would be concerned over its continuing viability as a "gray area" between the Warsaw Pact and NATO and would urgently seek US and Western assurances of increased support for its independence. Unease would also be apparent in Rome, Vienna, Athens, and Ankara because their security interests require that Yugoslavia remain a buffer along the borders of the Warsaw Pact. [redacted]

Outlook

Despite the dismal record he has compiled thus far, Ceausescu appears convinced that Romania's problems are only temporary and seems determined to stay on his present course. Continuing refusal to make needed policy changes will cause further economic decline and erosion of Ceausescu's standing with the populace. Although the deterioration of living standards is not expected to spark a sudden general challenge to the regime's authority, disturbances will probably grow in scope, number, and intensity. Romania will become increasingly vulnerable to external shocks, which could cause severe economic dislocation and provoke major public disturbances. [redacted]

Ceausescu's political isolation and unwillingness to allow disagreement with his decisions will stifle consideration of alternative approaches within his inner circle. Ceausescu will remain wary of any reforms designed to make the economy more efficient by introducing market mechanisms, although he may be forced to make some minor adjustments to satisfy the IMF and other creditors. Aside from ideological objections, he probably believes that reforms would not yield benefits soon enough to help the regime and could aggravate tensions in the interim. Many workers, managers, and bureaucrats would feel threatened by subsidy cuts, price hikes, reduced job security, closer linking of pay to productivity, and greater enterprise autonomy. Ceausescu will avoid any retreat from his goal of industrializing Romania, as such a move would probably be interpreted as an admission of failure and an indictment of his economic policies. This would undermine his position within the bureaucracy and make him appear more vulnerable, thus encouraging challenges to his leadership. [redacted]

The regime's standpat strategy offers little hope of relief from the economic slide. Domestic economic problems are deep-seated and resistant to the regime's piecemeal approach. Energy difficulties probably will mount, barring a major oil find or a substantial drop in world oil prices. Some minor improvements in agriculture are possible, but output will still be insufficient to cover both domestic needs and export objectives. Efforts to correct the hard currency imbalance will result in still slower growth or even a production decline. Bucharest will find itself forced to scale back or postpone major industrialization projects. Living standards will continue to slip. [redacted]

The regime appears confident that the public will accept deprivation with relatively little protest. Indeed, the chances for major upheaval or the emergence of an organized opposition, such as Solidarity in Poland, remain slim at this time. The pervasiveness of the security apparatus and the futility of past challenges to authority probably still inhibit most Romanians. At present, only the miners and workers in several heavy industrial plants seem to have a strong sense of militancy. [redacted]

The danger for Ceausescu is that unrest will persist and spread, causing gradual destabilization throughout the country. Many workers could become radicalized if turmoil and violence continued long enough. Once workers became aware of their potential leverage and learned to coordinate protests, they could exert enormous pressure on the regime. As economic constraints tighten, Ceausescu will find it more difficult to respond effectively to successive crises. A prolonged disturbance in one area could spark outbreaks elsewhere, and the regime might be unable to put out all the fires. [redacted]

If unrest deepens, intellectual and/or religious dissidents probably will try to make common cause with the workers, as they did last year with little success. The regime has moved quickly to squelch the small dissident movements that have emerged in recent years—including a free trade union movement in early 1979—through harassment, imprisonment, and forced emigration. Dissidents thus are not now a significant problem, but they are persistent and eager to take advantage of worsened domestic conditions. [redacted]

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Unrest stemming from economic grievances might rekindle the latent discontent among Romania's sizable ethnic minorities—especially the Hungarians, who comprise about 8 percent of the total population. Although the minorities appear quiet at the moment, they have occasionally become restive in the past over perceived cultural discrimination and regime insensitivity. [redacted]

Should unrest intensify beyond the ability of Ceausescu or his successors to control, the Soviets would be forced to consider massive aid—coupled with demands for major political concessions—or military intervention. Either approach would impose costs that Moscow would prefer to avoid. In the end, however, Moscow's decision would be governed by the need to restore order in a neighboring Communist state. As a side benefit, reassertion of control over Romania would improve Moscow's strategic position in the sensitive Balkan region, which is now free of Soviet troops. A return of Romania to a more subservient position would, among other things, make it easier for Moscow to move large numbers of troops quickly into the region should Soviet security interests so require. [redacted]

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Ceausescu's worsening problems at home will put pressure on his maverick foreign policies. In his effort to get aid from wherever he can, Ceausescu will continue a multitracked policy with sometimes contradictory goals. He will seek accommodation with the Soviets in the hope of gaining more favorable economic treatment, but he will be careful not to compromise Romanian independence—the main foundation of his domestic credibility. In order to win sympathy in the West, Ceausescu will try to refurbish his credentials as an independent world statesman. And finally, he will pursue closer ties with oil-rich militant Arab states while trying to preserve his ability to talk to all the disputants in the Middle East. This increasingly erratic foreign policy approach is not likely to yield the desired economic payoffs. [redacted]

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Ceausescu may have difficulty maintaining the nearly total dominance of the party and state apparatus that he has exercised during the past decade and a half. Resentment at all levels of the bureaucracy over Ceausescu's autocratic and arbitrary ruling style, combined with fear of becoming his next scapegoat and concern that he may not be able to prevent a breakdown in party control, might galvanize Ceausescu's followers into moving against him. While there is no evidence that such a move is actively being considered, Ceausescu's frantic juggling of his cabinet in recent months indicates growing turmoil within the leadership and suggests that Ceausescu may already sense pressure building against him. [redacted]

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Appendix

**Likely Key Players
in a Forced Succession**

Ceausescu so overshadows his associates that it is difficult to identify credible alternative leaders or predict the future actions of any opposition within the leadership. Certain individuals stand out, however, by virtue of their backgrounds, connections, or portfolios as likely to play an important role in any forced succession. [redacted]

Ceausescu's Inner Guard

Three main political groupings can be discerned that could have a major bearing on the outcome of a move to oust Ceausescu. One group, a handful of relatives and cronies who occupy sensitive posts, is so closely identified with Ceausescu that it would probably fall with him in the event of his overthrow. This group could be expected to fight tenaciously to keep him in power. Its most prominent members include:

Elena Ceausescu

*Permanent Bureau¹
First Deputy Prime Minister*



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Ceausescu's wife, Elena, who has emerged since the early 1970s as a key adviser and political power. She controls personnel appointments within the party, oversees the formulation of science policy, and has major input into cultural and ideological policy. Her rapid rise to prominence has evoked considerable resentment within the ranks of the bureaucracy, and her reputation for vindictiveness and ruthlessness has made her one of the regime's most unpopular figures. [redacted]

¹ The highest ranking body in the Romanian Communist Party, roughly equivalent to a politburo. [redacted]



Emil Bobu

*Permanent Bureau
Secretary for Agriculture
Deputy Prime Minister*

Romania Today ©

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Central Committee Secretary and Deputy Prime Minister Emil Bobu, who may be the Ceausescu's strongest supporter within the leadership. Brought to Bucharest from the provincial apparatus in the mid-1970s to head the Ministry of Interior, he later became party secretary for cadres, military and security affairs, and party administration. [redacted]

[redacted] His main responsibility now is the agricultural sector, where he has a virtual czardom. [redacted]

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Iosif Banc

*Permanent Bureau
Secretary for Cadres*



Lumea ©

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Central Committee Secretary Iosif Banc, an ethnic Hungarian, who ranks with Bobu as a particularly close and valued henchman of the Ceausescus. Until last fall Banc supervised economic affairs and headed

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a joint party-state body empowered to ferret out graft and corruption in the bureaucracy and to ensure compliance by all agencies with regime policies. His enthusiastic—some say ruthless—performance of his inspector chores has earned him an unfavorable reputation among his peers. He now assists Mrs. Ceausescu in the personnel area.

Ion Coman

Secretary for Military and Security Affairs



Viața Militară ©

Central Committee Secretary Ion Coman, who has responsibility for military and security affairs. Coman's association with Ceausescu dates from their service together during the early 1950s in the Army's Higher Political Directorate. He became head of that directorate soon after Ceausescu took over leadership of the party, later worked with Ceausescu as chief of the Central Committee section for military and security affairs, and subsequently served as Minister of Defense. He seems to dominate the current Minister of Defense. He reportedly is in poor health.

Potential Power Brokers

A second grouping comprises several politically powerful individuals who, although undeniably loyal to Ceausescu, are not tied so closely to him that they would necessarily be doomed to political extinction in the event of a palace coup. They would be reluctant to move against Ceausescu but could probably be convinced to do so if the regime's viability and, hence, their own careers seemed threatened. Their support for an attempt to oust Ceausescu could be crucial to its success. The most prominent include:

Prime Minister Ilie Verdet, who ranks number three in the power hierarchy and is one of Romania's most durable politicians. A Ceausescu protege, he is the

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Ilie Verdet

Permanent Bureau Prime Minister

Camera Press ©

only one of the President's original "companions" who has managed to retain high status and power throughout the entire Ceausescu era. While his unquestioned loyalty has been the main factor behind his longevity, he does not appear as subservient as others in Ceausescu's entourage. Verdet's long experience in a number of key party and government posts in which he has overseen personnel appointments and implementation of economic policy has afforded him broad contacts. The Minister of Interior, for instance, is reported to be close to him. Verdet's friendly, straightforward manner, his competence, and his tendency to remain in the background appear to have won him a favorable image within the bureaucracy and enabled him to avoid being tainted by the growing animosity toward the Ceausescus.

Constantin Dascalescu

Permanent Bureau Secretary for Party Organization



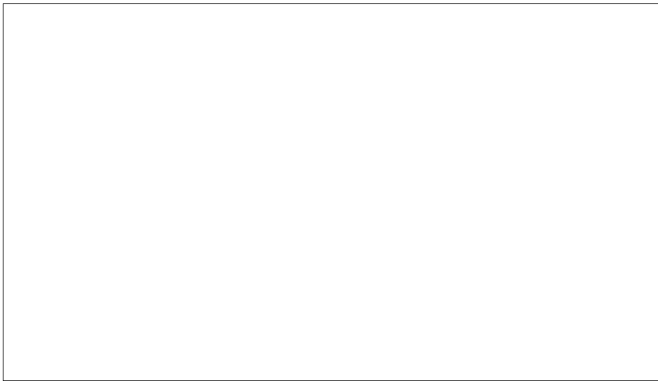
Soffoto ©

Central Committee Secretary Constantin Dascalescu, who is secretary for party organization

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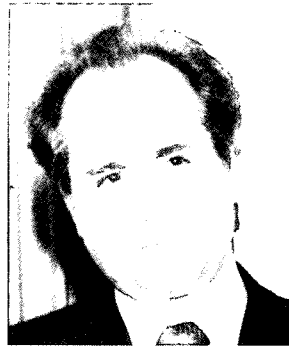
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**Rivals in Eclipse**

A third group, consisting of former political heavyweights who have fallen on hard times but still retain some attractiveness as alternatives to Ceausescu, is waiting in the wings and could play major roles in inspiring a move against Ceausescu. The main members of this group are:

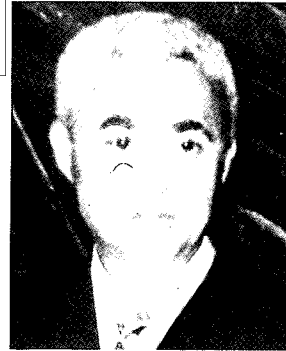


Stefan Andrei
*Permanent Bureau
 Minister of Foreign Affairs*



Cornel Burtica
*Permanent Bureau
 Deputy Prime Minister
 Minister of Foreign Trade*

Foreign Minister Stefan Andrei and Foreign Trade Minister Cornel Burtica, who represent to some extent the growing number of technical-scientific experts who have moved into the bureaucracy in the last two decades. Relatively young (50), well educated (graduate engineers), and pragmatic in outlook, they are loyal to Ceausescu—to whom they owe their positions—but do not seem to share fully his hardline ideological views. Ceausescu's growing reliance on more narrow apparatchiks and his seeming inability to resolve Romania's worsening domestic problems could convince them that their professional and economic status is threatened and thus incline them to back or acquiesce in an effort to oust him.

**Virgil Trofin**

Virgil Trofin, a longtime rival of Ceausescu's, who may be regarded by the President as his chief threat. His humiliating expulsion from the Central Committee last November, just two months after being fired as energy "czar," may have been prompted by Ceausescu's determination to remove him as a potential rallying point for disgruntled bureaucrats. A gifted but outspoken administrator, Trofin was once considered the number-two man in the hierarchy and Ceausescu's heir apparent. Trofin's criticism of Ceausescu's personality cult and autocratic policies resulted in a series of demotions during the last decade, but continuing support for him within the bureaucracy apparently prevented Ceausescu from moving against him as forcefully as he would have liked. The decision finally to purge Trofin and risk unsettling the bureaucracy may reflect an awareness by Ceausescu of increasing personal vulnerability.

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Paul Niculescu

Chairman, Central Union of Consumer Cooperatives



Ion Iliescu

Chairman, National Council for Water Resources

Romania Today ©

Paul Niculescu, another of Ceausescu's early associates who attained high status in the late 1960s but later fell into political decline. He would almost certainly play a major role in a post-Ceausescu Romania. An impressive and somewhat charismatic figure, Niculescu earned a reputation as a strong nationalist and cultural liberal as Ceausescu's chief ideologist and foreign affairs adviser during the late 1960s. After several years in political limbo following policy disagreements with Ceausescu, he returned to prominence in the late 1970s as Minister of Finance, only to be fired last spring as an apparent scapegoat for the regime's balance-of-payments difficulties.

Ion Iliescu, now head of the relatively obscure National Water Council, but a prominent youth leader in the 1960s. Bright, dynamic, and unusually candid, Iliescu is considered by many to be the most impressive individual in the Romanian leadership. His immense popularity with Romania's youth and his outspoken criticism of Ceausescu's autocratic leadership reportedly led to his political decline, but his youth, ability, and continuing popularity with many members of the bureaucracy suggest he would be an important figure in a post-Ceausescu leadership.

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