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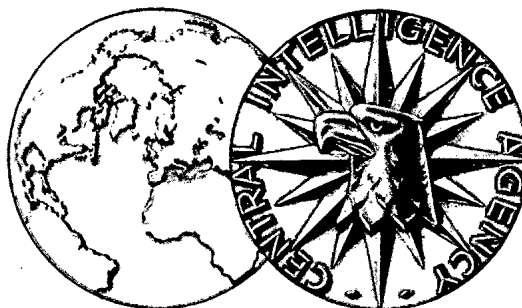
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# RUMANIA



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RUMANIA

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**SECRET****SUMMARY**

After the collapse of Axis resistance in 1944, Rumania was overrun by the armed forces of the USSR and subjected to a military domination which soon governed all phases of its political and economic life. Under the Armistice Agreement, Rumanian forces still in the field were diverted to join the Soviet advance into Hungary. Rumania became a rear area of the Soviet Army. Once military domination was assured, the USSR openly favored the organized efforts of the few Communists in the country, aided by opportunists and politically compromised elements, to undermine the King and the established order. Moscow-trained Communists were available to take over key positions in influential public organizations and the government itself. Every cabinet formed by King Mihai was unsatisfactory to the Soviet Union. Communist maneuvers to install a left-wing government under their control culminated in the formation of the Groza Government on 6 March 1945, under direct Soviet pressure. It was then believed that the USSR was motivated only by the desire to guarantee a friendly government on its borders and to ensure Rumania's fulfillment of its Armistice obligations, with no thought of imposing Communism on the Rumanian people. At the end of hostilities in Europe, and after the conclusion of the Rumanian Peace Treaty in 1947, the USSR continued to maintain garrisons in the country on the pretext that it must protect lines of communication with its troops in Hungary and Austria. Despite the Molotov statement of 2 April 1944, on the eve of the Red Army's crossing of the Prut River, that "the Soviet Government declares it does not pursue the aim of acquiring any part of Rumanian territory or of changing the social system existing in Rumania," the net result of Soviet occupation has been a far-reaching modification of the political, economic, and social structure of the Rumanian state. Kremlin-sponsored Communists now hold a

dominating position in Rumanian affairs and are shaping the country's future to their own ends.

Internally, Rumania has been proclaimed a People's Democracy and is being reorganized into a Communist state modeled after the Soviet Union. A Rumanian People's Republic was declared on 30 December 1947, and a new constitution was adopted on 13 April 1948. These provide the legal facade behind which the Communist Party extends its control over all political life. Although the constitution includes broad safeguards for basic civil liberties, these provisions are ignored in practice. The administrative structure at the top has undergone thorough and effective reorganization, particularly since the end of 1948. Local government is being progressively reformed on the pattern of "soviets" or People's Councils. These People's Councils, called into being by the Law of 12 January 1949, were initially set up as provisional committees consisting of Communist appointees. Although theoretically established as organs for mass participation in government, they will, in practice, function merely as "conveyor belts" of Party policy, in conformity with the Communist principle of "Democratic Centralism."

In foreign relations, Rumania has undertaken mutual assistance pacts and other agreements with the USSR and its Satellites which have created a solid, Soviet-controlled bloc in international affairs. The agreement signed in Moscow on 18 January 1949 setting up a Council of Economic Mutual Assistance (CEMA) between the Satellite countries and the USSR, reportedly for a period of twenty years, will integrate Rumania increasingly into the political and economic Soviet master-plan for Eastern Europe. All of these agreements commit Rumania to undeviating support of Kremlin aims and automatically align it against the Western Powers. The campaign of vicious propaganda directed against the

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. This report is based on information available to CIA as of dates indicated at the beginning of each Chapter.

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West and particularly the United States, continued and deliberate violation of Peace Treaty provisions, and open defiance of formal protests indicate Rumania's pursuit of this course.

The principal economic problem in Rumania is one of rehabilitating the basic elements of the economy (agriculture and petroleum) which were exploited to the maximum by the Axis, and, during the occupation, by the USSR. Drafting of industrial plans was begun in October 1948. A one-year experimental plan for recovery and development was announced at the end of December, and went into operation on 1 January 1949.

The major difficulty lies in the fact that critical items of equipment and machinery must be obtained from sources outside Rumania. Since many of these items are also needed in the USSR as well as in other Satellites, it is doubtful that Rumania will receive more than a token amount. The relatively slow progress achieved in meeting the production goals already established is largely the result of the failure to obtain these critical materials.

The military importance of Rumania to the Soviet Union arises from its strategic location which makes Rumania significant in the Soviet defense in depth. Additional factors of military importance are: the security of supply lines passing through Rumania; the construction of airfields for Soviet offensive or defensive use; the maximum use of oil fields and other petroleum installations.

Development of Rumanian Armed Forces will be governed by the decision of the Kremlin as to what share in Soviet strategy can be entrusted wholly or in part to Rumanian troops. This decision will be based in part on the most efficient use of Rumanian manpower as well as on the political reliability of Rumanian units.

The appointment in December 1947 of Emil Bodnăraș as Minister of National Defense marked the beginning of a program of rehabilitation and revitalization of the armed forces. Under this program definite steps are being taken to improve morale and to equip the various units with standardized weapons. Emphasis is being placed on political reli-

bility, particularly in the selection and training of a new officer corps. Some concrete results of the reorganization are already evident. Future progress will depend upon the political and economic development of the country as well as strategic considerations governing the employment of the army.

Rumania's importance in the East-West struggle is closely related to the degree of its subservience to the USSR. Rather than seeking the establishment of a "government friendly to the Soviet Union," Soviet moves have been designed to eliminate or minimize all factors which detract from the full use of Rumania's potential by the USSR and to exploit those elements which increase Rumania's value as a Soviet Satellite. In subjugating the Rumanian people, in establishing a Communist dictatorship and in erecting the framework of a planned economy, the Kremlin has moved methodically, without deviation. Such vital questions, from a national point of view, as the rehabilitation of the country, the establishment of a modern democratic order, and the organization of a defensive army, have been wholly subordinated to the seizure and consolidation of Communist political control. As this control became secure, the timing of specific measures to transform Rumania into a replica as well as appendage of the Soviet Union was based on a policy of gradualism and expediency. The implications of the new order being established in Rumania were revealed to the people step by step. The theory of "class warfare" was first publicized in June 1948; the "dictatorship of the proletariat" was publicly proclaimed in January 1949, and it was not until March 1949 that the Party formally announced its program for collectivization of agriculture.

In the face of constant Soviet pressures, the Rumanian people have remained hostile, resentive and withal essentially impotent. Surface cooperation with the regime is the price of survival. Although estimates place the opposition as high as 90 percent of the total population, it has been thoroughly muzzled and suppressed. Resistance to the regime is not likely to become significant until the threat of overwhelming retaliation is removed.

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## CHAPTER I

## POLITICAL SITUATION

## 1. Genesis of the Present Political System.

Rumania today is a police state controlled by fanatical Communists who follow the Moscow line in its entirety. While the key positions in the government are in the hands of trusted Communist party members, the cabinet still contains a small number of fellow-travelers who are being replaced as they outlive their usefulness.

*a. Historical Background of the Present Political System.*

Soviet subjugation of Rumania is but the latest of a long series of foreign conquests of its lands from the time in 101 AD, when Emperor Trajan's Roman legions conquered and colonized Dacia, north of the Danube. Roman colonization was thorough and its effects can still be seen in the language and culture of Rumania. Although little authentic historical evidence is available on the period from the departure of the Romans in the latter part of the third century until the end of the 13th century, it is generally believed that the area was successively invaded by Germanic, Asiatic and Slavic tribes. In the latter part of the tenth century, the Magyars invaded the Banat and Crişana province, finally penetrating and colonizing Transylvania. Magyar oppression in Transylvania resulted in the migration of Rumanian nobility eastward to found the provinces of Wallachia and Moldavia in the thirteenth and fourteenth centuries. These two principalities were the scene of frequent conflicts with Hungary, Poland, and Turkey. In the fifteenth century they became the tributaries of Turkey. Frequent wars and the economic decline following them weakened the country and, with the Turkish defeat of Hungary in 1526, the Rumanians could no longer avoid complete Turkish domination. The three centuries of Turkish rule that followed were characterized by corruption and general economic deteriora-

tion. Although corruption, which is commonplace in Rumania today, undoubtedly had its foundation in this period when Greek agents ruled for the Turks, the Greek satraps did expose Rumania to French culture and Western ideas. From the end of the Russo-Turkish war in 1774 until the treaty of Paris in 1856, Russia exercised "protection" over the provinces, although the Rumanians still acknowledged the suzerainty of Turkey. In 1812, Russia annexed Bessarabia, laying the groundwork for strong Rumanian irredentism.

Rumania was established as a unified state in 1859 when the two provinces of Wallachia and Moldavia elected the same prince, Alexander Cuza. Under Cuza's administration several reforms, including compulsory education and land reform, were inaugurated. Opposition by the wealthy landowners to the land reforms caused Cuza's downfall and in 1866 Carol Hohenzollern-Sigmaringen took the oath as Prince Carol I. During Carol's rule the constitution of 1866 was adopted, setting up a bicameral legislature and guaranteeing certain civil liberties, but providing for absolute royal veto.

The Kingdom of Rumania was proclaimed in 1881. In spite of some reforms adopted during Carol's rule, his failure to improve the welfare of the peasants led to the peasant revolt of 1907, which was followed by a minor agrarian reform.

Although Rumania was neutral in the first Balkan war (1912), at its conclusion it received the Danube port of Silistra and following the second Balkan war (1913), in which Rumania participated, it was awarded southern Dobrudja. In the years preceding World War I, Rumania was an ally of the Central Powers through the triple alliance of 1883. However, in 1916 Rumania entered the war on the side of the Allies, because of promises of territorial rewards and the pro-French atti-

Note: This Chapter is based on information available to CIA as of 1 May 1949.

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tude of the ruling class. Although it was early overrun by the Germans and did not contribute notably to Allied victory, Rumania was doubled in territory and population on the basis of subsequent peace treaties. Rumanian irredentism was satisfied by the annexation of Bessarabia from Russia, Transylvania from Hungary, and Bucovina from Austria. With this increased territory, however, Rumania inherited the social problems connected with the administration of large national minorities. The war left Rumania with the need for social and administrative reforms and the desire to maintain the international *status quo*. Consequently, Rumania undertook to guarantee its national security against the demands of Hungarian revisionism by joining the French-sponsored Little Entente in 1920 and, in 1934, the Balkan Entente.

At the end of December 1925, Crown Prince Carol left Rumania and renounced his rights to the throne. Because of the precarious condition of King Ferdinand's health and the extreme youth of Carol's son Mihai, a provisional council of regency was appointed which took over after the King's death on 29 July 1927.

Crown Prince Carol returned on 6 June 1930 and became King with the consent of the government and all major parties except the National Liberals. For the next eight years, Carol laid the groundwork of a personal dictatorship. He encouraged the pro-German Fascist Iron Guard (founded in 1927 by the Polish-German, Corneliu Codreanu), and used it to terrorize the Rumanian democrats and weaken the two "historical" parties—the National Peasants and National Liberals. However, when the Guard's strength became a threat to Carol's power, it was outlawed and its leader Codreanu assassinated.

Carol proclaimed a personal dictatorship on 10 February 1938. A new constitution was announced on 20 February 1938, all political parties were dissolved and constitutional freedoms suspended. On 15 December 1938, the King founded the National Renaissance Front as an all-Rumanian political party to support his government. On 24 March 1939, a five-year economic treaty was signed with Germany.

To counteract growing German influence, on 12 May 1939 a treaty was signed with Great Britain, which guaranteed Rumania's territorial integrity and independence in the event of German aggression. The year 1940 saw Rumania forced to relinquish Bessarabia to the USSR, Southern Dobrudja to Bulgaria and Transylvania to Hungary. Britain, with the Wehrmacht on the English Channel, could do nothing to help Rumania, so Carol sought to align his regime with the seemingly invincible Axis. Under German pressure, Carol liquidated his National Renaissance Front and established the Party of the Nation, admitting into it many recently released Iron Guardists. The Germans remained dissatisfied with and distrustful of Carol and on 6 September 1940 he was forced to abdicate in favor of his son, Mihai. General Ion Antonescu, the prime minister, who enjoyed the confidence of the Germans became the undisputed dictator.

In 1941, under German pressure and with the expectation of regaining Bessarabia and additional territory, Rumania entered the war and crossed the Prut River to attack the Soviet Union. When Rumanian troops were sent beyond the Dniester, losses at Stalingrad and other factors caused mounting opposition within Rumania against continued participation in the war. On 23 August 1944, King Mihai and the opposition staged a successful *coup d'état* against the Antonescu regime and Rumania capitulated to the Allies. Soviet troops occupied the country and an Allied Control Commission, under Soviet chairmanship, was established to implement the armistice and advise on the administration of the nation until the peace treaty became effective.

The first postwar cabinet, headed by General Constantin Sănătescu, was a coalition of the Communists and Socialists and the "historical" Peasant and Liberal parties. The second Sănătescu cabinet installed on 4 November did not include representatives of the "historical" parties. The hostility between the pro-Communists and those of opposite views led to a prolonged crisis which was temporarily resolved by the appointment of General Nicholae Rădescu as Premier on 6 December 1944. The truce, however, was shortlived; with the New Year, the Commu-

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nists made plain their intention to undermine the coalition and obtain sole power. A campaign to oust Radescu culminated in a demand by the USSR that Dr. Petru Groza be appointed. On 6 March 1945, Groza formed a new left-wing cabinet which was dominated by the pro-Soviet National Democratic Front established in 1944.

The US and UK, maintaining that the Groza Government did not fulfill the requirements of the Yalta agreement, because there was no opposition representation in the cabinet, became deadlocked with the USSR. The Moscow agreement of December 1945 attempted to resolve this difficulty by calling for an election, which was held on 19 November 1946, and a "broadening" of the government to include opposition elements.

In the election campaign the Communist-dominated "Bloc of Democratic Parties" supported a single electoral slate. The National Democratic Front credited itself with a sweeping victory in an election characterized by intimidation and falsification of results. The opposition, which is estimated to have received approximately 75 percent of the votes, was allotted only 35 of the 414 seats in the Chamber of Deputies.

During the succeeding year the government steadily undermined the King's prerogatives, and on 30 December 1947, demanded his abdication. On the same day, the Rumanian Popular Republic was created by proclamation of Premier Groza and his ministers, and "unanimously" agreed to by the Chamber.

#### *b. Consolidation of Communist Power.*

The proclamation of the republic marked the successful culmination of the Communist drive for complete control and enabled them to concentrate in the months that followed on altering the form of the state to permit a perpetuation of their power and to purge their own ranks of elements considered not entirely obedient to the Kremlin's orders. With the King removed and Communists solidly entrenched in the government, the new regime was able to turn to the task of revising the organic structure of the Rumanian State and the consolidation of political power in the hands of one party.

## 2. Political Parties.

### *a. Workers Party.*

A congress of Communist and Social Democratic parties was held at the end of February 1948 which organized a single Marxist party called the Rumanian Workers Party. Its Secretary General, Gheorghe Gheorghiu-Dej, laid down the basic political creed of the new party and served notice that it would be purged of all dissident elements. While Gheorghiu-Dej said other political parties would be permitted, he made it clear that they would exist in name only and that the only real political force in Rumania would be the Workers Party, which would be the guide and master of the peasants as well as the workers.

The congress also announced that a new political grouping known as the People's Democratic Front would be formed to offer a common list of candidates for election to a constituent assembly scheduled for 28 March. The Front included the Rumanian Workers Party, the Plowmen's Front of Prime Minister Groza, the National Popular Party, and the Hungarian Popular Union. This grouping included all Communist elements and opportunists faithfully following Communist directives. The National Popular Party was disbanded on 6 February 1949, and its newspaper, *Națiunea*, suppressed on the grounds that the present political structure in Rumania left no place for a "middle-class party." While the membership of the Plowmen's Front is fairly large, it is actually a rural branch of the Communist organization tolerated solely to attract peasants who distrust anything overtly labeled Communist. In the Resolution of the Rumanian Workers Party of 3-5 March 1949, the Plowmen's Front was, for the first time, openly referred to as a "mass organization" subsidiary to the Workers Party. Since the March 1948 election, the whole concept of a "Democratic Front" has been completely moribund. In effect, Rumania is a one-party state.

Rumania has thus reached a point where an organization known as the "Party," claiming a membership of approximately 1,500,000, has become the most important factor in the everyday life of the country's 16,000,000 inhabitants. Although the official appellation

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of this organization is the "Rumanian Workers Party," behind this facade is a solid wall of Communists, reported at the end of 1947 to number 600,000, who follow classic Marxist-Leninist dogma. Total membership of the Communist Party did not exceed 1,000 when it emerged from the underground in 1944. The Party has not yet become the rigidly exclusive organization that its foster parent, the Communist Party of the Soviet Union, continues to be. New members are being carefully screened, however, and since November 1948 a large-scale investigation of all Party members has been undertaken, with the reported aim of reducing this membership to a hard core of 170,000 loyal pro-Moscow Communists. In all probability Party membership will not fall below 500,000, with the completely faithful not exceeding 50,000.

It has been disclosed that the Secretariat of the Party consists of seven members: *Gheorghe Gheorghiu-Dej*, the First Vice Premier of the Cabinet, *Iosef Chişinevski*, *Ana Pauker*, Foreign Minister promoted to Vice-Premier in April 1949, *Vasile Luca*, Minister of Finance, promoted to Vice-Premier in April 1949, *Teohari Georgescu*, Minister of Interior, *Alexander Moghioros*, Deputy to the National Assembly, and the Socialist *Lotar Rădăceanu*, Minister of Labor. *Gheorghiu-Dej* was reported in eclipse late in June 1948 although subsequently his position in the party hierarchy seems to have been considerably regained. *Iosef Chişinevski*, however, is believed to have emerged as number one man in Rumania, although he has been relatively unknown in Rumania and only recently was formally appointed to the Secretariat.

While the Secretariat is very powerful, the Executive Committee of the Party, or Political Bureau, is the real power in Rumania today. The following are the members of the Rumanian Politburo: *Iosef Chişinevski*, *Ana Pauker*, *Vasile Luca*, *Emil Bodnăraş*, *Miron Constantinescu*, *Teohari Georgescu*, *Alexander Moghioros*, *Gheorghiu-Dej*, *Gheorghe Apostol*, *Gheorghe Vasilichi*, *Lotar Rădăceanu*, *Stefan Voitec*, and *Teodor Iordachescu*.

#### b. Other Parties.

The three legal opposition parties which offered candidates in the parliamentary elec-

tions of 19 November 1946—the National Peasant Party of *Juliu Maniu*, the National Liberal Party of *Constantin Brătianu*, and the Independent Social Democrat Party of *Constantin (Titel) Petrescu*—have been broken by arrests and fear of arrests and do not exist as political entities, although the last two have never been officially suppressed by the government.

The government has not been content with merely destroying the three opposition parties, but has also taken steps to eliminate potential focal points for political opposition such as the rich capitalist elements centered around *Gheorghe Tatarescu*.

### 3. Basic Structure and Operation of the Present Government.

#### a. Constitution.

The People's Democratic Front issued a draft constitution, which, with a few minor changes, became the constitution of the Rumanian Popular Republic on 13 April 1948. It promised nationalization of industry and commerce, freedom of speech, worship and assembly, the suppression of parochial schools, and guaranteed to Rumania's minority groups the right to use their own languages in schools and courts and to preserve their ethnic integrity within the framework of the Rumanian state.

Nationalization of Rumania's industry was enacted on 11 June 1948. Educational and Church "reforms" have been instituted which render all schools and churches completely subservient to the State and the Communist Party. All public and private organizations, religious, cultural or welfare, have either been subverted or openly taken over by the Party. Since the end of 1948 the entire administrative system of the government has been purged and revamped, with Communist control becoming more apparent at every step. The courts have been taken out of the hands of professional jurists and made instruments of the Party class policy. The State has continued to enter those spheres of small business overlooked in the Nationalization Law of 11 June. Collectivization of agriculture has now been placed on the agenda as the next most urgent task by the Resolution of the Rumanian Work-



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ers Party, which was published on 15 March 1949.

*b. Presidium.*

With the enactment of the constitution, the nominal Chief of State, the High Presidium, was enlarged from five to nineteen members presided over by the senile and addled C. I. Parhon. The powers of this presidium technically include the authority: (1) to convoke the Chamber of Deputies at the Cabinet's request; (2) to sign all laws enacted by parliament; (3) to grant pardons; (4) to nominate and dismiss Ministers at the request of the Cabinet; and (5) to accredit and recall Rumanian diplomatic representatives and to receive letters of credence and of recall of foreign diplomats.

*c. Council of Ministers.*

All executive powers not specifically granted to the Presidium are invested in the Cabinet, or Council of Ministers. The Cabinet is composed of the President of the Council (Premier), three Vice-Premiers, the President of the State Planning Commission, and eighteen Ministers. Dr. Petru Groza, leader of the agrarian Plowmen's Front Party, has nominally served as Premier of Rumania since 6 March 1945 but is totally without influence. The chief spokesman of the Rumanian Workers Party has long been First Vice-Premier Gheorghe Gheorghiu-Dej, Secretary General of the Party and President of the Supreme Economic Council. Since mid-April 1949, other key Communist figures in the Rumanian Workers Party have been promoted to Vice-Premier, replacing non-Communist fellow travelers. Consequently, the Party high command has become even more closely identified with the top posts in the government. Groza's tenure of office is, therefore, more problematical than heretofore, since it is now apparent that the Workers Party has progressively dropped all pretense of a coalition government and will, at the propitious moment, assume open charge of the Presidency of the Council as well as all government departments. The few non-Communist Ministers who remain in the government are all dependable fellow travelers, if not secretly members of the Communist Party.

*d. Grand National Assembly (Legislative).*

The Grand National Assembly, consisting of 414 members, is completely subordinated to the directives of the Communist Party. Theoretically the Prime Minister and the Cabinet are responsible to the Assembly. In practice, however, the Assembly is merely a rubber stamp, approving all legislation originating in the Council of Ministers, and electing to the Presidium persons selected by the Communist Party.

*e. Judiciary.*

Legal reforms preceded the Constitution by a few months. Their most noteworthy feature was the creation of a corps known as "popular assessors" whose task was to assist the regular magistrates in the dispensation of justice. These assessors were chosen from the trade unions and approved by the General Confederation of Labor. A new law on court organization was applied beginning in 1949 which greatly enlarged the powers of the people's assessors, who now sit in all penal and civil courts except the Supreme Court and actively participate in the functions of prosecutor as well as those of judge. Control of the court's decision is assured by the predominance of assessors over regular judges. The elections of people's assessors under the 1949 law were to begin on 16 May 1949. All present or former employers of labor were disenfranchised in the elections. The underlying purpose of this system, adapted from the People's Courts of the Soviet Union, is to insure that cases are decided by political expediency on a class basis and in conformity with the objectives of the Communist Party, rather than by legal precedent or judicial discretion. A 1949 revision of the penal code embodies many concepts taken from Soviet legal theory. The most flagrant example of Communist control of the judiciary and their flouting of the elementary principles of justice is found in the trumped-up trial and conviction of Juliu Maniu, the National Peasant leader, as early as 1947.

Under the Decree for the reorganization of the Rumanian courts which came into effect on 7 April 1949, the ordinary court system is divided into People's Courts, which may be classed as urban, rural, or mixed, Tribunals,

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Courts, and the Supreme Court. In addition, there are numerous special courts set up to handle fiscal, agrarian, labor, church, and army and navy matters.

*f. Party Influence.*

The conduct of Rumanian offices is dictated by the Central Committee of the Workers Party without attempts to conceal the origin of directives, although the Rumanian Politburo probably initially decides all major policy questions in line with Soviet directives. The most striking example was seen on 11 June 1948 when the government obtained the approval of a special session of the Chamber of Deputies to nationalize almost all of Rumania's industrial and commercial enterprises. The communique informing the Rumanian public of this drastic undertaking announced that the request for its enactment was made the day before its passage by the Central Committee of the Party. The Cabinet meeting which acted on the Party's request lasted a bare half hour. Similarly, the Party Resolution of 12 December 1948 established government policy toward national minorities, the Resolution of 23-24 December 1948 introduced the concept of the dictatorship of the proletariat in Rumania and outlined the duties of the trade unions, while the Resolution of 3-5 March 1949 described the steps to be taken under Party direction toward collectivization of agriculture.

In effect, the Party has become a super-government under which the Grand National Assembly and its High Presidium, the Council of Ministers, the Militia and Armed Forces, as well as all public and private organizations, function as mere agents of the Party and its Politburo. Since the elevation of Ana Pauker, Vasile Luca and Miron Constantinescu to the Presidency of the Council of Ministers in April 1949, the trend has been to identify the Party high command with the top functions of State. The Party no longer operates in the background, under the facade of a coalition government, but represents both the State and a power apart, responsible only to the Kremlin. Regional and local government, whose function it is to implement Party decrees, will administer rural areas and municipi-

palities under the watchful eye of responsible Party organs.

*g. Effects of the Cominform Resolution.*

From the internal Rumanian point of view, the publication of the Cominform resolution against the Yugoslav Communists was the signal to complete the purge of bourgeois and "compromising" elements from the Party's ranks. It served to show Rumanians, who had previously engaged in wishful thinking about the intentions and life expectancy of the regime, exactly what the Kremlin intended for their country. The determination to permit no deviation from Moscow directives, no matter how slight, was revealed at the same time.

**4. Pressure Groups.**

*a. Public Opinion.*

The Rumanians are generally considered to be an admixture of the Latin and the Oriental. This may be offered as an explanation of their many-sided national character. Volatile and emotional in moments of stress, they are, nevertheless, adept at exercising patient guile and wily strategem to serve their long-range ends. Their high degree of sinuous adaptability and political opportunism partially explains their survival as an ethnic entity and as a nation, and these factors probably play a strong role in the Rumanian reaction to their current domination by the Soviet Union.

Most of the Rumanians live in anticipation of the day when the Russians are gone and the present leaders in Rumania are liquidated. They are not capable, however, of making any moves to upset the regime, and at present their attitude toward it is one of hostile inertia. They see no possible hope for deliverance, except through a war in which the Western nations would defeat the Soviet Union. Hence the Rumanians are delighted over every new incident marking a further deterioration in USSR relations with the West.

Although the great majority of the Rumanian people hate their present masters and hope for deliverance, the firm entrenchment of the present government and its vigorous, unremitting endeavors to suppress and erase

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all Western ideas and traditions can be expected with the passing of the years to wear down to negligible proportions the will to resist. Hatred may give way to helpless tolerance and the Rumanians may resignedly accept the new order as their blood brothers in Soviet Moldavia have had to do for three decades. Only if some bright hope of deliverance is held out to them will the Rumanian people be inspired to contrive effective obstacles and resistance to the Communist subjugation of their nation. Their history demonstrates that they have a rare talent for confounding their oppressors when independence or deliverance from tyranny is an attainable goal.

*b. Resistance Groups.*

There is no information available to indicate that an effective and organized opposition in the form of resistance groups is in being or is contemplated in Rumania. The absolute police powers of the government are sufficient to discourage individuals or groups of individuals capable of organizing and carrying out such a program. Introduction of the death penalty in mid-January 1949 for violation of national security even in peacetime, economic sabotage, and group or individual acts of terrorism have provided the government with ample power to stamp out any incipient gesture of revolt.

There has been, however, a number of reports which are sufficient to confirm a pattern of small-scale and more or less spontaneous resistance. These efforts are more in the nature of reactions against the low wages and long hours of the workers, particularly in the railroads. The resulting acts of sabotage, in the form of fires and disruption of railroad traffic, are sporadic and disconnected. While they undoubtedly irritate the government, their value is more as a nuisance than a threat. It is expected that such incidents will continue and perhaps increase in scale when the government begins its program of collectivization of agriculture. Coordination of the various small groups and their development into an organized resistance cannot be effected under present conditions, however, and this factor will remain a potential rather than an actual threat to the government as

long as its ability to control the focal points of such opposition remains intact.

*c. Religion.*

Until the beginning of 1948, limited freedom of religion existed in Rumania, although it was steadily weakened by the gradual installation of pro-Communist priests in the higher echelons of the Rumanian Orthodox Church. Since that time there has been a rapid and ruthless drive to make religious bodies fit into and advance the program of Communists.

It has not been difficult for the government to remold the Rumanian Orthodox Church into a docile instrument because it was a national church with no support from outside the country. The government resorted to strong measures to bring the Roman Catholic population into line, an end not yet attained. In this connection, the Uniate Church (Greek Catholic), which acknowledged the authority of the Vatican, has been brought back under Orthodoxy, severing a 250-year affiliation with Rome.

Lesser sects such as the Lutherans and Baptists have all felt the pressure and, for the most part, have conformed. The Jewish Community, numbering some 350,000, has been subjected to terrific pressure and its recognized organizations have had to toe the government line in political and religious matters. This pressure has been exerted despite the fact that the Jews anticipated preferential treatment. Consequently, the desire of the Jews has been to get out and, with the assistance of various international Jewish charitable agencies, thousands were able, after being screened by the Communist-dominated Jewish Democratic Committee, to emigrate to Israel. However, following their attack against "Zionist nationalism" in the Workers Party Resolution of 12 December 1948, the Communists began early in 1949 to restrict the number of Jews permitted to leave the country. This has amounted to virtual cessation of all emigration to Israel. Strenuous efforts have been made to "integrate" the Jewish population in the framework of a sovietized Rumania. On 4 March 1949, Rumanian Jewry's most valuable tie with the West was severed through the forced liquida-

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tion of the American Joint Distribution Committee's assets in Rumania. The Jewish Democratic Committee, thoroughly purged and reorganized under the direction of the notorious Bercu Feldman, and the Federation of Jewish Communities are now the twin instruments of Communist control of the Rumanian Jewish population.

*d. Cultural Institutions.*

To break the hold of non-Communist culture, the Rumanian Government has taken strong measures especially aimed at the youth. The working youth, followed by school children and students, were among the first to be organized. A resolution adopted at the Unity Congress held in Bucharest on 19-22 March 1949 fused all youth organizations into a single revolutionary Union of Working Youth, patterned after the Soviet Komsomol and directly subordinate to the Rumanian Workers Party. Likewise, the organization of children between the ages of 9 and 14 into Pioneer groups, also imitating the Soviet model, was undertaken shortly thereafter. This regimentation of the Rumanian youth is designed to make certain that leisure hours are used for Communist indoctrination, rather than recreation. Pressure is exerted to induce them to join "voluntary" labor brigades engaged in reconstruction work throughout the country. Despite the hostility of the majority of young Rumanians to this type of coercion, the Communist program will undoubtedly succeed in winning over to Marxist ideology an appreciable proportion of the youth if they continue to have no access to other views. The Communists, certainly, place great hopes on the future of their "thought-control" program as it will affect large numbers of the younger generation.

The Rumanian Government has, in effect, given every indication that all influences except that of the Soviet Union and its Satellites are to be extirpated and prevented in the future from reaching the Rumanian people. All institutions representing the West, whether cultural, religious or welfare, have been progressively liquidated or taken over by the Rumanian State. Denunciation of the 1929 Concordat between Rumania and the

Vatican in June 1948, abrogation of the Franco-Rumanian Cultural Agreement and the closing of the Institut Français in Rumania were severe blows dealt at two of the most potent Western influences in Rumania. Likewise, on 2 August 1948, all foreign-operated schools were closed and their property confiscated by the State. The school reform carried out at the same time made the study of Russian obligatory in all Rumanian schools. On a broader front, bitter campaigns have been waged against Western literature, motion pictures, drama and, to a lesser extent, art and music, all of which were formerly considered a staple of life by educated Rumanians. The printing and publishing enterprises are now a State monopoly, with tons of printed propaganda being disseminated through the mass organizations under Communist control. The book stores have been purged of "capitalist" literature, which has been supplanted by newspapers and books eulogizing the Soviet way of life, Soviet achievements and Soviet culture. Daily indoctrination in Communist ideology is mandatory for every worker in Rumania. Zealous Communist censors scrutinize every literary work, every production of the theatre, concert hall or cinema for tendencies that could be associated with the "decadent and reactionary" West. Even the Rumanian Academy has been nationalized on the Soviet pattern. Whereas Rumania is now linked by a whole series of Cultural Agreements with its neighboring Satellites and the Soviet Union, direct and unofficial contact with Westerners is a charge serious enough for imprisonment and under the law of 13 January 1949 may even incur the death penalty.

By the use of terror, propaganda, legal reforms, and widespread purges in every walk of Rumanian life, the present government is midway in the course of successfully eliminating Rumania's tradition of Western culture. Through the security police (Sigurantza), the government has virtually suppressed all freedom of thought and expression, not merely to insure the security of the regime, but to revolutionize and reorient the ideological concepts of the people.

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**5. Goals and Stability of the Present Regime**

Since the installation of the first Groza Government on 6 March 1945, it has become steadily more apparent that the Rumanian Communists are motivated by two basic desires: to prove their fidelity to the USSR and to transform Rumania, as rapidly as is feasible, into a facsimile of the Soviet Union. There is still fear, perhaps, on the part of the Communist leaders that their loyalty and indispensability to the USSR have not yet been fully proved. In return, the Kremlin is probably well aware that its Rumanian minions can look for support only to the Soviet Union, that imposition of the Soviet way of life on the alien and profoundly hostile Rumanian people is possible only so long as the Communist hierarchy is able to maintain its unity and absolutism. Although the revolution in

Rumania is by now virtually complete, much of the Communist program still remains to be implemented, particularly in the rural areas which comprise the overwhelming majority of the Rumanian population. Consequently, under the continued direction and control of the USSR, Rumania will proceed in its domestic affairs toward the Communist goal of a collectivist state, supporting no ideas or policies which conflict with the wishes of the Kremlin. Control of the organs of government, the police and judiciary, all public organizations and the armed forces themselves constitutes a lever of such power in the hands of the ruthless Communist minority that any remaining opposition can be suppressed, and assures that the present masters of the country will be able to maintain, by force whenever necessary, the stability of their regime.

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## CHAPTER II

## ECONOMIC SITUATION

## 1. Historical Background.

The Rumanian economy is geared primarily to agriculture and the petroleum industry. Other producing segments of the economy—iron and steel, coke, textiles, non-ferrous metals, chemicals and electric power—are of relatively minor importance. Among all of Rumania's products, only petroleum and grain have any international significance.

Until the consolidation of modern Rumania was effected by the union of Wallachia and Moldavia in the late 1850's, the Rumanian economy was rudimentary. It was, in fact, confined to agriculture.

In 1900, 40 percent of the land under cultivation was in estates of more than 100 hectares (247 acres) and owned by some 5,000 individuals. In order to eke out a living, the peasant had to work on the estates of the large landlords, and his situation eventually became similar to that of the serf in Russia before 1861. This led to demands for land reform and the abortive peasant revolt of 1907.

The growing social unrest among the peasantry was paralleled by the embryonic development of industry. By 1913, the petroleum industry, largely under the direction of foreign companies, was producing 13.5 million barrels of crude oil, while in other industries over 1,000 factories were in operation including the cement, paper, cloth, textiles, tanning, brick, plaster, and timber trades. After 1916, when Rumania entered the war, industrial development was arrested, the oil industry being almost completely destroyed in 1917.

Land reform, motivated largely by military defeats and the Russian revolution, was finally carried out in the early 1920's. While it gave the peasant land, it did not provide him with implements to cultivate it. The result was a great reduction in agricultural production. By the end of the 1930's, however, wheat and corn production was well above pre-World

War I levels. This production gain was due primarily to increase in the area under cultivation, rather than to better working methods.

Rumania's great increase in territory after World War I, doubled the capacity of an industrial system, which was still in its infancy. In addition to petroleum, other smaller industries were developed, primarily timber, textiles, chemicals, and metallurgy. At the same time there was a gradual organization of labor into trade unions which, to a large extent, worked under the supervision of foreign specialists. The lack of adequate transportation facilities, however, plus the lack of capital and the low purchasing power of the people has been partially responsible for the failure of industry to take greater advantage of the extensive natural resources at its disposal.

In total dollar volume, Rumania's foreign trade was of minor international importance; but its exports of grain and petroleum were of significance in world markets. Imports of machinery and raw materials, though small, were essential to Rumania's industrial development.

With the advent of World War II, the Rumanian economy was almost completely subverted to that of the Third Reich. The Hermann Goering Werke took over control of all iron and steel production; I. G. Farben absorbed the chemical factories; and the agricultural produce was mainly exported to Germany to feed its armies and supply necessary industrial raw materials. The bulk of the petroleum output was also exported to Germany.

When the Communists took over after the war, industry, agriculture, trade, and transportation were seriously disrupted. Up to 1948, conditions improved only slightly under a government policy of half-planning, half-temporizing. The position of private capital has steadily deteriorated and one of the final

Note: This Chapter is based on information available to CIA as of 1 January 1949.

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steps toward the establishment of a Soviet-type socialist state came in July 1947 with the introduction of the Interdepartmental Commission for Economic Recovery and Monetary Stabilization.

## 2. Present Economic Situation.

The Soviet Government, through its domination of the Rumanian political leaders and through its management of the Joint Soviet-Rumanian corporations in banking, transportation, petroleum, chemicals, tractors, and timber, has virtually become the supreme Rumanian economic authority. While exercising this control, the Soviet Union has also attempted to superimpose its own pattern of a planned economy. Concurrently the USSR has steadily drained Rumania by: seizure of an estimated one and three-fourths billion dollars in "war booty"; reparation deliveries; and exploitation of the joint corporations. In addition to siphoning off production and capital goods for the direct benefit of the USSR, the Soviets are forcing extensive construction of military airfields and expanded output of military items, and have pushed to completion a strategic railway expansion program. This indirectly strengthens the USSR and at the same time is partly responsible for the failure of the Rumanian economy to regain its prewar production levels.

Both agriculture and the petroleum industry, keys to Rumanian recovery, are significantly under their prewar production figure. There has been a gradual improvement in agriculture which is expected to continue; but petroleum has been particularly hard hit by the lack of equipment and overexploitation. Other industries of lesser importance, such as iron and steel, coke, textiles, and non-ferrous metals are also lagging. Transportation, as in the prewar period, continues to be weak.

The consumer in particular has suffered. Wages have not kept pace with the rapid price increases, and living standards, although improving, are below those of the 1930's.

While a good many of these economic difficulties have been caused by Soviet exploitation, many can also be attributed to problems connected with the transition to a planned economy. Forced collections of agricultural

products are stirring up resentment among the peasants and are partly responsible for retarding agrarian recovery. Similarly, the attempt to follow the Soviet pattern in industry has often placed power in the hands of inexperienced managers and bureaucrats.

The Rumanian Planning Commission has set up a One-Year Plan for 1949 in which primary emphasis has been assigned to the development of heavy and extractive industries. The old National Bank is now the State Bank, and the financial side of the economy is being reorganized under the Ministry of Finance, to permit complete coordination with the Plan. The earlier establishment of Industrial Centers as instruments of control over manufacturing enterprises, followed by the nationalization of industry on June 1948, have already provided the framework through which the Plan will operate. Practically all of Rumanian industry and commerce is now directly controlled by the State.

The immediate task of Rumania's economic planners is one of recovery rather than development. Economic revival since the war has been retarded, and Rumania's position is still among the worst in Eastern Europe.

### *a. Agriculture, Fisheries, and Forestry.*

#### *(1) Agriculture.*

The principal agricultural areas consist of the important plainlands of Moldavia, Wallachia, Banat, and Crişana, which form a horseshoe around the less important hilly regions of Transylvania and Bukovina. The fertile soil of these plainlands is well adapted to grain production, the principal crops of which are corn, wheat, barley, oats, and rye. The soil of the hilly regions is poor and contains a proportionately larger percentage of forest, meadow, and grazing land. The Transylvanian mountain area is the center of the sheep raising industry, which has made Rumania one of the most important wool-growing areas in southeastern Europe. The Carpathian foothills are fertile and produce fruits, nuts, and vineyard products, as well as grain.

Although the greater part of the lowlands of Rumania possesses soils of exceptional fertility, crops in these regions are subject to extremes of precipitation and temperature. Spring and fall seasons are brief. Summers

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are hot, droughts are frequent, and short, torrential rainstorms are followed by rapid evaporation.

Of the total land area in Rumania, 8.8 million hectares (21.7 million acres), or nearly 37 percent, are arable. Meadows and pastures account for 16 percent, while forests take up 20 percent of the total area. The remaining land area is made up of vineyards and orchards (less than 1.5 percent) and non-agricultural lands. The agricultural four-year plan calls for the reclamation of 300,000 hectares.

Approximately 80 percent of the total arable land is devoted to grain, chiefly corn and wheat. Other food crops include potatoes, vegetables, and sugar beets which account for about 5 percent of the total arable land. The remainder is devoted to oilseeds, flax, cotton, soybeans, and tobacco.

Although about 75 percent of Rumania's working population is engaged in farming, only 35 percent of the national income is derived from agriculture. This disparity is partially the result of primitive methods of agrotechnique, small farm units, and government controls. The potentially rich soil, depleted of natural nutrients through failure to employ crop rotation, has been further impoverished by the lack of animal and chemical fertilizers. Rumania is the poorest of eastern European countries in technical equipment with an average of 1 plow for every 2.3 farms. Mechanization is at a low level with one tractor for 288 farms. Before the war, only 63 percent of the farmers had draft animals. By February 1948, this had dropped to a reported 50 percent.

As a result of population increases in the last century and of successive land reforms, small holders predominate. According to the Rumanian Agricultural Census of January 1948, there were nearly 3.1 million agricultural holdings owned by 5.5 million landholders (30 percent shared ownership), with about 100,000 units owned by the government and other corporate bodies.

Approximately three-fourths of the holdings are below five hectares (12.4 acres) in size. The per capita area of arable land, on the basis of the total population in Rumania,

is 1.36 acres, which is roughly one-half that of the United States.

Rumanian production in 1948 of the five grains (corn, wheat, oats, barley and rye) is estimated at 7,691,000 metric tons, which is an increase of 3.2 percent over 1947 grain production, but only 87 percent of the annual 1935-39 production average. The record 1947 corn crop exceeded the prewar average by more than 800,000 metric tons or 19 percent. While the 1948 corn crop dropped considerably, it was still 93 percent of prewar. It is expected that the production of corn will reach the prewar level in 1949 and 1950, well before the other important grains, and may play a bigger role in Rumania's foreign trade than normally expected. (See Table IIa.)

Production of potatoes in 1948 is estimated at 1,633,000 metric tons, which is about the same as in 1947 but nearly 25 percent over the 1933-37 annual average. This increase is the result of expanded acreage since the yields of potatoes in 1947 and 1948 are estimated to be slightly below the prewar average.

Production of sunflowers in 1948 was reported to be about 500,000 metric tons which is 32 percent over estimated 1947 production and 586 percent over the 1935-39 annual average. These increases over prewar figures are also attributable primarily to greater acreage.

Beet sugar production in 1948 is estimated at about 150,000 metric tons, which is 17 percent over estimated 1947 production and 36 percent over prewar. Estimated production of other less significant foodstuffs in 1948 shows a general increase over 1947.

Rumania's livestock position has always been weak, with relatively low numbers and productivity. The postwar deficit has been aggravated by reparation demands, feeding of Soviet occupation troops, and indiscriminate slaughter of livestock because of fodder shortage resulting from the 1945 and 1946 droughts.

Official preliminary figures based on the January 1948 census show a total livestock population (excluding poultry) slightly above the 1930-39 average, and nearly 45 percent over January 1947 numbers. While some increase over 1947 may have been possible, it is doubtful if the indicated 45 percent increase

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is probable. Official figures show that cattle and buffalo numbers in 1948 were 15 percent over prewar while horse numbers were 37 percent below prewar. Sheep and goat numbers were 12 percent and 54 percent respectively above prewar, while hog numbers were 40 percent below prewar.

Poultry is raised on most farms for home consumption. The government has encouraged the production of poultry and eggs as a quick source of animal proteins, but progress has been slow. Poultry numbers in 1948 were only 56 percent of prewar. (See Table IIb.)

With 80 percent of the arable land used for growing grain, principally corn and wheat, grain exports in prewar years always weighed heavily in foreign trade. The postwar droughts, coupled with Soviet demands for reparations and requisitions, created a grain deficit necessitating substantial imports during the first half of 1947 from the United States and the USSR. The bumper corn crop of 1947 permitted the export of corn in 1947-48, principally to Poland and Czechoslovakia, in exchange for industrial products.

Although meat and poultry products were exported in small quantities, this did not reflect true exportable surpluses, since domestic consumption was low.

Rumanian foreign trade is now a state monopoly and future agricultural shipments will be controlled by state-owned companies. The general pattern will include imports of

Soviet cotton and wool to supply the Rumanian textile mills and the export of Rumanian grains and forest products.

The nutritional value of the Rumanian diet, though improving, is not high. The 1947-48 estimated per capita caloric consumption was 2,349 as compared to 1,684 in 1946-47 and the 1934-38 average of 2,755. Cereals and potatoes contribute about 75 percent of the caloric intake. There is a serious deficit in meat, eggs, sugar, and fats. The improved grain situation and current government plans for an increase of livestock and poultry supply should improve the nutritional standards unless the government steps up food exports.

TABLE I  
INDEX OF AGRICULTURAL PRODUCTION<sup>1</sup>  
1946-47  
(1935-39=100)

	1946	1947
AGRICULTURE		
Grain Production <sup>2</sup>	49 <sup>3</sup>	84
Corn	36	119
Wheat	67	49
Barley	43	54
Oats	75	64
Rye	40	30
Livestock Numbers	71	71

<sup>1</sup> Based on production estimates given in the tables.

<sup>2</sup> Weighted by quantity—not an average of the individual grain indices.

<sup>3</sup> Low index number due mainly to severe drought.

TABLE IIa

GRAIN: PRODUCTION: TRADE AND TOTAL SUPPLY (PRESENT BOUNDARIES)

Prewar Average 1933-37 compared with Production Average 1935-39

Approximations for 1947 and 1948 and Expectancy in 1949 and 1950.

	Average 1933-34 Through 1937-38 (1,000 metric tons)	Net Trade + Imports — Exports	Total Supply	PRODUCTION (in 1,000 metric tons)				
	Production			1935-39	1947	1948	1949	1950
Corn	4,128	(—) 400	3,728	4,369	5,207	4,064	4,300	4,500
Wheat	2,420	(—) 300	2,120	3,048	1,497	2,586	2,400	2,420
Barley	740	(—) 237	530	610	327	414	400	500
Oats	623	(—) 15	608	544	348	500	500	500
Rye	259	(—) 60	199	254	76	127	150	150
TOTAL	8,170	(—) 1,012	7,158	8,825	7,455	7,691	7,750	8,070

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TABLE IIb

LIVESTOCK NUMBERS IN 1948 COMPARED WITH 1947, 1946 and 1930-39 AVERAGE  
(in thousands of head at beginning of year)

	Average 1930-39	1946	1947	1948
Sheep	9,736	6,799	7,100	10,938
Cattle & Buffalo	3,709	3,328	3,113	4,277
Hogs	2,430	1,389	1,384	1,459
Horses	1,500	857	787	939
Goats	371	201	238	571
Poultry	28,197	14,011	11,932	15,918
TOTAL, excluding Poultry	17,746	12,574	12,622	18,184

(2) *Fisheries.*

Fishing plays a minor economic role, but is capable of development. On the Black Sea coast and the Danube it is controlled by the State Fisheries Administration. There is also some fishing in inland waters. Before the war, the domestic catch of nearly 20,000 metric tons was supplemented by imports of 4,000 metric tons. The 1947 catch was reported to be less than one-third of the prewar figure.

(3) *Forestry.*

Rumania's forests are one of its most important natural resources, contributing a large part of the nation's requirements for fuel and all of its requirements for constructional lumber. In prewar years, timber exports took third place following grain and oil. The timber industry was overexpanded, however, in relation to normal yield of the forests. Over many years, up to the outbreak of the war, there was overcutting of the forests. The excessive demands of the war years served to aggravate the situation.

Forests cover about 20 percent of Rumania. On a per capita basis, the forest acreage is slightly below the European average.

Exploitation of Rumania's forest resources is even now exceeding the prewar average. To counteract this, the government has drafted a five-year reforestation program which involves the planting of trees on 3 million hectares. While this plan appears overly ambitious, some balance between growth and cuttings may result in the distant future; however, continued heavy Soviet demands for Ru-

mania's forest products together with domestic requirements, will prevent an early realization of this balance.

Rumania's potential sawmill capacity is far in excess of the nation's actual production, despite deterioration of equipment.

(4) *Government Controls.*

The Groza Government and the USSR have used the postwar food shortage to advance their political aims, through the forced collection and controlled distribution of produce to those supporting the regime. The danger of hunger riots during the drought years served to excuse increased police controls now being used to enforce the collection program. In addition to contributing to the general economic deterioration of the country, the food shortage has also served as another Communist weapon against those who oppose economic controls. It will undoubtedly be used to justify the collectivization of agriculture, despite peasant opposition.

Although collectivization of agriculture in Rumania has not yet taken place, legal sanctions have been provided in the new constitution and administrative steps have been taken. The latter include the establishment of co-operatives controlling production and marketing; agricultural machinery stations; state farms created from the confiscated estates of Germans, wealthy landowners and former nobility; forced collection systems which reduce the amount of produce for sale on the open market; and government control of the farm credit. These controls, in a situation where

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the agricultural population is already impoverished by war and droughts, pave the way for the eventual collectivization.

*b. Industry.*

In Rumania, petroleum is the only industry of any real significance. Efforts have been made to utilize natural resources by expanding the production capacity for iron, steel, coal, electric power, and certain ferro-alloys and chemicals; but progress has been slow. The machinery and machine tool industries are negligible. The shortage of skilled management and labor is definitely a limiting factor. Furthermore, the ouster of Western European and US management, and the introduction of state planning and control, will, for some time to come, do more to aggravate than alleviate this weakness.

Recovery in industry since the war has been sluggish and by the middle of 1948 the general level of production (with the proper weight assigned to petroleum and steel) was not much over 70 percent of prewar. Among Rumania's larger industries, only electric power and natural gas are above their prewar level. The most important industry, petroleum, is lagging far behind the 1938 position.

TABLE III

Index of Industrial Production<sup>1</sup>  
1946-47 (1938=100)

INDUSTRIAL PRODUCTION <sup>2</sup>	1946	1947
Crude Oil	64	58
Petroleum Products	62	54
Electric Power (capacity)		196
Coal	82	95
Coke	58	85
Natural Gas	69	113
Pig Iron	57	69
Crude Steel	53	66
Gold		47
Cotton Yarn	75	70
Cotton Fabric	21	15
TRANSPORTATION (freight hauled)		70

<sup>1</sup>Based on production estimates in the body of the text.

<sup>2</sup>No satisfactory weights available for computation of over-all industrial production index but it is roughly calculated between 60 and 65 for 1947.

(1) *Fuel and Power.*

For the most part, Rumania is self-sufficient in sources of fuel and power. The large petroleum resources have, in recent years, formed the foundation of Rumanian economy. While there is an abundance of low-grade coal, the chief deficiency is in "hard" coal, especially metallurgical coking coal. It has always been necessary for Rumania to import both bituminous coal and coke. The natural gas reserves are playing an increasingly important role commercially, partially counteracting the decrease in petroleum production. The leading source of fuel is firewood, which, before the war, furnished nearly 30 percent of requirements. The potential power of the rivers has been estimated at 5.5 million kilowatts, but by 1947 only 60,000 kilowatts, or less than 2 percent, were utilized.

(a) *Petroleum.*

Rumania's petroleum industry, which is second in Europe only to the Soviet Union, is important, both as a potential source of supply to the USSR in the event of war and as a mainstay of the Rumanian economy. Since the end of World War II, however, this industry has steadily declined as a result of: over-intensive exploitation; extensive Soviet dismantling of equipment; insufficient maintenance; a lack of modern equipment and spare parts; and inadequate exploratory and development drilling. Although there is an excess of refinery capacity for straight run distillation, cracking capacity for high octane fuels is insufficient to meet requirements. In 1948, planned production of aviation gasoline was 60,000 metric tons, some of which undoubtedly was shipped to the USSR. Production of crude oil has declined steadily and in 1947 was less than half that of the peak year, 1936. It is extremely doubtful that the nationalization of the petroleum enterprises in June of 1948 will, in any way, aid in the revival of the industry. Foreign assistance, in the form of equipment and spare parts for both drilling and refining, is essential to recovery. Neither the countries of the Soviet orbit nor the Western countries are ready to extend such aid.

In the event of war, the strategic importance of Rumanian oil to the USSR would be one of location rather than quantity. It has been

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estimated that the Satellite countries can supply the USSR with only 3 to 4 million metric tons of petroleum, of which Rumania's maximum share would be 2.5 million. Rumania's comparatively large refining capacity would also be of some value in the production of petroleum products.

Despite the abundance of available oil, pre-war petroleum and petroleum products accounted for only 25 percent of domestic fuel consumption. Rumanian petroleum production has traditionally provided a large export surplus. From 1936 to 1940, annual exports of crude oil and products averaged 4.9 million tons. By 1946, the export surplus had decreased to about 2.3 million tons. Of this total, 1.7 million tons were scheduled for delivery to the USSR as reparations and 276,000 tons for delivery under the Soviet-Rumanian trade agreement. Deliveries for support of occupation troops were reportedly 94,800 tons. The remaining surplus (229,200 tons) was committed in trade agreements with Czechoslovakia, Poland, Yugoslavia, Bulgaria, and Hungary. A further decrease in crude oil production reduced exports in 1947 to 1.85 million tons, of which the Soviet Union absorbed 1.75 million tons. It is estimated, however, that in 1948, 2.15 million tons of crude oil and petroleum products will be exported with the USSR taking 1.47 million. Although the Soviet Union forgave Rumania 50 percent of the reparations still due in June 1948, the petroleum export picture will probably not be altered much. It seems likely that the quantity of petroleum and products shipped under the Soviet-Rumanian trade agreements will approximate that taken by the USSR as reparations.

Total proven and probable reserves in the Rumanian fields approximate 67 million metric tons. However, the Soviet policy of draining the industry to meet immediate reparation demands is resulting in premature exhaustion of reserves for the industry. In addition, the oil field and refinery equipment is not only old, but also as a result of improper maintenance, badly in need of repair. Rumania urgently needs new equipment and spare parts, but present restrictions make imports from the West a practical impossibility

and the USSR and other orbit countries are unable to provide such supplies. Failure to discover and develop new fields, because of inadequate exploratory and development drilling, provides another obstacle to maintaining even present production. The exploitation of undeveloped fields in the Banat area of western Rumania and the government's shortsighted policy of overexploitation of existing fields, will probably bring about temporary improvement in annual production. Since the peak production year of 1936, when the output was 8,704,000 metric tons, there has been an almost steady decline to about 3,850,000 tons in 1947. In 1948, production rose to 4,200,000 registering a 10 percent increase over 1947. Output in 1949 is expected to reach 4,750,000 tons.

Ninety-eight percent of Rumania's refining capacity is concentrated around the Ploesti oil fields. Refining capacity far exceeds the crude oil production. In 1942, processing facilities were estimated at some 11 million tons, which was nearly twice the crude output. At the time of the Soviet occupation in 1944, the country's ability to refine crude oil had been reduced to about 5,200,000 tons. This was attributable to bomb damage, wartime inability to obtain badly needed technical equipment, and failure to keep pace with foreign technical developments. It is believed that refinery output in 1947 was 1,488,000 metric tons for domestic consumption and 1,846,000 for export with 1,363,000 and 2,150,000, respectively, estimated for 1948.

Before World War II, the petroleum industry relied largely on the railways for transport. Less than 20 percent of the oil products was shipped to the border by pipe line and an additional small quantity by barge. The situation today is probably not much changed. The railroads are still the chief means of transport. The main ports of export, Constanța and Giurgiu, are reportedly equipped with storage tanks with a capacity of 650,000 tons and 32,500 tons, respectively. There are three pipe lines in Rumania: (1) from Ploesti to Constanța, the primary port for oil exports; (2) from Ploesti to Giurgiu, transshipment point for west-bound Danube shipping; and (3) from Ploesti to the Danubian ports of Galați

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and Reni. The Ploesti-Galați-Reni pipe line was reportedly extended to Odessa in early 1946, and branches off the line to Constanța at Făurei.

The Rumanian petroleum industry was developed largely with foreign capital and management. Before the war, the British were the largest foreign investors, followed by the US, French, Belgian, and Italian. From 1940 until the Armistice, the Rumanian oil industry was operated largely for the benefit of Germany. The USSR, after seizing oil properties through a "liberal" interpretation of what constituted war booty and former enemy assets, used these acquisitions as a "legal" basis to form the joint Soviet-Rumanian oil company, Sovrompetrol. The USSR and the Rumanian Government effectively shackled US and British oil interests by forcing them to produce exclusively for reparations at prices below cost. This prevents them from exporting to countries which may purchase with stable currency or are capable of providing machinery necessary for maintenance of existing facilities. In addition, the Rumanians have forced dismissal of key personnel to make way for more politically acceptable appointees. Under the nationalization law of June 11, 1948, all petroleum enterprises are transferred to the State. Only those shares which are still in the hands of Rumanians, or foreign shareholders, will be nationalized. German, Rumanian, and other assets acquired by the Soviet Union under the terms of the Peace Treaty are exempt.

Lip service is paid to the principle of compensation. The law sets up a Nationalized Industry Fund which shall issue bonds to the owners to be redeemed from the profits of the enterprise. If there are no profits, no payments will be made to the ex-owner.

(b) *Natural Gas.*

Rumania has large reserves of natural gas. It is produced both in association with oil and from methane gas wells. At Ploesti over two-thirds of the gas is utilized for the production of casing-head gasoline amounting roughly to 200,000 metric tons yearly. In 1947, the production of this gas was 1,164 million cubic meters, nearly 30 percent of which went to Bucharest for domestic and industrial uses.

The great methane fields of the Transylvania Basin, which supply gas for space heating and industry, have reserves estimated at 300 million cubic meters. The 619 million cubic meters produced in 1946 was more than double the 1938 production. In 1947, the output rose to 942 million cubic meters, 52 percent more than in 1946. Before World War II, methane and other gases accounted for 17 percent of the fuel consumed in Rumania; however, there has probably been an increase in its relative importance as the result of the rise in production of gas and the drop in petroleum output since the war.

Pipe lines have recently been completed from Ceanul Mare to Cluj and from Transylvania to Bucharest. In addition, it has been reported that the Brașov-Câmpina line for supplying the industries of Prahova Valley was completed in December 1947. The line to Bucharest, alone, will save an estimated 430,000 metric tons of fuel oil annually through the substitution of natural gas.

Until recently, all the methane gas fields in Transylvania were owned by the Societatea Națională de Gaz Metan (National Methane Gas Company). Eighty percent of the company's capital was actually owned by the State. The government, however, forced the company to divert its equipment to industrial uses such as the production of carbon black, formaldehyde, and other products. The wells and gas deposits were working under a regime of forced production, so that in 1947, in addition to the five or six necessary wells in all the other gas areas, an additional five or six wells in the Noul Săsesc field alone had to be drilled to insure the consumption for at least this year. Over-exploitation and uneconomical drilling are exhausting the known reserves of gas as well as petroleum. In June 1948, the privately-owned 20 percent was nationalized, eliminating any possible opposition to governmental policy.

Following nationalization, the industry was integrated under the Methane Gas Center. This organization utilizes 1,100 miles of gas pipe lines and 115 producing wells, with a total annual production of 1,200 million cubic meters of gas. Gas is being supplied at the present time to 21 towns and 40 villages, with plans

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to expand the present gas pipe-line network to other areas.

(c) *Coal.*

Rumania has extensive deposits of low-grade coal, but is deficient in coking coal. Its coal reserves, second only to Yugoslavia's among the Balkan states, are calculated at 2,871 million metric tons; 2,839 million tons of lignite and brown coal and 32 million tons of bituminous coal. The most important deposits are located in southern and western Transylvania, while a few of lesser importance are in northern Transylvania and Banat.

Coal ranks second to petroleum in value of industrial production. From 1938 through 1942, production of all grades of coal averaged about 2,500,000 metric tons yearly. In 1943, output rose to 2,909,588 tons. By 1946, it had dropped precipitously to a low of slightly over 1,970,000 tons. In 1947, the situation improved somewhat with production reportedly rising to 2,267,000 tons: 2,105,000 tons lignite and 162,000 tons bituminous. Preliminary figures for 1948 indicate that there was considerable decline in output.

73,000 metric tons of coke were produced in 1947 compared with 86,000 tons in 1938. 47,000 tons of metallurgical coke of the overall production for 1947, was made from imported coal and from coal mined at the Seoul mine, the only source of metallurgical coking coal in Rumania.

Rumania, normally, has not produced sufficient coal to satisfy domestic requirements. In 1946, it is estimated that the consumption was only 1,881,000 of which 111,000 tons were imported. However, in 1947 imports of coal and coke dropped below 100,000 tons, consisting of bituminous coal from Poland and metallurgical coke from Russia. The railroads were the greatest single consumer.

The chief problem of Rumania's coal industry are: the lack of food and clothing for the miners, labor-management difficulties, the need for new mining equipment, and the shortage of railway coal cars. Although the first two obstacles may be overcome, Rumania has little immediate prospect for obtaining mining equipment and coal cars. Insufficient foreign exchange will prevent its purchase from the West, while the USSR is more likely

to export such equipment—if it has any available for export—to the far more productive Polish mines. Rumanian coal production may show some improvement within the next few years but full exploitation for the nation's coal mines seems unlikely for some time. Meanwhile, maintenance of internal consumption on a level sufficient to restore industry to prewar levels will depend upon continued coal imports from Poland and the USSR. Under existing conditions, it will be difficult for Rumania to export sufficient oil and other commodities to pay for appreciable coal imports.

The coal mining industry was nationalized in June 1948. The effects will be the same as those on the petroleum industry. Russian interests will be paramount and the chance of any others receiving just compensation are slim.

(d) *Electric Power.*

It is estimated that the effective installed capacity of electric power plants in Rumania, at the end of 1947, was approximately 600,000 kw, with an approximate annual output of 2 billion kwh. Of the total production, about 15 percent is generated in hydro plants and 85 percent in thermal and Diesel plants, coal, oil, and natural gas being the principal fuels. The largest power plants are concentrated in the Bucharest-Ploesti area. All public supply power plants of 10,000 kw and over are located in this region. Before World War II, the aggregate capacity in this area was over 200,000 kw.

There is no national grid system in Rumania. The plants around Bucharest and Ploesti are integrated by high tension lines but, throughout the rest of the country, there is very little if any connection between generating stations.

Rumania's potential water power resources, estimated at 24 billion kilowatt-hours, far exceed the country's foreseeable requirements. The abundance of nearby fuel oil, gas, and low-grade coal, however, has discouraged the development of large-scale hydroelectric projects. In 1938, hydroelectric plants generated 181 million kwh from an installed capacity of 50,000 kw. Although a plan has been in effect since 1943 to build additional installations which would develop a total of 400 million

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kwh, very little, if anything, has been done.

In the fall of 1947, an agreement was signed under which Rumania will supply electric power to Bulgaria. First reports indicated that a 60,000-volt line would be constructed to Razgrad via Ruse for this purpose. Delivery of power was to have begun in September 1948. Latest reports indicate, however, that the power line will not have begun operating until mid-1949.

## (2) *Iron, Steel, and Ferro-Alloys.*

Rumania's iron and steel industry output is adequate for domestic needs, but production is dependent upon imports for a large percentage of coke and iron ore requirements and for all requirements of nickel and most of the ferro-alloys. Peak production was reached in 1943, but, due to a lack of raw materials, the worn-out condition of equipment and a shortage of labor, there has been a sharp decline in production, which still falls short of prewar output. On 11 June 1948, all mines and industrial enterprises in Rumania were nationalized. A concerted effort is being made by the Rumanian Government to bring the production of the iron and steel industry back to prewar levels.

Iron ore deposits are widely distributed throughout the country in the Banat, Montii Apuseni, Eastern Transylvania and in the general vicinities of Hunedoara and Maramures. The coal deposits in the same general area have facilitated the establishment of a small steel industry there. Metal content of the mined ore ranges from 30 to 60 percent. Although iron ore reserves are estimated at 26,200,000 metric tons, these reserves have not been greatly exploited. As a result, Rumania must import a large percentage of the iron ore used, most of which has been obtained from Yugoslavia.

In Europe, Rumania is second only to the USSR in the production of manganese, in amounts sufficient for domestic consumption with a large surplus for export. Reserves of manganese and manganiferous iron ore deposits, estimated at 3,730,000 metric tons, are located in northern and southwestern Rumania in the vicinities of Bucovina and the Banat. Average manganese metal content is about 36 percent.

Production of molybdenum-bismuth ore was insignificant until 1939, but the demands for ferrous-alloys during World War II raised Rumania to a position of world importance in the field of molybdenum. Production was estimated at 10,000 tons in 1941, but dropped sharply in 1943, owing to the exhaustion of several of the ore pockets during the peak years.

The principal chrome deposits are located in the Banat Basin, where reserves have been variously estimated at from one million to ten million metric tons, with the best reliability credited to the lower estimate. Exploitation of the chrome mines ceased in 1917, but in 1942, the right to develop the deposits was granted by the Rumanian Government to the state organization, the Trade Administration for Mining Research and Exploitation. 500 metric tons reportedly were mined in 1942 containing iron-chromite ore assaying at 16 to 29 percent chromite.

Fifteen blast furnaces, with an estimated annual capacity for the production of 386,000 metric tons of pig iron, are distributed among four enterprises, which are located at Hunedoara, Recița, Calanand Vlăhița, and in close proximity to the iron-ore mines. In the steel industry at least thirty furnaces are in operation, including seventeen Siemens-Martin reverberatory units, one mazout (fuel-oil) furnace, and twelve electric furnaces. Plans exist for increasing the number of furnaces, modernizing existing plants, and improving the methods for processing iron and steel, but success is dependent entirely upon the technical assistance forthcoming from the USSR and other industrial satellite countries. Information on rolling mills has been fragmentary. In 1937, the annual capacity of the mills was estimated at 340,000 metric tons of rods, bars, and rails and 70,000 metric tons of sheet metal. Over-all production in 1947 is estimated at 140,000 metric tons.

## (3) *Non-Ferrous Metals and Non-Metallic Metals and Minerals.*

Non-ferrous metals are not abundant.

Copper production is small, all of it being concentrated in Transylvania. Copper ore production for 1947 is estimated to be under

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5,000 tons. The capacity of all processing plants is reported not to exceed 2,700 tons. Smelter output in 1947 was reported at 520 tons.

Lead production is not large but sufficient amounts are produced for Rumania's domestic requirements.

Production of zinc in 1947 was 2,247 metric tons or less than one-half the estimated annual domestic requirements of 5-6,000 metric tons. No plans are known for the expansion of production facilities.

The gold and silver production is mostly from copper and lead ores and is of more importance than the copper, lead, or zinc values. Both gold and silver are sold exclusively to the National Bank of Rumania.

Bauxite production shows a definite downward trend since 1942. Although official figures are not available for 1947, it is estimated that approximately 600 tons of bauxite were produced.

The following tables show the trend of production since 1938:

TABLE IV  
IRON, STEEL AND FERRO-ALLOYS  
(In metric tons)

PRODUCT	1938	1943*	1945	1946	1947
<i>Iron Ore:</i>					
Production	139,000	244,500	131,000**	104,000	117,000
Imports	114,500	.....	.....	.....	.....
Exports	41,000	.....	.....	.....	.....
<i>Scrap Iron:</i>					
Production	141,000	174,000	117,000	148,000	154,000**
Imports	74,000	97,500	.....	.....	.....
<i>Pig Iron:</i>					
Production	133,000	226,500	54,000**	76,000	91,000
Imports	6,000	.....	.....	3,000**	.....
<i>Crude Steel:</i>					
Production	276,500	351,000**	117,000**	147,000**	183,000
Imports	104,500	.....	.....	1,000**	.....
<i>Ferro-Manganese Ore:</i>					
Production	60,500	38,000	.....	.....	.....
<i>Molybdenum-Bismuth Ore:</i>					
Production	160	4,000	.....	.....	.....

\* Peak war year.

\*\* Estimate.

TABLE V

PRODUCT	PREWAR 1938	PEAK WAR YEAR	1945	POSTWAR 1946	1947
Gold (troy oz.)	157,924	1941—103,397	.....	.....	74,686
Silver (troy oz.)	819,876	126,803	189,610	.....	.....
Copper (metric tons)	580	124	.....	1,116	523
Lead (metric tons)	5,655	1944— 261	.....	3,225	3,316
Zinc (metric tons)	4,022	.....	.....	802	2,247
Bauxite (metric tons)	11,806	1942— 15,041	.....	663	.....

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*(4) Chemicals.*

Despite indications that the chemical industry in Rumania is expanding, the tonnage of its major products is insignificant. Such basic chemicals as sulphuric acid and alkalis are in very limited production, the total annual output of each being approximately that of the United States for one day. Basic raw materials, with few exceptions, must be imported, and consuming plants are almost nonexistent.

It is estimated that, prior to World War II, Germany supplied at least 85 percent of the chemicals. In the immediate postwar years, a minimum quantity of this deficiency was made up by the USSR. Rumanian chemical requirements for wartime mobilization would undoubtedly be a heavy drain on Soviet industry.

The lack of chemical fertilizers has been a serious drawback to Rumanian agriculture but, by increasing the sulphuric acid production, it would be possible to increase the output of phosphates and partially alleviate this shortage. To date, however, little has been accomplished.

*(5) Textiles.*

The total capacity of Rumania's spinning mills is reported to be about 28,000 metric tons, which is 5,000 metric tons below the country's estimated requirements. Not only is production of yarn and fabrics below prewar, but the quality has deteriorated.

Rumania is dependent on cotton imports, most of which have come from the USSR in recent years; however, these imports are largely re-exported to the USSR as processed goods. It is reported that 60 percent of Rumania's spinning mill production is intended for export to the USSR. This, plus inability to import textiles, is resulting in a shortage of textiles for domestic consumption. Prospects for any substantial improvement in the domestic supply in the near future are slim.

It is estimated that the 1947 output of cotton yarn was 11,300 metric tons, as compared with an estimated 12,500 metric tons in 1946 and 16,500 tons in 1938. The output of cotton fabrics in 1947 was estimated at 3,200 tons as against 4,500 tons in 1946 and 21,100 tons in 1938.

Rumania's mechanized wool textile industry is small, with two-thirds of the domestic wool normally consumed in village handicraft. Production of raw wool in 1948 is estimated to be slightly below the prewar level of 18,000 metric tons. Imports of raw wool from the USSR and Argentina are estimated at between 10 and 15 percent of domestic production. Woolen fabrics are being exported to the USSR, however, in return for the raw wool imports. Production of wool fabrics in industry was reported for 1947 at 1,540 metric tons, with a possible increase in 1948.

The Rumanian textile industry has a large number of small enterprises. Plans are being made to reduce their number and concentrate production in larger and more efficient units. This may result in a higher output and improved quality and uniformity.

*c. Transportation.*

Rumania's transportation system, although vastly improved since the war, is moving only approximately twenty-three million metric tons of freight annually, 30 percent below the prewar figure of 33,000,000 metric tons (see Appendix B). Serviceable locomotives and rolling stock owned by Rumania are 44 percent and 20 percent, respectively, below the 1938 inventories, inland waterway vessels are reduced by 49 percent, and motor vehicle registration is off 57 percent. (See Appendix B.) Pipe-line extensions toward the Soviet frontier have not increased pipe-line capacity. However, fixed road, rail and river facilities are being strengthened, and by 1952 should be sound enough to support sustained increases in traffic. Present new construction is very limited. When or whether the Soviets will expand the system in the future is conjectural. Expansion can hardly be accomplished without reducing armament and reparations production; therefore it is not expected to be emphasized in the near future. However, essential transportation is being, and will be, maintained.

Since midsummer 1947 the Soviets have been integrating all Satellite communications into one central authority under their strict control. Under this centralization, Soviet strategic and economic requirements govern all transport policies, Satellite needs receiving



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only secondary consideration. Road and rail expansion is based largely on Soviet strategic requirements. The new lines give an alternate through-route across Rumania from the Soviet frontier to Bulgaria, Yugoslavia, and Hungary, and the proposed new Danube bridges, one reported under construction at Corobia-Gigen, one planned for Giurgiu-Ruse, and one rumored for Ismail-Tulcea, will give the Soviet Union direct access to the Greek and Turkish frontiers. This is fundamental to any Soviet intentions toward the Dardanelles and the Aegean. In conjunction with these bridges and with construction now proceeding in Bulgaria and Yugoslavia, Rumania's transport network will give the Soviet Union direct access to several points on the Adriatic coast and the Aegean.

Another strategic gain of this centralization is the effecting of a potential rolling stock reserve. Peak loading periods do not occur simultaneously throughout Eastern Europe, and centralization will permit emergency shifting of rolling stock from slack to busy areas, regardless of national frontiers. Traffic can move with a smaller rolling stock establishment.

#### (1) *Railroads.*

Railways move the bulk of Rumania's freight, 83 percent in 1938, 86 percent in 1947. Before World War II, this traffic was mainly in petroleum, grain, and timber shipments to Central Europe. Today, the majority of the traffic is in the same products shipped to the Soviet Union.

The railways were primitive before the war, but they were adequate for their requirements, and for such a system, were in fairly sound condition. Locomotives and rolling stock, if antiquated, were in excess of demand; maintenance was adequate; and capacity was sufficient for the needs of the national economy. As the economy quickened, in the late thirties, a program of expansion was inaugurated, which was overtaken by the war.

During the war, the system was vital to Germany for moving petroleum, grain, and timber to Central Europe as well as for east-front logistics. It was reenforced to some extent by German freight and tank cars, and the augmented rolling stock establishment was strong

enough, despite heavy destruction of freight cars, to allow large withdrawals for such modernization as air-brakes installations. War destruction of railway equipment and track was severe as was damage to marshalling yards, shops, and stations. Rail traffic was virtually at a standstill when Rumania was occupied by the Red Army in 1944.

The system has largely if superficially recovered from the war. In the past three years, nearly all damage has been shored up, three new lines—begun before the war—have been completed, and work is reported to have begun on one of the planned Danube bridges. Service has been restored on all major and nearly all secondary lines. By August 1948, passenger traffic was 25 percent heavier than in the previous year and freight movements increased 72 percent from January to December 1947.

This apparently healthy condition, however, proved to be misleading. By June 1948 the rapid rise in freight traffic had leveled off at 28 percent below prewar. Most repairs have been temporary and all lines are now essentially in bad repair. The majority of the locomotive and rolling stock establishment is superannuated, maintenance is sub-minimum, retirement rates are excessive, and nearly all production is diverted to the Soviet Union.

Shortages of all types plague the rail system, but rolling stock and particularly locomotives, are the critical deficiency. The locomotive inventory has declined more since, than during, the war: 17 percent from 1938 to 1945 and 21 percent from then until now. The serviceable supply in mid-1948 was 1,260 or 34 percent below prewar. However, intensification of motive power employment has kept traffic moving with the available locomotive supply. This has been accomplished by increased efficiency and by abusive practices (such as increasing the length of service between overhauls), which multiply depreciation and work against the recovery of inventories.

This intensification is consistent with the exhaustive operating policies imposed by the Soviets throughout eastern European transport systems. If pursued, they would seriously undermine the railways, but there is no

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reason to expect the Soviets to allow critical railway debilitation in their buffer areas. Whenever inventories approach the danger point, the Soviets can re-divert railway equipment production toward domestic requirements. In this respect, Rumania was allowed to retain 24 of the 60 locomotives produced by the Malaxa Works in 1947. All freight car production, however, is scheduled for the Soviet Union.

### (2) *Inland Shipping.*

Although prewar inland shipping (preponderantly Danube river traffic) was very active, it amounted to only about 17 percent of all Rumanian traffic. Petroleum, grain, and timber were the major shipments upstream to Central Europe and overseas via the Black Sea. A fifth of the total was domestic hauling.

Danube shipping suffered as much during the war as railways. Port facilities were badly wrecked, dredging was neglected, channels were blocked with shipwrecks, and 33 percent of the total 771 vessels were destroyed. A further 22 percent of the shipping was forfeited as reparations and removed to the Soviet Union, leaving the present Rumanian shipping strength at only 51 percent of the prewar registration, 396 vessels. About 40 of these were either built or salvaged at the shipyards at Turnu Severin, Giurgiu, Brăila, and Galați. Mines in the channel and at the river mouth will continue to be a hazard to navigation for several years, following low-water periods and Black Sea storms. Restoration of ports began in the spring of 1947 and facilities which handled 50 percent of normal prewar freight in 1947 are expected to handle 73 percent—approximately 4,000,000 tons—in 1948.

Rumanian Danube shipping has been combined into one nationalized company, the Soviet-Rumanian Navigation Company. SOVROMTRANSPORT is nominally a joint undertaking, with direction shared equally by both parties, but the Soviets have, by various devices, secured complete control of the company. With it they fully dominate all fluvial navigation in Rumanian waters, because all port facilities, warehouses, shipyards, and marine railways have been leased to the company for thirty years. Maintenance of these facilities, however, is not borne by SOVROMTRANS-

PORT, but by the Rumanian Government, indicating the impotence of the Rumanian members on the board of directors.

### (3) *Highways.*

Motor transportation of freight has been negligible in the national economy, but there has always been some local, intercommunal road traffic, largely horse-drawn.

The prewar Rumanian highway system was, by Western standards, sparsely developed. Roads of a sort connected and radiated from the principal commercial and industrial centers, but there was only one significant international highway; it connected Hungary with Bulgaria via Oradea Mare, Cluj, Sibiu, Braşov, Bucharest, and Giurgiu.

The meager highway network suffered heavily in the war. Warfare (which destroyed hundreds of bridges) together with depreciation, plus heavily increased traffic and the virtual suspension of maintenance, left the road system in critical condition. Despite wartime imports of first German, then Russian vehicles, the supply remains much reduced.

However, an intensified program of reconstruction during the past two summers has restored the principal highways to serviceability. Chief emphasis is on developing all-weather, high-capacity through-routes, leading from the Soviet frontier near Iaşi and Galaţi, via Bucharest, to the Bulgarian border at Giurgiu on the Danube, and to the Hungarian frontier via Oradea Mare and Arad.

Strategic gains may accrue from the recent nationalization of all public hauling under the Regie Autonoma de Transporturi cu Autovehicule, or RATA. This ministry has already expanded bus routes from 97 to 222 and plans to triple its vehicle establishment by April 1949 to 1,200-odd trucks and busses. Such a centralized ministry could easily be employed to develop arterial highways and a motor industry according to strategic requirements.

### *d. Population and Manpower.*

Rumania today possesses a young expanding population, predominantly agrarian in character, but comparatively more industrial than before the last war. The advent of the Communist-dominated regime brought, of course, complete government control over the labor force, with all of the advantages and dis-

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advantages inherent in such a system—subservience to government policy, offset by poor morale, and a lack of incentive and initiative. This, coupled with the shortage of skilled managers, has added to the problems of Rumanian economic recovery.

The population of Rumania, at the beginning of 1948, totaled 15,873,000 as compared with a 1930 population of 18,057,000. Territorial changes and war losses were largely responsible for the decline. The ethnic pattern of the population was also altered, shifting from 72 percent Rumanian in 1930 to 86 percent Rumanian in 1948.

Although the population of Rumania is largely agrarian, the trend has been toward urbanization. In 1948, an estimated 75 percent of the working population was engaged in agriculture, fishing, and forestry, as compared with more than 80 percent in 1930. The population of Rumania's eighteen largest cities increased about one-third from 1930 to 1948.

The decline in birth rate from 35 per thousand population in 1930 to 23.8 per thousand (still a high birth rate) in 1946, together with war losses, resulted in an upward movement of the population into the higher age categories; however, three-fourths of the population is still under 45 years of age. The male population decreased from 49.2 percent in 1930 to 48.3 percent of the total in 1948.

The Rumanian Communists gained control of the labor movement in 1945, and have since extended their position. The government regulates employment conditions through the various ministries and their sub-divisions (Industrial Centers). Trade union rights and the mobility of labor are restricted. The government has established another form of control through the institution of labor norms. Wages and salaries are held at a low level. As a result, labor discipline is not good. Almost all categories of persons, including school children, are subject to "voluntary" labor. Political opponents of the new regime and members of the German minority group in Rumania are believed to be in labor camps.

*e. Standard of Living.*

The standard of living in Rumania today is low, not only in comparison with the general

European average, but with the prewar Rumanian standard. This undoubtedly is having its effect on the political and economic progress of the country. Morale is low, but may improve somewhat as Rumania's food position is improved.

Postwar inflation has played havoc with the cost of living. Wages have not kept up with rapidly rising costs. The monetary stabilization of August 1947 bettered the workers' situation, but only temporarily, because recurrent food shortages and expanding currency forced prices upward. Living costs have increased from five to seven times since the present wage scale was set up. There has been little or no adjustment in pay to compensate for the enormous increase in the cost of living. Prices would have risen even further had not drastic government tax collection absorbed a large part of the money in circulation.

Bread, sugar, meat, and vegetable oils are rationed. Although these products are available on the free (unrationed) market, prices are double and triple the rationed price.

Prices of most consumer goods are high and supplies for domestic consumption severely limited.

*f. Financial Structure.*

*(1) Currency.*

From 1945 to August 1947, Rumania suffered from the effects of hyper-inflation. Heavy occupation costs, extensive reparations demands by the USSR, and budgetary deficits financed by large issues of printing-press money, coupled with serious crop failures and low industrial production, led inevitably to a precipitous rise in prices. Government measures to combat the inflation were first taken in August 1947 when the old currency was withdrawn. The total issue, by that time, had increased from 35 billion lei at the end of 1938 to over 50 trillion, and the official foreign exchange rate had risen from 140 lei to over 650,000 (for non-government accounts) during the same period, while the black market rate reached approximately 7,000,000 lei to \$1 in August 1947. The old lei was made convertible, at the official rate of 20,000 for one new "stabilized leu," and the initial volume of the new currency placed in circulation was estimated at between 3 to 3.5 billion lei (20 to

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24 million dollars at the new official rate of 150 lei to \$1). However, inflation continued, and by 15 October 1948 the new issue had reached an estimated 127 billion. In terms of the old lei at 20,000 to 1, the note issue thus rose to 2,540 trillion. Chiefly by drastic controls over prices, wages, credit and taxes, the government has thus far prevented another run-away inflation. If the underlying causes of an expanding money supply and a low level of production remain unchecked and the USSR continues to drain off the country's wealth, inflationary pressures are expected to increase. The result will probably be another period of extreme inflation, the severity of which will depend on Rumania's ability to control a regimented economy under deteriorating conditions.

### (2) *Banking.*

The most significant modification in Rumania's banking system came in January 1947 with nationalization of the Rumanian National Bank. Up to this time the National Bank held quasi-autonomous authority over normal central banking functions. The nationalization of this bank was only a prelude, however, to the sweeping changes decreed by the National Assembly on 13 August 1948, when all but a few of the country's banks were ordered dissolved. The only banks now in existence other than the Bank of the Rumanian Popular Republic (new name for the National Bank of Rumania) are: the National Industrial Credit Society, the Post Office Savings Bank, the Deposit and Consignation Office, and "other banking enterprises established as a result of an agreement between the Rumanian Government and a foreign state." The only institution falling within the latter category to date is the Sovrombank, a joint Soviet-Rumania organization which absorbed several large Rumanian banks to become the largest commercial bank in the country. All French, German, Italian, and British interests, which exerted considerable influence among the large commercial banks before the war, were liquidated by this order. The new law gives the government complete authority over the central bank (Bank of the RPR), by placing its administration and credit policy control directly under the Finance Minister, thus in-

sureing a tight hold on all banking and credit operations necessary for integration with the industrial plan. New controls also establish rigid supervision over foreign trade and foreign exchange transactions, including the diversion of private foreign currency earnings within Rumania. Former Governor Aurel Vijoli, a Communist of high standing, was re-appointed as bank president and concurrently assistant Finance Minister. It can be expected that this grip on banking will give the USSR complete powers in exploiting the Rumanian economy.

### (3) *Budget.*

Since 1930 the Rumanian national budget has been unbalanced. Military disbursements accounted for approximately 30 percent of total expenditures in the prewar period, rising to over 75 percent during the war when Rumania was actively opposing Soviet armies. Although the war brought on increased taxation, already burdensome, it was insufficient to cover expenditures, and large-scale borrowings became necessary. Since the war, the Rumanian budget has been dominated by expenditures for national defense and war obligations, chiefly reparations to the USSR. Of the estimated more than 56 billion lei spent during 1947-48 (period following currency reform—15 August 1947 to 31 March 1948), 16 percent went for national defense and 33 percent for obligations resulting from the war, totalling approximately half the state budget. Expenditures for national defense were considerably greater than the published figures. Items hidden as allocations appearing under various ministries for "superior interest of state" are believed intended for specialized security organizations within Rumania. Although government figures show that 1947-48 budgetary expenditures were covered by ordinary revenues, it is believed that actual expenditures greatly exceeded revenues and that the deficit was principally met through currency expansion, which was the basic cause for increased inflation of the economy during the period.

The published budget projected for the fiscal year (1 April 1948 to 31 March 1949) shows that national defense spending will increase to 24 percent, with war obligations taking 25

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percent, totalling about half of all expenditures as they did in the previous year. The planned 1948-49 budget calls for an outlay of 108.7 billion lei, to be fully covered by ordinary taxation and operational revenues. Approximately two-thirds is to be collected from indirect taxes, chiefly from sales and entertainment tax, stamp and legal fees and customs duties. It is expected, however, that expenditures will far exceed revenues, as in previous years, and that deficit financing will again become necessary.

*g. International Trade.*

*(1) Prewar Trade.*

During the decade preceding World War II, Rumania consistently maintained an export balance. This position was maintained during the economic depression of the early 1930's, Rumania experiencing a sharp drop in imports, accompanied by a lesser decrease in exports. In the period 1937-39, imports of the chief commodities in which Rumania is deficient—textiles, cotton, coal, coke, iron, steel and other base metals and their manufactures, machinery, and vehicles—were on the increase, indicating progressive industrialization of the country. These classes accounted for about 80 percent of all imports in 1939. Exports for the same period showed that petroleum averaged 40 percent of the total, cereals 30 percent, lumber 10 percent, and the remaining 20 percent principally animal and other agricultural products. Although the volume of trade did not return to the 1929 level, it was making substantial progress, particularly in exports, when the war broke out in 1939.

Germany was the leading customer and supplier in the prewar period, while Czechoslovakia was the next largest supplier and the UK was the second largest customer. Trade with Italy, France, and Austria was also important. Trade with the USSR was negligible.

*(2) Wartime Trade.*

During the German occupation of Eastern Europe, Rumania was dependent upon that country for most of her trade, Italy being of secondary importance. Germany's participation in Rumanian foreign trade jumped from

23 percent in 1937 to approximately 70 percent in 1941 and 1942.

*(3) Postwar Trade.*

Since the USSR-Rumanian armistice (12 September 1944), Rumania's foreign trade has been characterized by low volume, deficit balances, change in composition, and a shift in trading partners from the west to the east, with the USSR receiving most of the exports through reparations and favorable trade agreements. Even though Rumania showed some improvement in its trade position in 1946, imports reached only 37 percent and exports 11 percent of the volume recorded in the prewar year 1938. In 1946 the USSR supplied approximately 50 percent of the imports, chiefly coal, pig iron and cereals, while the Soviet Union received 76 percent of the exports, the bulk in petroleum and lumber. Agricultural products led in exports to other countries.

Rumania's foreign trade showed gains in 1947, although the volume was still far below the 1938 level. It is estimated that the 1947 volume of imports was double that of 1946. The USSR was the principal supplier, accounting for 64 percent of the volume and 49 percent of the value of total imports. Despite trade difficulties with the west, the US sent Rumania considerable amounts (largely grains), ranking as the second largest supplier with approximately a fifth of the total value in 1947. The Soviets also took most of the Rumanian exports during 1947, receiving 50 percent of the value of all commodities, including 95 percent of all petroleum exports.

According to Rumanian figures, commodities in which that nation is deficient—textiles, minerals, machinery and vehicles—dropped to about 40 percent of the total imports in 1947, as compared with 80 percent in 1938. Cereal imports increased, from a negligible amount in 1938, to about 38 percent in 1947. Petroleum still led in exports although it decreased in relation to other commodities to 27 percent of the total compared with 40 percent in 1938. Lumber replaced cereals in second place, advancing to 25 percent in 1947. These figures also show that cereal exports declined from second position in 1938 to only 1 percent of the total in 1947, a condition resulting largely

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from the postwar drought. Animal and other agricultural products contributed substantially to exports in 1947, while exports of manufactured goods were negligible.

It is believed that published Rumanian Government export figures do not include reparations to the USSR, for which nothing is re-

ceived in return. Nor do the export figures include Soviet takings from the output of the joint stock corporations. These are severe burdens on Rumania's weakened economy, and the effects though difficult to estimate are serious.

RUMANIAN FOREIGN TRADE — 1947\*  
US \$ MILLION

	IMPORTS		EXPORTS		BALANCE
	Value	Percent of total	Value	Percent of total	Value
USSR	29.92	48.8	17.18	50.1	—12.74
US	11.40	18.6			—11.40
Czechoslovakia	6.17	10.1	5.78	16.9	— .39
Hungary	3.25	5.3	3.31	9.7	+ .06
Switzerland	2.42	3.9	.68	2.0	— 1.74
Bulgaria	2.18	3.6	3.73	10.9	+ 1.55
Yugoslavia	.82	1.3	.56	1.6	— .26
Poland	.65	1.1	.61	1.8	— .04
Others	4.51	7.3	2.39	7.0	— 2.12
Total	61.32	100.0	34.24	100.0	—27.08

\* Statistics published by the Rumanian Government. They represent only trade carried on under government agreements, and do not include normal barter or trade between private importers and exporters. Dollar values are often distorted due to the use of arbitrary exchange rates and prices (commonly based on those of 1938).

Indications are that no substantial improvement will be seen in Rumania's over-all trade position during 1948. The deterioration in East-West relations in 1948 resulted in the imposition, by the US of an export license system, which has resulted in a reduction of strategic American goods reaching Rumania. Rumania has also tightened supervision over all trade functions by nationalizing major import and export establishments within the country. If Western export controls become tighter, and foreign exchange resources remain low, Rumania will become increasingly dependent upon the USSR, especially for essential imports.

The development of Rumanian foreign trade is hindered primarily by the lack of commodities available for export and in demand by countries other than the USSR. The foreign exchange secured by the exports of such commodities is believed to cover only a small por-

tion of Rumania's urgent import needs. So long as the Soviets monopolize oil production, the outlook for a profitable export trade will remain poor.

(4) *Trade Agreements with the USSR.*

The most important trade agreements have been those with the USSR. The first postwar treaty with the Soviet Union was made on 8 May 1945 and covered various commodities valued at \$23.5 million, each way, extending over a one-year period. New trade pacts have been concluded annually and have constituted the foundation for general trade activities between the two countries. Both Rumania and the USSR largely succeeded in fulfilling the terms of these agreements up to the end of 1947.

In 1948, pact commitments for each country were increased to approximately \$30 million annually. The most important Rumanian

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exports were 400,000 metric tons of petroleum products, 60,000 M.T. of cereals, 80,000 M.T. of potatoes, 120,000 M.T. of cement, 25,000 M.T. of tar paper, 1,950,000 square meters of window glass, 80,000 M.T. of miscellaneous foodstuffs, and 200,000 M.T. of lumber. The Soviet Union was to deliver to Rumania 150,000 M.T. of coal, 200,000 M.T. of coke, 65,000 M.T. of iron ore, 73,000 M.T. of refined cast iron, 20,000 M.T. of cotton, 48,000 M.T. of steel, 42,000 ball bearings and other miscellaneous goods.

Although both countries made substantial shipments, the results during the first ten months of 1948 indicate that these commitments were not fulfilled in 1948, and that this agreement will probably be revised in 1949.

The foregoing figures, however, do not tell the full story. It is quite likely that the Soviets are charging Rumanians above the world market prices for their exports, and paying the Rumanians below the world market prices. It is also possible that many Soviet exports are being shipped to Rumania for manufacture on the Soviet account and are not listed among the Rumanian exports to the Soviet Union. Through this treaty the USSR expanded further its domination and influence on the Rumanian economy during the year.

#### *(5) Trade Agreements with Other Countries.*

Since the war, Rumania has entered into a number of trade agreements, particularly with neighboring countries, the most important being five-year pacts with Czechoslovakia, Hungary, and Poland. None of these bilateral treaties has, so far, been successfully carried out, chiefly because, after Soviet demands have been satisfied, Rumania has little to export that is in demand by other countries. This failure to meet commitments has caused the other countries concerned to withhold machinery and finished goods badly needed by Rumania to develop her oil and lumber industries. To a lesser extent, unstable prices and transportation difficulties have contributed to the breakdown in treaty implementation. Although trade with Czechoslovakia is conducted on a small scale compared to trade with the USSR, Czechoslovakia is Rumania's

most important treaty partner among satellite countries.

#### *(6) Reparations.*

Under the terms of the Armistice Agreement of 1944 as amended in 1945 and 1946, Rumania is obliged to pay the Soviet Union \$300 million in reparations over a period of eight years beginning 12 September 1944. These reparations are payable in goods based on 1938 prices. According to Rumanian Government estimates Rumania paid the USSR \$190 million in goods up to June 1948, at which time the Soviet Union agreed to reduce, by half, the outstanding balance of \$110 million. Total charges imposed by the Soviets, and paid by Rumania in the form of reparations, war booty, former German and Italian assets, and the output of joint Soviet-Rumania enterprises, are estimated to be nearly \$2 billion which far exceed the amount of agreed reparations.

#### *(7) Foreign Exchange.*

If foreign exchange reserves continue to decrease, Rumania will be faced with a critical shortage of capital, which is already insufficient to meet the requirements of the economy. Lacking foreign exchange assets, Rumania depends largely on the bilateral agreement system, thus paying for goods with goods and eliminating the need for foreign exchange transfers. This procedure has definite limitations, however, as far as Rumania is concerned, in that the Eastern European countries—with whom the agreements have been primarily made—are unable to supply Rumania's need for manufactured goods. Rumania acquires some gold through domestic production, but it has been necessary to conserve gold holdings by prohibiting the export of this metal for international payments. These measures, however, have not prevented Rumanian gold holdings, which make up the bulk of foreign exchange reserves, from declining from about \$270 million in 1945 to approximately \$200 million on 14 September 1948. In addition, there is about \$10 million in convertible currencies, which was set aside chiefly for the payment of essential imports.

Rumania's total foreign loan obligations stood at approximately \$54,907,000 on 1 July

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1948, of which \$9,800,000 in principal and interest becomes due by 31 December 1948.

Rumania's creditors are the following: Argentina \$25 million, United States \$12 million, secured by gold, USSR \$10 million, Switzerland \$7.5 million, and the Bank for International Settlements \$407,000. It is believed that these loans are chiefly long-term government commitments, payable in dollars and Swiss francs.

### 3. Future Developments.

The future of the Rumanian economy hinges primarily on the extent of Soviet assistance in capital goods and technical guidance, and the ability to acquire foreign exchange for necessary imports. Also of importance will be the Economic Plan objectives for the production of capital goods as opposed to consumers goods; the effect of collectivization on agricultural production and distribution; and the degree of intelligent direction of economic activity.

The question of foremost importance is the role probably already assigned to Rumania in its economic relations with the Soviet Union. Thus far, Kremlin exploitation has outweighed its assistance. If the USSR wishes to speed Rumanian recovery, it must supply a sizeable part of the necessary machinery and the technical advice. This aid is especially important to recovery in the petroleum industry. However, in view of Soviet inability to meet the capital goods requirements of its own industry, it is unlikely that aid will extend much beyond administrative guidance, limited technical advice, and some high-priced industrial raw materials.

Since sufficient assistance from the USSR will not be forthcoming, Rumania will probably continue to receive Soviet encouragement to trade elsewhere. This means, of course, that the Soviet Union must first permit sufficient exports, particularly petroleum, in order for Rumania to acquire the foreign exchange with which to purchase imports of machinery and equipment. This, in itself, is a doubtful assumption in the light of the Soviet desire for oil. Even if Rumania acquired sufficient foreign exchange, there would probably be still another obstacle, in the form of Western export controls on items considered as war

potential. Acquisition of many types of capital goods through foreign trade would then depend, primarily, on the volume of machinery and equipment which could be obtained from countries not participating in the Western recovery program.

Rumania's machinery industry is negligible, and it is highly unlikely that it will be able to furnish any significant part of the requirements in this line for some time to come. Since the planners have ordered a rapid development of the heavy and extractive industries, considerable foreign assistance will be needed, and the effort made will be at a further expense to consumer goods production.

Rumanian agriculture may reach the prewar level of production by 1951-52, if collectivization does not take place before then. There is likelihood of significant resistance to collectivization by the Rumanian peasants, in the form of decreased plantings, excessive livestock slaughterings to prevent confiscation, and hoarding of produce. If collectivization of agriculture takes place before 1951-52, then recovery to prewar levels of production may be delayed until sometime between 1955 and 1960.

Finally, of vital importance is the competence with which Rumania's planners direct the economy. This will, of course, depend, in turn, on the demands which emanate from Moscow. Nevertheless, the mechanics of executing the plan, once the goals have been established, will largely be the responsibility of Rumanian administrators. Undoubtedly Rumania, as a neophyte in the field of economic planning, will make many mistakes in the establishment of goals and administrative techniques, integrating production and coordinating transportation and distribution.

All considered, it is unlikely that industry, in the absence of substantial Soviet assistance, will reach the general level of 1938 much before the middle 1950's and it is certain that with the exception of petroleum Rumanian industry will add little to the economic potential of the Soviet bloc. However, it should be remembered that Rumania is predominantly an agricultural country and the slow recovery of industry is not as disastrous as it would be for a more industrialized nation.



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## CHAPTER III

## FOREIGN AFFAIRS

## 1. Development of Rumanian Foreign Policy.

*a. Ideological-Political Motivation.*

Because of the complete control of the present Rumanian regime by the Kremlin, Rumanian foreign relations are based exclusively on considerations supporting Kremlin policy. The complete tie between Soviet and Rumanian foreign policies is indicated in the text of the Treaty of Collaboration, Friendship and Mutual Assistance, signed on 4 February 1948. The pact calls for "a joint examination" of all international political action by either of the signatories, to which end the Ministries of Foreign Affairs of the two countries will maintain permanent contact. Since Rumania cannot be truly dealt with as an independent nation, its foreign policy motivation can properly be considered only within the framework of Soviet objectives.

As the Soviet Union has embarked on an increasingly frank and undisguised policy of consolidating the Balkan area in its own ideological image, so the Kremlin's objective in Rumania has been directed primarily at rendering that country a servile instrument of Soviet foreign policy. As a result, Rumanian foreign policy, administered by Soviet vassals, has been directed toward Soviet objectives. It has unequivocally supported all measures designed to facilitate the spread of Soviet influence and resisted all forces hostile to the achievement of Soviet goals.

*b. Strategic-Military Motivation.*

The complete subordination of Rumania to the Soviet Union facilitates the Kremlin's strategic plans in Europe. In these plans, the Rumanian part involves the use of (1) Rumania as an advanced Soviet military base; (2) Rumania's economy, particularly its oil resources and food, as sources for strengthening the Soviet war potential; (3) the puppet Rumanian Government for the control of a crucial part

of the Danube River, thereby controlling a main artery of southeastern European transportation; and (4) Rumanian military manpower to supplement that of the USSR.

## 2. Operation of Rumanian Foreign Policy.

*a. Position in the Soviet Orbit.*

As soon as Rumania's subservience to the USSR was firmly established, through its Communist-dominated government, the Kremlin drew it into the satellite orbit. A system of interlocking military, political, economic, and cultural treaties with both the USSR and the other Satellites subordinated Rumania's relations with other nations to the requirements of the Kremlin. Initially, a series of inter-orbit economic and cultural agreements was concluded, to be followed by more comprehensive Mutual Assistance Treaties. In obedience to Kremlin dictates, Rumania, in July 1947, rejected participation in the European Recovery Program. The creation of the Soviet-dominated Council of Economic Mutual Assistance in January 1949, on the other hand, has as its aim the close integration of Rumanian economy into that of the USSR and its Satellites.

*b. Development of the Mutual Assistance Pacts.*

The close ties binding Rumania to the Soviet bloc are best indicated by the reciprocal network of treaties which that country has negotiated since the war's end. The most important were the Mutual Assistance Pacts with Yugoslavia, Bulgaria, Hungary, the USSR, and Czechoslovakia signed between December 1947 and July 1948. A similar treaty was concluded between Rumania and Poland on 26 January 1949; establishment of like ties with Albania will complete the net and is to be expected. The treaties involving Rumania form but a portion of the system of alliances with which the Kremlin holds the Satellites in

Note: This Chapter is based on information available to CIA as of 1 February 1949.

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their orbits. Although all the treaties have been negotiated on a bilateral basis of superficial equality, actually they form a legalistic facade behind which the Kremlin has built up a complete Eastern European empire.

The Soviet-Rumanian Mutual Assistance Treaty signed on 4 February 1948 provides for joint consultation on all important international issues, through permanent contact of the Ministries of Foreign Affairs. Both signatories agree to take joint measures against any threat of aggression on the part of Germany, or of any state allying itself with Germany. In the military and industrial sections of the Treaty, the Kremlin intention to make of Rumania a wartime asset is clearly indicated.

The Rumanian Mutual Assistance Treaties with other Satellites follow the general pattern of that signed with the USSR. They will provide for military cooperation against aggression by "Germany or any other state which would unite with Germany." Although appearances were maintained to convey the impression that Rumania acted on its sovereign initiative in negotiating and concluding these treaties, the hand of the Kremlin was apparent in their uniformity, and the precision with which they were carried out.

#### *c. Role in the Cominform.*

Rumania, as one of the most rigidly loyal of the Kremlin's Satellites, has taken a prominent part in Cominform activities since the official birth of that organization in September 1947, attended by Rumanian Communists Ana Pauker and Gheorghiu-Dej. The only officially announced Cominform meeting to denounce Tito was held in Rumania with top Rumanian Communists leading the attack. With the fall of Tito from the Kremlin's favor, the headquarters of the Cominform, and the editorial offices of its Journal, were transferred to Bucharest. In the most obvious of the Cominform activities, the attack on arch-deviationist Tito, the Rumanian regime has shown itself to be a fanatical follower of Kremlin dictates, and may be expected to take a prominent role in any future plans the Cominform may devise to unseat Tito. Rumania has also closely followed Cominform policy in aiding the Greek guerrillas, supply-

ing a steady flow of funds, food, and clothing. It was reported in March 1949 that over 3,000 Greek children, kidnapped by the guerrillas, were being sheltered and indoctrinated in Rumania. There is, however, no positive evidence that Rumania is directly participating in the Greek war with manpower and arms.

#### *d. The Danubian Treaty.*

Despite the incorporation of a clause into the Rumanian Peace Treaty calling for internationalization of the Danube, that waterway, with full Rumanian consent, has fallen under exclusive Soviet control. At the August 1948 Danubian Conference Rumania and the other Satellites confirmed Soviet hegemony over the important Central European commercial artery. Rumania thus rejected internationalization of the Danube and the consequent possible revival of the flourishing prewar East-West trade on this waterway.

#### *e. Relations with Yugoslavia.*

(1) *Period of Postwar Friendship.* The flexibility of Rumanian foreign policy, as well as its complete subservience to the Kremlin, is aptly illustrated by the sudden reversal of the Rumanian Government's attitude toward Tito since the rift with the Cominform. Previously, the postwar "democratic" regimes of the two Satellites with the Kremlin's blessing had carried on relations of the greatest cordiality. As early as June 1945, a bilateral Rumanian-Yugoslav trade treaty was signed which was renegotiated and broadened in succeeding years. In January 1947, during the height of the Rumanian famine, Yugoslavia made a sizable wheat loan to Rumania. The friendly trend of relations was followed in June of the same year by the signature of a Yugoslav-Rumanian Cultural and Economic Agreement. The close collaboration of the two Satellites was climaxed in December 1947 by the signing of a 20-year Treaty of Mutual Assistance which pledged both parties "not to take part in any action directed against one of them."

(2) *Deterioration of Rumanian-Yugoslav Relations.* In spite of the many ties binding it to Yugoslavia, Rumania, following the Tito-Kremlin break, has taken a prominent part in the Cominform struggle against Tito. In

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sharply reducing oil deliveries to Yugoslavia, in mid-July 1948, Rumania delivered Tito one of the most telling blows by the Soviet bloc thus far.

Subsequent events have marked a further deterioration of Rumanian-Yugoslav relations. Each country has taken action within its borders against the interests of the other, besides mounting a high-powered propaganda offensive. Continuing Rumanian policy toward Tito will accurately mirror that of the Kremlin.

*f. Relations with the West.*

*(1) US Protests of Peace Treaty Violations.*

As Soviet influence in postwar Rumania has progressively grown, Rumanian relations with the Western world have deteriorated. The Western Powers have fought a losing battle in an attempt to guarantee to the Rumanian people a government of their own choosing. Not only have the Western Powers been unable to exert any moderating influence toward Rumanian compliance with its peace treaty obligations, but they have been powerless to protect their nationals and property, and have even been unable to maintain the legations themselves free from persecution by the Communist government. US-Rumanian diplomatic relations since the war have been characterized by repeated, but futile, US protests of violations, made with Soviet encouragement and connivance, of such international agreements as Yalta, Potsdam, and Moscow, the Armistice Convention of September 1944, and the peace treaty of 1947.

By the end of 1946 the Communist regime, with the support of the USSR, had effectively thwarted Western Power efforts to install a democratic government in Rumania. Previously the US and the UK had ineffectively protested Communist attacks on opposition political groups, and the delay in holding a national election. A US note challenging the impartiality of the November 1946 election, confirming the Communists in power, was rejected by the Rumanian Government. When the opposition cabinet members installed at US and British insistence resigned after the election as a protest, Western efforts to broaden the Rumanian Government had

failed and the Communist regime was firmly entrenched.

The US and the UK, as signatories to the Rumanian peace treaty, have provided the only overt, though ineffective, criticism of the Rumanian regime's arbitrary actions. Despite generous US aid to Rumania during the Moldavian famine (winter of 1946-47), as well as US signature of the Rumanian peace treaty in February 1947, the Groza Government has maintained a consistently hostile attitude toward the US. US and British protests during 1947 over the dissolution of the opposition Peasant Party and the arrest of its popular leader Maniu were summarily rejected as unwarranted interference in Rumanian internal affairs.

*(2) Elimination of Western Influences.*

With the virtually complete elimination of overt political opposition, the Rumanian regime increasingly turned its attention to the eradication of remaining Western interests and influences in the country. The Western legations themselves, and especially that of the US, have been the objects of an accelerated campaign of pressure and vilification from the Rumanian Government. The anti-Western drive has been characterized by vicious propaganda, coupled with efforts to cripple legation activities by attempting to link them with anti-Communist groups within the country.

*(3) Nationalization of US Property.* Although the Rumanian peace treaty provides for the restoration of legal rights and interests of American nationals to their September 1, 1939 status, the consistent policy of the Rumanian Government has been toward complete elimination of private enterprise, whether domestic or foreign-owned. Thus far, the Rumanian Government has not denied its peace treaty obligations to foreign nationals, but, by successive actions, it has relentlessly moved toward their nullification.

Governmental pressure against US-owned business in Rumania had followed the familiar pattern of steadily increasing repression until the Communist regime had a legal basis for assuming control. In the case of the largest US-owned Rumanian enterprise, the Romano-Americana Oil Company, the Rumanian Gov-

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ernment, besides arresting employees, arbitrarily fixed wages, prices, and working conditions which were impossible to fulfill. In April 1948, the government climaxed its action against the company by expropriating it without provision for compensation. This action was supported by a government decree on 11 June 1948, nationalizing virtually all property in the country.

(4) *Failure to Disarm.* The Rumanian Government has evaded repeated US and British requests for data regarding disarmament called for by the peace treaty. In an April 1948 note to the US, the Rumanian regime stated that it had not "centralized" the information desired. When this had been done, however, and when the USSR, Great Britain, and US, "acting in full understanding," requested the data, it would be made available without delay. With the USSR rearming Rumania under the terms of the Soviet-Rumanian Mutual Assistance Pact, a "full understanding" among the Big Three on Rumanian disarmament is unlikely.

(5) *Attempts to Enter the UN.* The Soviet-sponsored Rumanian attempts to join the UN in 1947 and 1948 have finally presented the Western Powers with some means of political pressure on the regime. The Rumanian request formed part of a blanket proposal sub-

mitted on July 11, 1947, by the USSR for admittance to the UN of Albania, Bulgaria, Hungary, Outer Mongolia, and Rumania.

The Rumanian application was rejected by the UN General Assembly in August 1947, primarily at US insistence. The US objection to the Rumanian application was based on the failure of the Rumanian Government to implement satisfactorily the human rights provisions of the Rumanian peace treaty. Moreover, the United States had little interest in giving the Kremlin an additional voice in the United Nations.

#### 4. Probable Trend of Rumanian Foreign Policy

Under the likely conditions of a further consolidation of the Communist regime in Rumania, no important shift in Rumanian foreign policy is foreseeable. Even in the very unlikely event of a successful "national" Communist defection, a reorientation of Rumanian foreign policy is improbable. So long as the Soviet Union remains in a dominant position throughout Eastern Europe and maintains Communist-dominated governments in power there, Western democracy will be regarded as an "imperialist" enemy.

Only Soviet embarrassment in a major war might provide Rumania an opportunity to break away from Soviet control.

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## CHAPTER IV

## MILITARY SITUATION

## 1. Armed Forces of the Rumanian Government.

*a. Genesis.*(1) *Original Development of Armed Forces.*

The Russians established the first well-organized army in Rumania in the 19th century when the armed forces were standardized on a national basis, conscription introduced, and a system of maintenance at national expense provided. Although Rumania was then under Russian "protection," Turkish "suzerainty" was maintained. The first large mobilization was achieved in the Russo-Turkish War of 1877-78, when Rumania entered the conflict on the side of Russia, and was able to mobilize approximately one million men. As a result of the Turkish defeat, Rumania emerged as an independent state, and launched a program of modernizing and developing an army along continental lines. In the second Balkan War of 1913, the Rumanians found that the chief faults of the new army were the unwieldy size of units and the lack of a sufficient officer reserve. In the succeeding years an attempt was made to correct these defects.

(2) *External Influence.* In developing military tactics, Rumania has always depended heavily on ideas originating in other countries. Prior to World War II, French military tactics were carefully studied. As late as 1937, the autumn maneuvers of the Rumanian Army were supervised by French officers. Just before World War II, French influence over the Army was gradually replaced by German. Rumanians fought beside German units under German tactical control until August 1944, when Rumania turned to the Allies and fought with the Soviets against the Germans. During the latter part of the war, two divisions organized in the USSR from Ru-

manian PW's were trained and equipped by the Soviets. These divisions became the nucleus for the postwar Rumanian Army which has been exclusively under the influence of the Soviet Union.

(3) *Present Influence.* After World War II, the Rumanian military establishment was allowed to deteriorate until its military capabilities were virtually nil. In December 1947, Minister of National Defense, Bodnaras began a revitalization program. At the present time, the Army is being reorganized under Soviet direction; Soviet tactics are being taught, and the Soviet-Rumanian Mutual Aid Pact provides for the exchange of military personnel to facilitate the instruction of Rumanians in Soviet combat techniques and the use of modern war matériel. More emphasis is being placed upon the use of armored and mechanized units, and artillery is being given a more prominent role in military planning in contrast to the pre-World War II emphasis on the infantry. Present reorganization and expansion plans are believed to include the following proposals: (1) The activation of four army corps; (2) the activation of six additional infantry divisions and two additional mountain divisions; (3) the activation of a cavalry division from the existing two cavalry brigades; and (4) the activation of an artillery division. In addition, the existing tank and mechanized divisions would be reorganized, reequipped, and subordinated to a tank command. Implementation of these plans is already started and includes the activation of two new army corps, three new infantry divisions, and one artillery division. Outside the scope of the expansion plans, a second antiaircraft division was activated from existing brigades.

Note: This Chapter is based on information available to CIA as of 1 August 1949.

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*b. Strength and Disposition of the Armed Forces.*

(1) *Ground Forces.* The strength of the Rumanian Army is approximately 113,000 \*, organized into two army corps, seven infantry divisions, two mountain divisions, two anti-aircraft divisions, one artillery division, one tank division, one mechanized division, three independent brigades, and six independent regiments.

The establishment of these units was the result of the reorganization and expansion of the postwar army from late 1948 to the present. Prior to that time, the army was organized into four infantry divisions, one mountain division, one tank division, one mechanized division, two independent brigades, and nine independent regiments.

At the present time troops are disposed for administrative purposes with no significant troop concentrations.

(2) *Quality of Personnel.* With the past few months, the discipline, morale, and efficiency of the Rumanian Army have increased as a result of the military training program, which has reached an almost wartime intensity. However, training is still largely limited to that of small units. Maneuvers on a divisional level have not yet taken place. Troops lack training and experience in the use of modern war matériel. Successive purges since World War II have deprived the army of competent leadership. This deficiency seriously handicaps the revitalization program for the armed forces. Recently over 3,000 purged officers have been recalled in an effort to rebuild a capable officer corps.

The majority of the armed forces personnel are of peasant stock. On the whole, these peasants are obedient and hardworking. The

\* This figure includes antiaircraft personnel, but does not include 70,000 men in the Militia and 21,000 men in the Frontier Guards. For the purposes of this paper, the Militia and Frontier Guards are not being considered as part of the Army strength since they are troops of the Ministry of Interior. Under the terms of the Peace Treaty, the strength of the Army, Frontier Guards, and antiaircraft troops shall not exceed 125,000 men. Present strength estimates, therefore, excluding the Militia, show the Rumanian ground forces as exceeding the Peace Treaty limitations by 9,000 men.

educational level and degree of trained skills among the conscripts generally are low, but most of the conscripts have acquired a degree of resourcefulness fostered by the difficult living conditions of the average Rumanian, and are relatively adaptable to a military life.

(3) *Weapons.* Although there is an adequate quantity of weapons in the Rumanian Army, it lacks modern armament.

Most of the rifles and machine guns are of Czechoslovak design and Rumanian manufacture. Pistols and submachine guns are of diverse origin, and the two Soviet-trained mechanized divisions are equipped with standard Soviet small arms. The Rumanian Army may be regarded as adequately equipped with small arms.

The basic mortars of the army are the French-Brandt-designed and Rumanian-made 81 mm and 120 mm mortars using Rumanian-made ammunition. In addition, the two Soviet-trained divisions are stated to have Soviet 82 mm M 1937 mortars. Although the army is adequately supplied with mortars, there is no information on the availability of mortar ammunition.

Artillery is also of diverse origin—French, Soviet, Czechoslovak, Rumanian, British, German, and Swiss. It is believed that the long-term policy for this class of matériel will involve solely Soviet weapons. The two armored and mechanized divisions are believed to be the only divisions in the army equipped with Soviet artillery (122 mm howitzer and 152 mm howitzer).

The army has a maximum of 75 tanks, most of which are German Mark IV mediums. The remainder includes small numbers of German Mark V and/or Mark VI heavies, and possibly a few German Lynx fully tracked armored cars. Motor transport vehicles are limited in number and generally in poor mechanical condition. Attempts are being made to purchase such equipment in the USSR and Czechoslovakia. It is likely that any vehicle deficiency will be corrected from Soviet sources.

Signal equipment is inadequate and in unsatisfactory condition. Although the armed forces have large stocks of ammunition, it is believed that much of this ammunition is de-

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fective because of its age. Fire control equipment is of simple, conventional, but outmoded design. Rumanian antiaircraft and artillery particularly, are incapable of delivering accurate fire.

## 2. Rumanian Navy.

### *a. Development.*

(1) *Historical.* In 1939, the entire Rumanian Navy consisted of 24 small warships and 71 auxiliary vessels. During the period 1940-44, this fleet was increased to 37 warships and 146 auxiliary craft; an expansion effected largely by purchase, construction, capture, and requisitioning from private owners. After the Rumanian military "about face" on 23 August 1944 and the subsequent occupation of the country by the Soviet Army, virtually the entire Rumanian fleet was taken over by the USSR. After considerable negotiation and protest, a part of the fleet was returned in October 1944, but these units were the oldest, and from the standpoint of operational efficiency, the worst. With one or two exceptions, none of the ships was in a seagoing condition, and most of them are still awaiting repairs now held up by lack of funds, materials, and equipment.

During the last war, the Rumanian Navy played an active part in the Soviet-German phases of the conflict, especially in defending on the Eastern Front the right flank of the German and satellite armies. It also had a prominent role in the defense of the Danube River lines of communication, the transport of troops, escort of Black Sea convoys, and coastal patrol work. The Navy sank a number of Soviet submarines, although the exact total is not known. One of its outstanding war achievements was the sinking of the Soviet destroyer MOSKOVA off Constanza in July 1941.

(2) *Strategy.* Owing to the isolation of the Black Sea from other sea or ocean areas, naval operations in this area can be carried out independently from the operations in other maritime zones and cannot be directly influenced by them. Land operations in the area, however, and particularly air operations over the

Black Sea, require naval forces for their proper support because of the formation and size of the sea.

Until the USSR gained indirect political control of Rumania and thereby control of its armed forces, the strategy of the Rumanian Navy was based mainly on a conflict with the USSR. The mission of the navy was to maintain the lines of sea communication of Rumania and its allies, to exercise control over neutral shipping, to interrupt the enemy's sea communications on the Black Sea, and to defend the Rumanian coast. The first part of the mission was necessary to permit Rumania to compensate for its industrial deficiencies; the second part to prevent the shipment of contraband to the enemy by neutrals; the third part because it represented the most effective utilization of Rumania's small navy; and the last part because the Rumanian coast provides the best areas for landing operations on the Black Sea. Although purely defensive strategy would have been more in keeping with the capabilities of the navy, the Naval Staff envisioned offensive operations using small, highly mobile forces, including submarines, to carry out its mission.

Future strategy will be based on the mission assigned by the USSR. Present indications are that this mission will be purely a defensive one for the support of the ground forces. The Naval General Staff is studying a plan for a sweeping reorganization of the naval establishment, which calls for the subordination of the naval forces to the army with a General in command. As the previous reorganization required the approval of the USSR, it is believed that the present plan originated in the USSR and is in accordance with the mission assigned the Rumanian Navy.

(3) *Strength.* Peace Treaty limitations on the Rumanian Navy set the maximum personnel strength at 5,000. Continuous efforts are being made to secure the authority to increase this maximum to 7,500. The navy's argument is that to man their navy allowed under the Peace Treaty, they will require at least one man per two tons of shipping. The personnel

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strength of the Rumanian Navy as of 1 September 1948 was:

Officers	365
Petty Officers and Specialists	419
Enlisted men	3,930
Students	54
Total	4,768

(4) *Quality.* Although particular emphasis has been recently placed on training, the present naval organization is incapable of producing an effective fighting force. Material deficiencies are a severe handicap, but more important was the recent loss to the service of capable, trained officers. The political purges forced the most outstanding officers into the reserve. Only with aid from the USSR will the quality of naval personnel improve in the near future. Requests have already been made to the USSR for modern equipment and the training of Rumanian naval personnel in the USSR.

The results of the political purges were so paralyzing to the navy that many purged officers are being recalled to active duty. Officers being recalled are subjected to political screening.

Enlisted men are a good type, but they are poorly trained. The present program of intensive training will have little effect in raising the standards unless aid is supplied by the USSR. Morale has been very low owing to the poor condition of the fleet and the political purges. Attempts have been made to improve the situation by increasing service pay and issuing new uniforms. These attempts have met with some success.

*b. Ships, Bases, and Coast Defense.*

(1) *Ships.* The General Staff of the Rumanian Navy has been drafting plans for the expansion of the fleet up to the 15,000-ton limit imposed by the Peace Treaty. It is not likely that the expansion plan can be realized in the near future without the aid of some foreign naval power. The fact still remains that most vessels in the fleet need a thorough overhauling before they can be put into active use and will require extensive modernization before they will be effective fighting units. At present, repair work on Rumanian Navy vessels is at a virtual standstill.

(2) *Bases.* The principal bases for the Rumanian Navy are Constanța, Galați, and Brăila. Also, the Rumanian Navy uses some of the smaller Danube River ports as temporary shelters for its auxiliary units. None of these ports is a naval base in the true sense, because most of the berths and shelters are not specifically designated as Navy property and are often used by commercial vessels when unoccupied by naval vessels.

At present, the Sea Forces are based at Constanța and the River Forces are based at Galați. Because of the crowded harbor condition at Constanța, the construction of a naval base on Lake Tăsăul was begun in 1938. This major project was suspended during the war and in April 1948 a survey was made to determine the condition of the work completed. Owing to the scarcity of materials and machinery, it is not believed that the project will be attempted in the near future. Unless major assistance is given by the USSR, it would require at least 10 years for completion. (See Appendix B a.)

(3) *Coast Defense.* Since the termination of hostilities, the backbone of the Black Sea coast defense system of Rumania has been seven batteries, with a total of 24 guns. Only one battery has dual purpose (AA) guns. At present, there are no other permanent coastal defenses on the Rumanian Black Sea coast. Recently, increased activity has been noted in the entire coast defense system; intensive training for all units is being conducted and inspections by defense chiefs are being made.

*c. Naval Air, Submarine, and Amphibious Forces.*

(1) *Naval Air.* During the early part of the Russian occupation, the entire naval air arm of 21 hydroplanes was flown from its base at Mamaia (near Constanța) to Lake Snagov, located about 25 miles north of Bucharest. These hydroplanes, single engine Heinkels (114), remained at Lake Snagov until the summer of 1947, when 18 of the total number were put into operating condition and flown back to Mamaia. The planes are now under the command of the Rumanian Air Force and, although Navy authorities have asked for their return, the situation remains unchanged. These planes are of little more than scrap



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value. If the planes were placed in an operating condition and turned over to the navy, they would be capable of only limited reconnaissance operations. It is not probable that more than six could be maintained in an operating condition.

(2) *Submarine Force.* There is no submarine force in the Rumanian Navy. One old submarine, the DELFINUL, located at Galați, is not in operating condition. As Rumania is prohibited from including submarines in her fleet under the limitation of the Peace Treaty, no attempt is being made to repair the DELFINUL. The Commandant has requested the International Commission for implementing the Peace Treaty to make a decision as to the final disposition of the submarine. In all probability she will be scrapped.

(3) *Amphibious Units.* The Rumanian Navy has no amphibious units of its own. Those which existed on the Danube River and Black Sea during the last war were brought into Rumanian waters by the Germans and later were seized by the USSR.

### 3. Rumanian Air Forces.

#### a. Development.

The Royal Rumanian Air Force, before the last war, was patterned quite closely after the French. In 1940, when pro-German elements gained control of the Rumanian Government, training, equipment, and tactical doctrines were changed to conform to German ideas. In spite of this drastic change, Rumania entered the war as a partner of the Axis with a relatively efficient and effective Air Force. With the Germans directing operations, the RRAF fought very effectively against the Russians in the Ukraine.

On 23 August 1944, when Rumania deserted the Axis to join the USSR, operational control of the Air Force was immediately taken over by the Red Army. The Soviets, however, did not employ the RRAF operationally against the Germans, but reduced personnel. By cutting off supplies of replacements, spare parts, and fuel, the Red Army virtually destroyed the effectiveness of the organization.

The Rumanian Air Force lost its position as a separate service, when, in December 1946, it and the Rumanian Navy were both placed under the General Staff of the Army. Al-

though the Undersecretariat of State for Air and the Air Staff attempted to maintain a form of organization and operation during this period, the condition of the Air Force became rather chaotic. The efficiency of the armed forces, and especially the Air Force, has dropped disastrously. This is because the ablest men of the Rumanian armed forces have been purged, and their places have been taken by ignorant but staunchly loyal Communists with little military experience. At the present time, the Rumanian Air Force is, for all practical purposes, nothing more than a paper organization with a few obsolete aircraft.

#### b. Types of Aircraft.

Although the Rumanian Peace Treaty of 1947 limits the size of the Rumanian Air Force to a total of 150 aircraft (with no more than 100 combat types), it is estimated that 200 aircraft are still carried on hand. However, probably no more than one-third of these are flyable, and it is felt that even less are operational at the present time. Flight operations are practically at a standstill because of Communist distrust of the Air Force personnel and lack of aircraft fuel. The latest aircraft strength and type of figures for the Rumanian Air Force are as follows:

Light Bombers	0
Fighters	80
Reconnaissance	34
Transports	15
Liaison	10
Training	35
<hr/>	
Total	174

All of the above are war-weary and obsolescent types of German, Italian, and Rumanian manufacture. They are organized into tactical units under one Air Division as follows:

#### 1st Air Brigade

1st Fighter Rgt. 30 ME-1096 & 5 IAR-80  
(Bucharest)

4th Transport Rgt. 5 Ju-52, 5 Savoya 79  
(Bucharest) 5 Storch

#### 2nd Air Brigade

2nd Information Rgt. 23 IAR-39  
(Tvrda-Suit Chiol)

3rd Assault Rgt. 30 IAR-80  
(Brasov)

Actually the above tactical disposition can be

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considered for all practical purposes to be a paper organization. The Rumanian Air Force at the present time has no combat capabilities.

*c. Ground Facilities.*

Although more than 200 airfields have been in use in Rumania in recent years, only 63 are believed currently in use or usable. Of this number, only three have to date been equipped with permanent-type runways. They are Bucharest/Băneasa, Bucharest/Otopeni, and Zilistea, the latter having the longest runway, about 6,000 feet. It is believed these runways have rather low weight-bearing capacities, since they were built by the Germans at a time when the concrete used was of poor quality.

All of the remaining airfields have natural surfaces; these are often of no use because of climatic conditions. Seasonal flooding is also reported in many areas. The unserviceability factor probably has given rise to the large number of temporary airfields. During the war the Germans undoubtedly selected a site, leveled it, used it briefly, and then abandoned it. Most of the former natural surface airfields are no longer used but can be treated as potential airfields.

Topography is the greatest single determining factor in the distribution of airfields in Rumania. It is in the southern plain of Wallachia that the greatest concentration is to be found. Bucharest and Ploesti have, or have had, particularly dense groupings of protective airfields. Within the Bucharest circular railway lie five airfields; others lie just outside it. In Moldavia, to the east of the Carpathians, the density is considerably lower, but during the war this area was blanketed with airfields, particularly in the areas west of Galați and north of Iași.

The chief facilities fall roughly into four location groups: (1) *Transylvania*. Arad/Ceala, Caransebeș, Cluj/Someșeni, Sibiu, Oradea, Medias, Brașov, and Ghimbav; (2) *Moldavia*. Tecuci, Galați, Iași, Râmnicul Sărat; (3) *Wallachia*. Zilistea, Buzau, Ploesti/Târgșorul Nou, Bucharest; (6), Craiova, Turnu Severin, Calarași, and Mizil; and (4) *Black Sea Coast*. Constanța and Constanța/Mamaia.

The general standard of facilities on Rumanian airfields is very low. Radio facilities

are virtually non-existent; hangars and workshops are mostly of wooden construction and are poorly equipped; and there is but limited gasoline tank storage.

To remedy a situation found inadequate even to support civil airline operations, the Directorate of Civil Aviation has announced long-range plans for development of 120 airfields under the joint sponsorship of the Soviet Union and Rumania. Work was scheduled to begin during 1948 on 40 airfields with the highest priority. There is confirmation, however, of actual work on only one airfield, Băneasa, at Bucharest, where new terminal facilities are under construction. The announced construction plan includes new airfields and development of existing facilities, with 65 airfields slated to receive concrete runways and complete, modern installations. The list obviously contains those airfields intended for the joint operational use of the Soviet and Rumanian Air Forces in the event of war.

The airfields currently in use are, for the most part, those serving the larger cities, and Maszlovet, the Rumanian-Soviet civil airline, has done some rehabilitation and clean-up work on these airfields. The Soviet and Rumanian Air Forces are also using, to a limited extent, a few airfields.

Airfields in Rumania are currently believed capable only of supporting sustained fighter operations and very limited operations of heavier aircraft.

*d. Personnel.*

The personnel of the Rumanian Air Force, exclusive of antiaircraft personnel, is estimated to number approximately 8,000 of which 400 are estimated to be flying officers. Air force reserves are estimated to total 60,000.

The skill and training of the personnel of the Rumanian Air Force are at the present time very poor. Although the air force was well trained and very efficient before the war and throughout the period of collaboration with the Germans, this is no longer true because of the Communist purges of personnel and lack of equipment, spare parts, and aircraft fuel with which to maintain flying proficiency. As the Communist regime in Rumania is able to strengthen the armed forces of the country with politically reliable per-

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sonnel, the skill and training of the members of the air force will probably gradually improve and the general efficiency of the organization will increase.

*e. Rumanian Active and Passive Defenses.*

(1) *General.* The significance of Rumanian defense against air attack is twofold. As a buffer area fronting on the Soviet Ukraine, Rumania is part of the USSR defense in depth. As one of the major Soviet sources of petroleum products, including vital high quality lubricating oils, air defense of the Ploesti oil region is a serious Soviet-Rumanian concern.

In spite of the apparent importance of Rumania to the defense of the USSR, current intelligence does not indicate strong defenses against air attack maintained in Rumania either by the Rumanians or the Soviets. However, the USSR could probably quickly improve the Rumanian air defense situation.

Information on early warning in Rumania is meager. Although some radar equipment is reported, the existence of an integrated warning system has not been established.

The Rumanian Air Force has about 30 German Me-109G's and a smaller number of inferior fighters. Air defense is apparently augmented by about 50 USSR fighters, principally Yak-5's and P-63's. The P-63's (obtained from the United States) would be the best interceptors, having a service ceiling of 43,000 feet, a range of about 550 nautical miles, and a maximum speed of 355 knots, at 24,000 feet.

Rumania has only one AAA division but is expanding to three. The heavy guns are at present largely unserviceable and would be ineffective at high altitudes or against high speed aircraft.

Reactivation of normal civil defense measures has been reported as has the construction of underground airfield facilities.

(2) *Warning and Intercept System.* One of the heaviest concentrations of German radar in Europe during World War II was set up for the defense of the Ploesti oil field region. Included were early warning, ground-controlled interception, fire control, and airborne interception radars. Though the equipment was of German origin, Rumanian personnel were employed to a large extent in their opera-

tion and maintenance. Large proportions of these installations were intact at the time of the Rumanian capitulation in late 1944; their present disposition is not known.

Although no definite information is available, it is probable that the majority of the German early warning (EW) radars and their associated communications equipment were removed by the Soviet forces. The rebuilding of the Ploesti radar defenses by the Soviet or Rumanian forces has not been indicated. A few EW radars are indicated between Bucharest and the Black Sea, in some instances operated by Soviet personnel. An FW radar system, as such, is not known to exist. Rumania is not known to have a system of sonic and visual early warning.

No airborne interception (AI) radar is known to exist in Rumania.

#### 4. Antiaircraft Artillery (AAA).

##### *a. General.*

Under the terms of the Rumanian Peace Treaty the antiaircraft arm was limited to 5,000 officers and men. It can be assumed that Rumania, along with other satellite states under the guidance of the USSR will organize its antiaircraft units along Soviet lines.

(1) *Organization.* (See Annex II.) There is only one antiaircraft artillery division at present in Rumania. It has been reported, however, that an expansion is now taking place. It is believed that the antiaircraft arm will be expanded to three divisions; the first to be employed in the field, the second and third intended for the internal defense of Rumania.

(a) The first division will be organized into three brigades. Each brigade will consist of two regiments of three battalions each. The battalions will be composed of five batteries, two heavy AA and three light AA.

(b) The second and third divisions will be composed of two brigades of three regiments each. Each regiment is to consist of four batteries as follows: two heavy AA batteries, one light AA battery, and one searchlight battery. Each heavy AA battery will have six 88 mm guns, the light AA battery, nine 37 mm guns, and the searchlight battery, 12 lights.

##### (2) *Matériel.*

(a) *Heavy Antiaircraft.* The present heavy

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antiaircraft armament of the Rumanian forces is old. The guns are unable to deliver effective fire on aircraft flying at modern aircraft speeds, nor do they have sufficient range to operate against planes flying at high altitudes. The heavy antiaircraft batteries are equipped predominantly with German 88 mm, some Soviet 76.2 mm, and a few French 75 mm guns. Present reports indicate that these guns are in a poor state of repair; poor maintenance and a lack of spare parts make the majority of them unserviceable.

Little is known of the fire control equipment now in use. It is known that a limited quantity of German fire control equipment is available, but its present condition and employment is not known.

(b) *Light Antiaircraft.* Light antiaircraft weapons of the 37 mm type are known to be employed by the Rumanians, but nothing is known about the equipment or technique for light antiaircraft fire control.

(c) *Searchlights.* The Rumanians employ searchlights in the AA defenses, but the extent of employment and the origin of the matériel is not known. It is believed that most of the searchlights are of German manufacture.

(d) *Radar.* There has been no intelligence information to indicate the presence or absence of radar for control of either guns or searchlights.

## 5. Antiaircraft Order of Battle. (See Annex I.)

AA Division Hqs	Bucharest
1st Regiment	Bucharest
2nd Regiment	Galați
3rd Regiment	Cluj
4th Regiment	Brașov
5th Regiment	Ploesti

### a. *Passive and Civilian Defense.*

Passive defense measures for the protection of air equipment have been noted, including the construction of underground airfield hangar and maintenance facilities.

Noticeable measures for civilian defense include some reactivation of siren warning systems, rehabilitation of air raid shelters, planning for utilization of camouflage and black-out materials, and indoctrination of personnel.

### b. *Other Military Organizations.*

In addition to the regular Army troops, Rumania has three brigades of Frontier Guards, numbering approximately 21,000 men, disposed along Rumanian frontiers.

The existence of former Gendarmerie units in the newly-organized Militia is in violation of the Peace Treaty. The former Gendarmerie units number approximately 60,000 of the total Militia strength of 70,000, the remainder being urban police. These former Gendarmerie units of the Militia are theoretically a rural police organization, but actually they are a militarized force, thoroughly trained, and equipped with heavy infantry weapons. In the event of war, they could readily serve as an internal defense force.

## 6. War Potential.

### a. *Manpower.*

The total manpower reserve of Rumania is estimated at slightly over 2,800,000 men (including men in the age group 21-49) many of whom have had combat experience.

### b. *Science.*

Rumanian scientific potential is practically nil. Little experimental research is going on, scientific equipment is obsolescent, and there is a scarcity of trained personnel.

### c. *Other Factors.*

For other factors affecting Rumania's economic potential for war see Chapter II.

## 7. Military Capabilities and Future Trends.

The basic missions of the Rumanian Armed Forces, at present, are: (1) maintenance of frontier security; (2) support of the incumbent regime; and (3) furnishing probable USSR air and naval bases. The armed forces are capable of performing these missions.

Although substantial improvement has been made during the past year, the armed forces are still incapable of conducting successful offensive or defensive military operations against any force except that of a minor power.

In the event of war in 1950, the armed forces would continue to perform their normal missions and in addition would help to safeguard Soviet lines of communication through Rumania. Because of the more

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of politically reliable and competent officers, as well as a serious shortage of modern equipment. Plans for training and reequipping these units are basically sound and will eventually provide the USSR with a small but effective ally.

The strategic importance of Rumania, however, is not based upon the amount which its manpower and production can add to the

Soviet war potential, but upon the fact that control of Rumania is essential to Soviet defensive strategy.

While the Communist regime will make every effort to provide for maximum production and for development of the armed forces as instruments of Soviet power, these efforts will be subordinated when they conflict with Soviet strategic interests.

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## CHAPTER VI

## PROBABLE FUTURE DEVELOPMENTS AFFECTING US SECURITY

The elements of interest to US security, outlined in the preceding chapter, are not expected to change appreciably in the foreseeable future. The Communist regime may be expected to continue its efforts to solidify its control over the people, and will remain a loyal supporter of the Kremlin in foreign affairs. Sporadic and isolated cases of resistance to the government will continue to occur, but coordination of these efforts to lift them above the nuisance level will be impossible under present conditions.

While it is possible that one or more of the Communist leaders now holding power in the government may be replaced, this will not result in any basic change in the trend toward more complete domination. Defection of the Tito type is impossible in Rumania, where ample Soviet strength is available to discourage anti-Cominform sentiment at its inception.

Integration of the Rumanian economy into the Soviet-Satellite program will be pursued as rapidly as possible. The basic plan for this action has been established and several major steps have already been completed. Further extension of the plan into such fields as the collectivization of agriculture and the nationalization of small businesses is an essential step which is being approached with caution because of adverse public sentiment. While there is little question that the Communist regime could cope with any public disturbances which might result, it is apparent that other considerations make the execution of an all-out drive for these necessary objectives inopportune at present. The manner of approach and the timing of government action on these matters is of interest to the US as a barometer which indicates the confidence of the Communist regime in its ability to fulfill its commitments to the USSR, despite the

temporary disruption in its programs which such far-reaching measures will entail.

From a military standpoint, future developments in Rumania are not expected to change the situation as it affects US security. The USSR now has in Rumania the basic elements needed for its strategic plans; assurance of a cooperative Rumanian Government and the control of supply lines. It also has access to whatever supplies may be available and, through the government, control of manpower including the armed forces. From present indications there will be a gradual increase in the value of Rumania as a Satellite, but the limited potential of the country makes any assistance of secondary value.

The extension of International Communism into Rumania and the other Eastern European countries, and through it, the assumption of Soviet control was a major Soviet postwar objective. The full implications of this action were not immediately apparent to the majority of the anti-Communist peoples. As a result, the USSR initially encountered little outside opposition. In fact, the desire of the Western Powers to establish the basis for a free and peaceful world, and to make concessions where necessary to reach agreement with the USSR, made the political conquest of the Satellites less difficult than it would have been had a stronger initial stand been taken.

Anti-Communist opposition will have an appreciable effect on the orbit economy. The first indications of this are evident in the increasing difficulties experienced by the Satellites in obtaining critically short materials, largely because of the shortage of foreign exchange and curtailment of US exports. The effect which these and other Western-inspired difficulties will have on Soviet plans, and their impact on interrelated political factors, are of the greatest significance.

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Note: This Chapter is based on information available to CIA as of 1 August 1949.

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The importance of this factor lies not in the remote possibility that it will result in revolt or even strong resistance to Communist control in countries like Rumania, rather it rests in the fact that such countries are, in essence, the proving ground for World Communism. They must become the show windows of the new Communist world. In this light, Rumania can be considered a liability to the Soviet Union, rather than an asset, because the USSR cannot be content merely to exploit Rumania. It must also make Rumania, as well as the other Satellites, politically self-sustaining members of the Communist family, economically integrated into the Soviet orbit. Failure to achieve progress in this direction, even in a relatively unimpor-

tant member of the family such as Rumania, is a major defeat which threatens the whole program of International Communism.

The value of this situation to anti-Communist countries is apparent, for it makes possible a serious disruption of the Soviet timetable, without overt action. By denying trade items which are critical to the development of Rumania, anti-Communist countries can delay the fulfillment of that country's commitments under the economic development plan. This, in turn, will delay other economic and related political steps necessary for the stability of the Rumanian Government. As a result, a revision in Soviet planning and some reorientation in its economic programs will be necessary.

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profitable employment of manpower in essential industry and the political unreliability of personnel, mobilized strength would probably not exceed 15 divisions.

Soviet utilization of Rumanian troops for offensive or defensive missions in war from 1950 on would depend upon the Soviet estimate of their political reliability. Recent activities in Rumania indicate that the Soviets intend to build up the military effectiveness of the Rumanian forces. To accomplish this

aim, a "revitalization program" was launched in December 1947. If this program is pursued successfully, and if the USSR provides adequate quantities of modern weapons, the Rumanian Armed Forces will overcome their present impotence and within a few years will have substantial defensive and even offensive capabilities as an adjunct of Soviet power. By 1953, the Rumanian Army could be capable of mobilizing 25 trained and equipped divisions.

## **ANNEX I**

### **ORGANIZATION OF RUMANIAN ANTI-AIRCRAFT ARTILLERY**

Antiaircraft Division (1)  
Antiaircraft Brigades (2)  
Antiaircraft Regiments (5)

Heavy AA Bn.  
3 HAA Batteries

Light AA Bn.  
3 LAA Batteries

AA Engineer Bn.  
Searchlights  
Radar  
Signals

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## CHAPTER V

## STRATEGIC CONSIDERATIONS AFFECTING US SECURITY

## 1. General.

Rumania, under complete Soviet domination, is of interest to US security for three basic reasons: first, the strategic value of Rumanian territory in the event of Soviet military action; second, the war potential which Rumania adds to that of the USSR; and third, the advantage to the Soviet Union in the use of the Rumanian Government as a tool and as a mouthpiece for Soviet propaganda.

## 2. Political.

Soviet use of Rumania in its strategic plans is conditioned by several political factors, basic among which are control of the government and assurance of its loyal adherence to Soviet dictates. Here the Kremlin victory is complete. As a result it has been possible to exploit the advantages which a subservient Rumanian Government provides in foreign affairs. The value of such a servant was demonstrated at the Danube Conference where Rumania joined with other Communist States to assure Soviet control of that vital waterway. In other matters Rumania has played a small but eager part in advancing Soviet interests. While the Western Powers have effectively blocked Rumania's entry into the United Nations, it is due for reconsideration under Soviet sponsorship and this fact, in itself, will serve as a bargaining point for the Kremlin.

Another political factor, vital to Soviet plans, is complete domination of the Rumanian populace. An efficient secret police and the proximity of Soviet troops insure the accomplishment of this aim for the present. Consequently the Kremlin has been able to consolidate its control over every phase of political and economic life. At the same time it has been relatively unhampered in the exploitation of this control for the benefit of the Soviet Union.

An element of latent strategic importance in this connection, however, lies in the impact of a policy of forced domination on the populace. Although passive acceptance of the current situation is necessary for survival, there is little popular loyalty to the Communist regime. The vast majority of the people would welcome an opportunity to disrupt its programs if this could be done without overwhelming reprisal. Recognizing this, the Communist leaders have eliminated or neutralized all elements of society which might conceivably provide inspiration or guidance for resistance movements. Disaffection remains, however, and must be considered in Communist plans for further control and exploitation. Should events occur which tend to weaken the forces dominating the people, resistance will assume real, rather than latent, significance.

## 3. Economic.

Economically, Rumania provides the Soviet Union with certain advantages. Petroleum is of particular importance, not only because it represents a significant addition to Soviet production, but also because of its strategic location, both for war and peace. By 1947, output had declined to almost half of the prewar yield, owing primarily to overexploitation of existing fields and the lack of replacements of worn equipment. Through the intense efforts of the Soviet and Rumanian Governments, however, production in 1948 increased by an estimated 7 to 8 percent. It is unlikely that this increase will continue, however, in view of Rumania's inability to acquire the necessary equipment. It is estimated that, in the event of war, Rumania could furnish 2,500,000 metric tons per year, either crude or refined. In addition, Rumanian refining capacity, estimated in 1946 to be about

Note: This Chapter is based on information available to CIA as of 1 August 1949.

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6,500,000 metric tons, would be of considerable value.

Prior to the advent of the Communist government, petroleum was a principal supplier of foreign exchange, as well as an important source of fuel for domestic consumption, but, the Soviet Government, in demanding an inordinately large petroleum production, is now delaying economic recovery.

In addition to petroleum, Rumania could supply the Soviet orbit with agricultural products, timber products, manganese, molybdenum, and manpower, as it did for Germany in the last war.

#### 4. Military.

Its geographic location adjacent to the Soviet Union, and athwart Soviet supply lines to occupation troops, makes Rumania essential as a base and supply area for Soviet offensive or defensive action. The local military-economic potential will add to the advantages gained from such use. Certain other advantages, such as the availability of sites for support of air operations in the Adriatic and Aegean areas as well as air warning and intercept positions for defense of the Soviet Union, accrue from control over Rumania.

The actual military use of Rumania during a future war will depend upon the scope and nature of that conflict. In an all-out Soviet offensive through Western Europe and the Mediterranean area, Rumania would be an important staging and supply area. Rumanian troops would be used to assist in defending supply routes and key installations, as well as in maintaining internal security. If, at the time of the offensive, the Rumanian army were sufficiently reorganized and reequipped, small units might also be used for local offensive operations, particularly in areas where traditional hatreds would provide an incentive for such action. At the same time the Rumanian economy, particularly the oil industry, would be employed exclusively in supplying Soviet armies. Any manpower not adaptable to work in essential production or assignment to the armed forces would be organized into labor battalions.

In addition to its role as a base and supply area, Rumania offers sites for advanced air bases. These would be used for the support of offensive operations in the Mediterranean area and also as intercept bases for fighter defense aircraft.

Disadvantages in the use of Rumania as a base and supply area lie in the poor state of communication facilities and the vulnerability of such installations. Also important is the antipathy of the people toward the USSR which would increase the difficulty of maintaining adequate communications. While these factors might not affect transportation between the Ukraine and Rumania, the Transylvanian mountain passes and the single railroad bridge spanning the Danube at Cernavoda would be inviting targets for sabotage as well as enemy attack. The Soviet Union is seeking to overcome the transportation disadvantage through forcing strategic development of the railroad transportation net to establish through routes to the Adriatic and Aegean Seas.

The possibility of invasion of Rumania by an anti-Soviet power is remote, under present world conditions, yet this possibility is given serious consideration in Kremlin planning. The inherently defensive-minded Soviet leaders envision Rumania as a part of the buffer system, serving as a bulwark against attack from the West. Should such an attack materialize, several terrain factors would affect defensive strategy. Rumania is open to attack by sea from the east, where landings can be made in the province of Dobruja on the Black Sea coast from Constanta southward. The western frontier with Hungary and Yugoslavia is also vulnerable. The Danube River forms a defensive barrier to the south.

The importance of Rumania to Soviet military plans is indicated by the emphasis placed on military activities. Although the Rumanian peace treaty specifically limited the number of Soviet troops in that country to a minimum necessary to safeguard supply lines, recent reports place a total of 26,000 men plus 2,000 security troops there. At the same time, the reorganization of the Rumanian armed forces is known to be handicapped by a lack

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## APPENDIX B

## SIGNIFICANT COMMUNICATIONS FACILITIES

## 1. Railroads.

The bulk of Rumanian rail traffic is with the Soviet Union and moves over these lines:

a. To Lwow via the Ploesti-Chernovitsy line through Buzău, Focșani, Bacău, and Roman. This double track line bifurcates at Roman, entering the Soviet Union at two places, Ungheni east of Iași, and Vicșani south of Chernovitsy;

b. To Odessa via the Ploesti-Galați line, through Buzău and Brăila, entering the USSR at Reni east of Galați;

c. To Kiev, via the Bucharest-Făurei-Tecuci line, parallel to the Chernovitsy line and connecting directly with Iași via Bârlad.\*

Main lines to the west are:

d. To Hungary via Brașov, Sibiu, and Arad;

e. To Hungary via Brașov, Cluj and Oradea Mare;

f. To Hungary and Yugoslavia via Craiova, Turnu Severin, and Timișoaro.

By commodities, the main delivery routes are:

a. Petroleum via Câmpina-Ploesti-Constanța;

b. Grain via Craiova-Caracal-Bucharest-Cernavoda-Constanța;

c. Timber via Sigișoara-Brașov-Buzău-Galați;

d. Coal via Petroșeni-Filiaș;

e. Ores and metals via Recița-Caransebeș-Hațeg.

Major railroad shops are at Bucharest, Brașov, Craiova, Timișoara, Arad, Galați, Simeria, Cluj, Iași, Turnu-Severin, Constanța, and Pașcani. In September 1948 these shops repaired and reconditioned 65 locomotives, 7,800 freight cars and 690 passenger cars. Two plants build locomotives, the Malaxa Works in Bucharest and the Recița in Recița. Ma-

\* Through traffic will be possible on completion of Siret River bridge 27 kilometers south of Tecuci.

laxa's 1947 production was 80 percent of capacity, or 60 locomotives. Freight, tank, and passenger cars are built by the Astra Wagon Works' three shops, in Brașov, Arad, and Constanța. Production may amount to 3,000 cars yearly.

Among the Soviets' major transport problems in Eastern Europe is the difference of gauge between lines of the Soviet Union and those of European railways. Transshipment points, with numerous sidings, warehouses, and loading platforms, were planned for Darmanesti, Ungheni, and Reni, to facilitate transloading freight from standard to broad gauge cars at change-of-gauge points.

## 2. Coastal Ports.

## a. Constanța.

Constanța, located on the south central part of the coast just south of the Danube delta, is the chief port of Rumania and the only one capable of accommodating deep-draft vessels. Since the end of the war the port has been under Russian control and has served as a transshipment point for large amounts of European prizes-of-war en route to USSR. At the height of the UNRRA program a great proportion of the relief supplies for Rumania and her neighboring countries moved through Constanța. War damage at Constanța was very light and the facilities of the port have now been restored to full capacity.

(1) *Harbor*—Constanța's harbor is situated on the south side of Cape Constanța and consists of a 1,100-by-700-yard artificial basin, enclosed on the south and east sides by breakwaters. The harbor entrance between the breakwaters is 175 yards wide and 30 feet deep. Central depths in the basin average 30 feet and alongside the wharves, 26 feet. The approaches to Constanța are mined and must be traversed under the direction of a Ru-

Note: This Appendix is based on information available to CIA as of 1 January 1949.

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manian pilot, although Russians supervise the harbor entrance control facilities.

Because of the small size of the harbor basin, anchorage is available only in the unprotected roadstead outside. In spite of the sheltering breakwaters the north and west sections of the harbor are exposed to gales from seaward.

(2) *Terminal Facilities*—The port of Constanța is modern and well equipped. Berthing accommodations include 12,000 linear feet of general cargo wharves for oceangoing vessels, 1,100 feet of bulk grain wharfage, and four tanker berths. A total of 19 Liberty-type vessels with drafts of 22 to 28 feet can be accommodated at the wharves. All of the wharves are served by railroad tracks and sheds and warehouses on or adjacent to the wharves. There are three large elevators to handle the large volume of grain which normally moves through the port.

(3) *Clearance Facilities*—Constanța is cleared by a partially double-tracked railroad line which runs eastward to connect with Bucharest and the general Rumanian rail network. A short distance outside the city, junction is made with a longitudinal line running northward to the Danube delta and southward into Bulgaria. Within the port, railroad terminal facilities, including marshalling yards, and wharf sidings, are particularly extensive.

Several highways radiate from Constanța, but most of them are unsuitable for motor traffic. A paved road runs south along the coast, and a gravel road reported usable by heavy vehicles leads northward to Tulcea on the Danube delta.

(4) *Port Capacity*—The maximum unloading capacity of the port is estimated to be about 10,000 tons of general cargo per day. This figure is exclusive of bulk grain and petroleum exports.

The Rumanian Government estimates that railroads serving Constanța are capable of 28,000 tons of general cargo, 3,000 tons of grain, and 50,000 tons of oil products per day.

(5) *Repair Facilities*—A 7,800 ton capacity drydock and some slipways are located at the shipbuilding yard on the west side of the harbor.

#### *b. Mangalia.*

Mangalia is an almost negligible port located on the southern Rumanian coast. It is used occasionally by small patrol craft as an overnight stopping point. Oceangoing vessels can be accommodated only in the open anchorage off the town. Port facilities are limited to a small camber enclosed by two moles, accessible to small craft drawing less than 12 feet. Mangalia is connected by railroad with Constanța and Bucharest and is located on the paved coastal road which runs south from Constanța.

### 3. Danube River Ports.

The Danube River flows into the Black Sea through three main distributaries, the northernmost of which forms the boundary between Rumania and the USSR. The river is navigable by small ocean-going vessels for a distance of some 90 miles upstream, via the middle or Sulina distributary. Entrance to the Sulina mouth is protected by two jetties and has a minimum depth of 22 feet over the bar at low water. The Danube usually freezes for about two months a year; in the lower part, however, it is occasionally open to navigation throughout the year and only in the most severe winters is Sulina, at the mouth, closed by ice.

Rumania has six ports on the lower Danube capable of receiving seagoing ships: Sulina, just inside the mouth; Tulcea, at mile 38 on the right bank; Isaccea, at mile 56 on the right bank; Galați, at mile 80 on the left bank; Ghecet, at mile 91 on the right bank; and Brăila, at mile 92 on the left bank. Of these, only Galați and Brăila are major maritime ports.

#### *a. Galați.*

Galați is Rumania's principal Danubian port, and a major transshipping point for grain moving down the river. Wharf facilities comprise two harbor basins and quays along the river front. About 8,000 feet of alongside berthage is available. In addition, about 10,000 feet of berthage at offshore wharves and landing pontoons. A depth of 20 feet prevails in the basins and 22 feet at the river berths. Small-sized ships can reach

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Galați with berths for about 50 vessels available.

Galați received considerable damage during the war: most of the wharf cranes were destroyed, and of its formerly extensive storage facilities only 8 warehouses remain undamaged and 18 were partially damaged but are still usable.

The port is served by railroads of both European and Russian gauge and by several roads. A number of marine repair yards are located in the port. Also, there is a floating dry dock of 1,200-ton capacity. Galați port is estimated to have an unloading capacity of 10,000 tons per day.

*b. Brăila.*

Brăila is considered the head of navigation on the Danube for oceangoing vessels. It is the principal port in Rumania for the export of grain. Landing facilities comprise a harbor basin and wharves along the river front. About 6,800 linear feet of berthage is available at the quays and about 18,000 feet at the river wharves and landing pontoons. Water depths range from 20 feet in the basin to 22 feet alongside the river berths. Accommodations are available for 19 small oceangoing vessels and numerous river craft. Brăila has extensive terminal facilities, including warehouses, grain elevators, and wharf cranes, and is served by both railroad and highway. Unloading capacity of the port is estimated to be 5,000 tons of general cargo per day.

*c. Sulina.*

Sulina, which occupies both banks of the Sulina distributary near its mouth, is a transshipping point for grain arriving by river craft from the upper Danube. Quays are built along a 2-mile section of the right bank and 3 miles of the left bank. Depths alongside are shallow, and direct berthage is available only to river craft. Moorage of large vessels is ordinarily accomplished by breasting a considerable distance off the quays. Two wharves which formerly were available for deep-draft ships were destroyed during the war. Sulina has no rail or good road connections, and all clearance is via river craft.

*d. Tulcea.*

Tulcea has a 3,900-foot long quay wall at which three deep-draft berths and four berths for river craft are available. The port is equipped with grain warehouses and is cleared by both railroad and highway. Port capacity at Tulcea is estimated to be 1,000 tons of general cargo per day.

*e. Isaccea.*

Isaccea is essentially a port for river craft only, and is not readily available to ocean-going vessels. Facilities are limited to three pontoon wharves, thus the means of clearance are poor.

*f. Ghecet.*

Ghecet, located directly across the river from Brăila, has some 15 wharves and apparently serves as an auxiliary to the larger port. Port and clearance facilities are apparently negligible.

**4. Roads.**

Of the 50,000 miles of roads in Rumania, only 1,100 are hardsurfaced and 6,500 are secondary roads with tar or gravel surface. The remaining 85 percent are dirt roads or cart tracks. There is only one significant international highway; it connects Hungary with Bulgaria via Oradea Mare, Cluj, Sibiu, Brașov, Bucharest, and Giurgiu. Other main roads lead from Bucharest to Constanța, Galați, Iași, and Chernovitsy now in the USSR. These roads are now reported to be in serviceable condition for the first time since the war.

Motor vehicle registration has been in decline for years, but imports of Russian, Czech, and some German trucks have reversed this trend in the past eighteen months. In conjunction with increased emphasis on highway restoration and reconstruction, this has resulted in a considerable increase in road traffic since 1946.

Significant long-term expansion of highway transport can be achieved only with difficulty as long as Rumania depends for motor vehicles on foreign imports. The introduction of domestic motor vehicle manufacture was announced in 1947. Although this was doubtless a propaganda announcement, and no real production is expected for some time to come,

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it would be dangerous to discount this undertaking, which was based on a foundation of existing automotive assembly plants.

## 5. Telecommunications.

By the standards of Western Europe, Rumania's telecommunications facilities are poor, and the supporting industry and technical training facilities are also limited. Pre-war activities of the International Telephone and Telegraph Company advanced the development of the network and Rumania's facilities are better than is general in the Balkans. Relatively little war damage was sustained, 80 percent of which has been repaired.

All telecommunications were nationalized early in 1948. Under the present government, these facilities are completely at the disposal of the armed forces, but so far there has been relatively little interference by the military.

### a. Telephone.

The Rumanian Telephone Company (Societatea Anonimă Română de Telefoane, or SART) was owned, from 1931 to 1941 by the International Telephone and Telegraph Company, which completely rebuilt and modernized the system according to American standards. I. T. & T. also had made plans for the future expansion of the system, but in 1941 it sold its interest to the National Bank of Rumania and withdrew its management. Under new management, SART has continued the program set up by I. T. & T. Growth and improvement have continued, but at a reduced rate, owing to labor unrest, material shortages, and the recent influx of inefficient political appointees. In spite of this progress, the present telephone system is inadequate to handle the urban traffic demands. There is only about one telephone per 200 population, and almost half of the country's approximately 125,000 telephones are located in Bucharest. The rest of the country is evenly, if sparsely, covered. (See Map Supplement III.) The telephone company has always provided some international service. Before the war it had but few circuits to adjoining countries, except possibly Russia, and the major European centers. Since the war, service has been resumed to most of the countries, and there is at least one direct circuit to Mos-

cow. Expansion of international service is planned.

### b. Telegraph.

The telegraph system always has been under the Post Office Administration. While it covers about the same territory as the telephone system, it is in poor condition; much station equipment is antiquated, and service is poor. There is some dual use of lines by the telephone and telegraph companies to very small communities.

The Post Office Administration also operates the few radio-telegraph stations in Rumania (there are no radio telephone stations). There are low-power stations at Bucharest, Oradea, and Cluj, and even smaller stations at Timișoara, Craiova, Alba Iulia, and Sibiu. Operation is manual. It is presumed that these stations are used for traffic to adjacent countries. There is no indication of any plan to improve or expand the radio-telegraph facilities.

The Rumanian Broadcasting Company has recently been nationalized and important positions are filled by Communist party members. The main station is the new Radio România, a proposed 150 kilowatt, long-wave station being constructed at Tâncăbești and operated by special cable from studios and offices in Bucharest. Radio București (a 12 kilowatt, medium-wave station), is located near Bucharest and is operated from the city. There are four lower powered, short-wave stations at Bucharest. Approximately 90 percent of the available time of these stations is utilized by the government for propaganda favoring Russia and the local Communist government.

In 1944 there were about 21 receiving sets per thousand population. This receiver-density is less than Mexico's and is only about 1/20th of that in the United States.

The Ministry of National Defense has its own fairly extensive telephone network (see attached map). It leases circuits from the Post Office Administration to form a telegraph network, and has started to build up its own radio network. These facilities are adequate for peacetime military needs, but must be supplemented by additional circuits from the

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## S E C R E T

## APPENDIX A

## TOPOGRAPHY AND CLIMATE

## 1. Topography.

Rumania lies between the USSR and the Balkan Peninsula and between the Hungarian Plain and the Black Sea. It is roughly elliptical in shape and has an area of 91,670 square miles. The longer east-west axis is about 400 miles and the north-south about 300 miles.

An arc of mountains formed by the Carpathians (Carpații Orientali) and the Transylvania Alps (Carpații Meridionali) crosses the country, extending south from Ruthenia and curving sharply to the west in central Rumania (see map No. 10809). The Wallachian Plain lies between the Transylvanian Alps and the Danube River. The Danube forms the southern boundary of Rumania from the village of Baziaș, where the river comes out of Yugoslavia, to Silistra, where the frontier leaves the river to march south-eastward toward Mangalia on the Black Sea. At Galați, the river turns east again and flows through its delta to the Black Sea. In eastern Rumania, there are also two low plateaus. The Dobruja (Dobrogea) Plateau lies between the north-flowing section of the Danube and the Black Sea. Farther north, the Moldavian Plateau is bounded by the Carpathians on the west and the Bessarabian Plateau on the north and east. It is drained by the Siret and Prut rivers, south-flowing tributaries of the lower Danube, the latter of which is now the Soviet Union frontier. Inside the mountain arc is the Transylvanian Basin, which extends west to the Bihor Mountains. West of the Bihor Mountains a narrow margin of the large Middle Danube Plain extends into Rumania.

*a. Southern and Eastern Plain and Plateaus.*

(1) *Wallachian Plain.* The Wallachian Plain, economically the most important part of Rumania, is an area of fertile soils that support grain production, the site of the rich

Ploesti oil fields, and the most densely populated part of the country. The Plain, and especially the eastern half, is the leading grain (corn and wheat) producing area in Rumania (see map No. 11140). București (Bucharest), the capital and largest city of Rumania, is located on the Wallachian Plain. Most of the area is nearly level and less than 100 feet above sea level, but between Craiova and București is an area of rolling land with a few elevations as high as 400 feet. The many tributary rivers that flow south from the mountains across the plain to the Danube flood their banks in spring, but become nearly dry during the summer. The Danube meanders along the southern border of a wide belt of lakes and marshlands. In contrast, the Bulgarian bank of the Danube is high and slopes abruptly to the river.

The Wallachian Plain is wooded near the mountains, but trees become increasingly sparse from north to south and are succeeded by grasslands.

(2) *Danube Delta.* The Danube River turns east at Galați (Galatz), the chief river port and eleventh largest city of Rumania. Beyond Tulcea, some forty miles farther east, the belt of marshes and lakes along the river widens into the large Danube Delta. Most of this triangular area is intermittently flooded and even the exposed network of natural levees is in no place more than five feet above sea level. The central and straightest of the three large river mouths, the Sulina, is the main navigation route. The delta is of little importance agriculturally and supports very few people.

(3) *Dobruja Plateau.* The Dobruja Plateau lies to the east of the north-flowing section of the Danube. It is bordered along the Danube and the Black Sea by cliffs 300 to 400 feet high. Constanța, Rumania's chief sea port, is located on a small sand bar along the

Note: This Appendix is based on information available to CIA as of 1 August 1949.

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Black Sea coast. A group of high hills in the north includes a few summits over 1,300 feet in elevation. Extending southeast from this group are lower hills, separated by wide valleys. To the south, the valleys open onto a high, monotonously flat, steppe that is broken on the west only by the narrow valleys of intermittent streams. Deciduous forests cover many of the slopes above 650 feet in elevation in the north, but the flat expanses to the south are dusty grasslands.

The Dobruja is primarily a grain producing area but, because of low rainfall and frequent droughts, production is low and the population sparse.

(4) *Moldavian Plateau.* The Moldavian Plateau, one of the chief agricultural areas of Rumania, extends east from the foothills of the Carpathians beyond the Siret River to the Prut River to Bessarabia. Iași (Jassy), the sixth largest city in Rumania, is situated near the center of the plateau. The plateau is divided by the Pascani-Iași depression into a northern and a southern section. Both sections slope from high hilly areas in the northwest to low flat lands in the southeast. In the higher part of the northern section, valleys are 500 to 600 feet deep and support a fairly dense rural population. As the general elevation decreases, the valleys become broader and shallower. The southern section of the Moldavian Plateau is higher and is more dissected than the northern. Its northernmost hills rise to elevations of 1,300 feet. Farther south the land is lower but deeply cut by tributaries of the Siret. Gradually the relief flattens and merges into the Wallachian Plain near the juncture of the Prut and Siret rivers.

Although the hills are forested, trees are sparse throughout much of the Moldavian Plateau. The flatter areas in the northern section are grassland and in the southern section include swampland like that along the Danube.

#### *b. Carpathian-Transylvanian Mountains.*

(1) *Carpathians.* The major part of the Rumanian Carpathians consists of a series of parallel north-south ranges. The summits are flat or smoothly rounded, have fairly uniform elevations of less than 5,000 feet, and

are flanked by gentle slopes. West of the parallel ranges are several higher and more rugged mountain groups. At the bend of the arc, however, the Carpathian mountains are low and rounded, with spurs radiating from a central mountain core.

The Oituz Pass, between the Negra and Oituz rivers, and the Ghimeș Pass, about forty miles to the north, are two of the most important connections between the Transylvanian Basin and the Moldavian Plateau. Many other low passes join valleys that extend into the mountains from the east and the west.

Flat-topped ridges in the Carpathians are used as pasture for sheep in summer. Fields and small villages occupy clearings in the forests up to 3,300 feet in elevation.

(2) *Transylvanian Alps.* The Transylvanian Alps, extending in an east-west direction, are higher and more rugged than the Carpathians. The highest ridges, reaching altitudes of about 6,600 feet, are in most cases flat-topped but in a few areas the relief is rougher and sharp peaks rise to elevations of more than 8,000 feet. The broad uplands are dissected by valleys, most of which are deep, steep-sided, and too narrow to be used as routes of transportation. Toward the west, the Transylvanian Alps are lower and include several large valleys.

At the western end of the Transylvanian Alps, the Danube flows for 80 miles through a gorge averaging no more than 400 feet wide. The only break in the cliffs is at Orșova, where the Cerna River joins the Danube. The stretch east of Orșova, where the river channel is narrowest, is called the "Iron Gates." Despite canalization and dredging, a rock reef still makes navigation in this stretch difficult.

Several routes across the Transylvanian Alps follow either narrow river valleys or flat uplands. In the west, a low pass joins the Cerna and Timiș valleys. The higher mountains of the Transylvanian Alps farther east are interrupted by four important passes, which from west to east are: the Vulcan Pass near the Jiu River; the Turmu Roșu (Red Tower) Pass along the Olt River; the Bran Pass connecting Câmpulung and Brașov; and the Predeal Pass directly south of Brașov.



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Below 6,000 feet, there are occasional areas level enough for farms, and the broad uplands provide sheep pastures during the summer. The Rumanian iron and steel industry is located at the western end of the Transylvanian Alps at Recița and Hunedoara. Here iron ore deposits are located close to supplies of coking coal or charcoal-producing forests.

(3) *Mountain Valleys.* Along both the inner and outer margins of the Carpathian-Transylvanian arc are several depressions that parallel the trend of the arc. Most of these can be identified on the map by the towns located within them. On the outer side of the arc, such towns include Târgu-Jiu, Râmnicul-Vâlcea, Câmpulung, Târgu-Ocna, and Piatra Neamț. On the inner side, two river valleys lie between the parallel ranges and the mountain groups to the west: (1) the Mureș Valley, to the north, in which the town of Gheorghieni is located; and (2) the Olt Valley farther south, with the city of Mercurea-Civc. A third large valley extends eastward from Brașov. These sheltered valleys have low relief and fertile soils, support thriving agriculture, and are more densely populated than the surrounding mountains.

*c. Central and Western Basin, Mountains, and Plain.*

(1) *Transylvanian Basin.* The Transylvanian Basin between the Carpathian-Transylvanian arc and the Bihor Mountains consists of undulating hills and winding valleys. The hills range from 2,000 to 2,300 feet in elevation, and the valley floors between 1,000 and 1,300 feet. The Mureș, Someș, and Olt river systems flow through broad valleys that are the most populous and productive parts of the basin. The low land along the rivers, however, is customarily flooded in spring. Forests cover other parts of the basin and the surrounding mountain slopes, but they are replaced by grasslands between Târgu-Mureș and Cluj, the fourth largest city of the country. The basin is important for its deposits of natural gas. It is comparatively unimportant agriculturally.

(2) *Bihor Mountains.* The Bihor Mountains and outlying hills mark the western border of the Transylvanian Basin. The highest mountain elevations are in the northwest,

where several peaks and ridges have elevations of more than 5,600 feet. To the east and south, the land becomes lower and resembles a high dissected plateau. The mountains are cut by the steep, narrow valleys of the Soneș and Arieș rivers. In the southeast, a steep escarpment overlooks the Mureș Plain.

Coniferous forests, with some clearings for grazing, extend from valley bottoms to elevations of 5,200 feet. Fields and farms are chiefly in the higher lands up to elevations of 4,000 feet.

(3) *Middle Danube Plain.* Along the western border of Rumania is a narrow strip of piedmont slopes that merge into the Middle Danube Plain of Hungary. The slopes are crossed by several tributaries of the Tisa (Tisza) River that descend from the Bihor Mountains. Between Carei and Oradea, in the north, an area of sand dunes extends from Hungary into Rumania, where it is bordered to the east by marshes. The western tip of Rumania is poorly drained grassland, but has excellent soils and is highly productive when drained. The Banat area to the south is crossed by a strip of marshy land along the Timiș and Bega rivers. Parts of both rivers have been canalized.

The Danube Plain ranks second to the Wallachian Plain in agricultural production. It is one of the few parts of the country where livestock, especially pigs and cattle, are important in the local economy. The plain is relatively densely populated and around Timișoara, third city of Rumania, the density is comparable to that of Wallachia.

## 2. . Climate.

The climate of Rumania varies from humid with long severe winters in mountain regions to semiarid with large yearly temperature ranges in the lowlands. The main climatic regions of Rumania, which correspond roughly with its physical regions, are: (1) the southern and eastern plain and plateaus, (2) the Transylvanian Basin, (3) the Carpathian-Transylvanian Mountains, and (4) the Middle Danube Plain (Banat-Crișana area). In all of the regions June is the rainiest month, late summers are sunny, and snows are frequent in winter. The average annual precipitation

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varies from 60 inches in a few mountain areas to 15 inches in parts of Dobruja. Winters are universally cold, averaging 20°F to 30°F in January; and summers are hot, averaging 65°F to 75°F in July.

In the southern and eastern plain and plateaus, the climate is transitional from sub-humid oak-forest climate near the mountains to semiarid in the Wallachian Plain, Dobruja, and parts of the Moldavian Plateau. The hilly margins of the region receive at least 24 inches of precipitation yearly. București, on the plain averages 23 inches of rain per year, and areas farther east receive progressively less.

The southern and eastern region, particularly the Wallachian Plain, has a climate similar to that of the eastern Great Plains of the United States as far as rainfall is concerned. As in the Great Plains, the amount of rainfall varies greatly from year to year, especially in the more arid sections. In eastern Dobruja, there is danger of crop failure due to drought on an average of two years out of five. Maximum precipitation comes in late spring and early summer and is followed by a sunny, dry period in late summer. Most of the summer rain falls in short, heavy showers, and thunderstorms are frequent. Winter precipitation, though small in amount, usually falls as snow and is associated with longer periods of cloudy weather.

Yearly temperature ranges, as well as aridity, increase progressively to the east and south of the mountains, except in the extreme east, where temperature extremes are moderated by the Black Sea. Throughout the plain and plateau region, temperatures averaging below 32°F last for at least two months every year. Spring comes suddenly with markedly

warmer weather in April and May. Blooming seasons along the Danube River are about five weeks ahead of those near the northern boundary. From June to August, most of the plain and plateau area has average monthly temperatures above 68°F. Heat waves with average temperatures above 95°F and accompanied by dust storms are frequent.

In the Transylvania Basin, precipitation is heavier and temperatures are lower than in the plain and plateau region. Most parts of the basin, however, receive less than 32 inches of precipitation and, in the central part east and north of Târgul-Mureș, the average is only 20 to 24 inches.

Winter temperatures in the Transylvanian Basin average 7 to 9 degrees lower than at București, and usually stay below 32°F from December to March. Spring comes suddenly, and the mean temperature for April rises above 50°F. Although less extreme than in the southern and eastern areas, summers are hot and dry. At Cluj and Sibiu the temperature averages above 66°F for two months each year.

In the Carpathian-Transylvanian Mountains, precipitation is heavier (up to 60 inches yearly) than in the lower areas and temperatures are lower. Winters are especially severe in the northern Carpathians. Snows are heavy and frost may occur in any month.

The climate of the Middle Danube Plain in western Rumania resembles that of the Wallachian Plain, although winters are shorter and milder. Excessively hot summer weather is common. The amount of precipitation decreases to the west—from 30 inches a year near the mountains to 20 inches at the Hungarian border.

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commercial facilities in time of military activity.

All of the commercial telecommunications facilities are at the disposal of the Armed Forces when needed. An Air Warning System is planned, which would use the regular telephone system with extensions by field telephones and radios to the watch points.

The only factory of importance for telecommunications items before the war was Standard Fabrica de Telefoane și Radio in Bucharest, owned by I. T. & T. SFTR manufactured telephone sets, small manual switchboards, some accessory equipment, and a few commercial radio transmitters and receivers. Most equipment was imported, chiefly from Germany, Belgium, England, and Hungary. Since the war, SFTR has been nationalized, and its production is believed to be inconsiderable. Imports, chiefly from Hungary and the USSR, have been difficult to obtain and very limited.

#### 6. Civil Air.

Civil air matters are controlled by a Department of Civil Aviation in the Ministry of Communications. A monopoly of civil air lines is held by TARS (the Rumanian-Soviet Air Transport Company). A joint council governs the company, with power nominally shared equally between the two partners, but control is actually in the hands of the Soviets, who control five of the nine votes. Consequently, the Director General of the company, a Soviet citizen, is absolute dictator of civil aviation affairs. In effect, the USSR has a monopoly of all air transport in Rumania,

controls all foreign air rights in the country, and all Rumanian air activity abroad (to the exclusion of Rumania from international collaboration in air traffic), and has unlimited rights to establish airfields and radio installations throughout Rumania. Rumania contributed the bulk of capital assets to this one-sided company, and must bear most of the financial burden.

TARS, today, operates two external lines (weekly to Prague and bimonthly to Warsaw) and three domestic lines (daily services from Bucharest to Sibiu, Timișoara, and Arad; to Cluj, Satul Mare, and Oradea Mare; to Galați, Bacău, and Iași). There are 17 air liners and 10 3-seaters. Personnel have been purged since 1946 from 648 to 347, only 44 of whom are air crew members. The difficulty of finding reliable flight personnel who will not abscond to neutral countries with aircraft, and capable ground crews who will not pilfer the stores, will give TARS a manpower problem for some time to come. Equipment of every kind is in acutely short supply. Finally, dearth of pay load has kept the lines operating on a deficit which must be borne altogether by the Rumanian Government.

#### 7. Pipelines.

Petroleum pipelines from Ploesti to Giurgiu, Constanța, Brăila, and Galați, with approximately 1,310,000 tons yearly capacity, relieve the rail and water ways of part of their burden. The prewar capacity was virtually the same. The Galați line is reported to have been extended to Odessa via Reni in the Soviet Union, but the information has not been confirmed.

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TABLE I  
FREIGHT MOVEMENTS  
(In metric tons)

CATEGORY	1938	1948	GAIN OR LOSS
Rail	27,632,000	20,000,000	—28%
Waterway	5,458,000 <sup>1</sup>	2,785,000 <sup>2</sup>	—49%
Total	33,100,000	22,785,000 <sup>2</sup>	—32%
Pipeline <sup>3</sup> capac- ity	1,110,000	1,110,000	0

<sup>1</sup> 1936.<sup>2</sup> 1947.<sup>3</sup> Capacity, actual movements unknown.

TABLE II  
EQUIPMENT SUPPLY

CATEGORY	1938	1948	GAIN OR LOSS
Serviceable locomotives	1,911	1,260	—34%
Serviceable freight cars	56,525	46,000 <sup>4</sup>	—21%
Track mileage	7,068	6,367	—10%
Tugs and barges	771	396	—49%
Trucks	4,700	3,878	—18%
Busses	3,300	697	—79%

<sup>4</sup> Excluding 12,700 foreign-owned freight cars in use in Rumania.

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## APPENDIX C

## POPULATION STATISTICS

The Rumanian population, as of 1 January 1949, is estimated to have been 15,917,000. This represents an increase over the official January 1948 census of 15,872,624, but a decrease of approximately 2,100,000 when compared to the 1930 census. A breakdown of the 1930 and 1949 populations by age groups is given below in Table I.

The ethnic distribution of the Rumanian population, taken from the official 1930 and 1948 censuses, is shown in Table II:

TABLE II  
ETHNIC DISTRIBUTION OF RUMANIAN  
POPULATION IN 1948 AS COMPARED  
WITH 1930

LANGUAGE GROUPS	1930 (In percent)	1948 (In percent)
Rumanian	71.9	85.7
Hungarian	7.9	9.4
German	4.1	2.2
Jewish	4.0	.9
Ukrainian, Russian, other	12.1	1.8
Total	100.00	100.0

TABLE I  
DISTRIBUTION OF RUMANIAN POPULATION BY AGE GROUPS IN 1930 AND 1949  
(In thousands)

AGE GROUP	CENSUS OF 29 DECEMBER 1930 <sup>1</sup>		ESTIMATE AS OF 1 JANUARY 1949 <sup>2</sup>	
	Number	Percent of total	Number	Percent of total
0-4	2,606	14.43	1,651	10.37
5-9	2,167	12.00	1,690	10.62
10-14	1,420	7.86	1,777	11.16
15-19	2,103	11.65	1,684	10.58
20-24	1,646	9.12	1,459	9.17
25-29	1,579	8.74	1,092	6.86
30-34	1,092	6.05	1,081	6.79
35-39	1,180	6.53	1,045	6.57
40-44	906	5.02	986	6.19
45-49	919	5.09	809	5.08
50-54	583	3.23	704	4.42
55-59	582	3.22	587	3.69
60-64	417	2.31	496	3.12
65-	769	4.26	856	5.38
Unknown	88	.49		
Total	18,057	100.00	15,917	100.00

<sup>1</sup> Statistical Yearbook of the League of Nations, 1942-1944.

<sup>2</sup> Estimate made by ID-45, 16 May 1949.

Note: This Appendix is based on information available to CIA as of 1 August 1949.

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## APPENDIX D

## BIOGRAPHICAL DATA

*Ana Pauker*, Minister of Foreign Affairs, promoted to Vice-Premier on 17 April 1949; Deputy in the Grand National Assembly.

Ana Pauker is a member of the Politburo and the Secretariat of the Central Committee of the Rumanian Workers Party. Former member of the Executive Committee of the Comintern in Moscow, she was also one of the committee which brought it back into the open with the organization of the Cominform in Warsaw in September 1947. She is probably the most powerful leader of international Communism outside of the USSR now that the Cominform has been transferred to Rumania from Yugoslavia.

The first woman to be appointed a Minister of Foreign Affairs, Ana Pauker was born in Codaesti, Moldavia on 13 December 1893 of a Jewish family named Rabinsohn. She was educated in medicine in Bucharest and Switzerland, speaks excellent French and Russian, and is credited with having one of the best minds in Rumania. Originally a member of the Social Democratic Party, she joined the Communist Party in 1921. From that time her life followed the revolutionary pattern of labor agitation, strikes, arrests, and imprisonment associated with Communist leaders in the Balkans. The Soviets maneuvered to exchange Ion Codreanu, a Rumanian prisoner they were holding, for her in 1941. While in Moscow she was given Soviet citizenship, was active in the Comintern, organized the Tudor Vladimirescu Division among the Rumanian prisoners of war there, became a major in the Red Army, and studied MVD methods to be used in Rumania later. She returned to Rumania with the Red Army and assumed the unquestioned direction of the country.

Capable, very aggressive and shrewd, she is a skillful speaker, completely devoted to the Communist principles, and would use any device to achieve the Party's ends. Her connec-

tions with the Kremlin are direct and close. She is reportedly secretly heartily disliked for her Moscow support and is a target for the anti-Semitic sentiments prevalent in Rumania. Her successful suppression of nationalistic local Communists, however, combined with Moscow's confidence in her, makes her future position entirely tenable. It was announced on 17 April 1949 that she had been promoted to Vice-Premier.

*Gheorghe Gheorghiu-Dej*, Vice-Premier, until April 1949 President of the State Planning Commission, Deputy in the Grand National Assembly, Secretary General of the Rumanian Workers Party, and President of the Supreme Economic Council, although the fact that this Council has not recently been mentioned may indicate that it and the State Planning Commission have been combined.

The most popular member of the present regime in Rumania, Gheorghiu-Dej, emerged in the latter part of 1948 from a period of obscurity, during which he is said to have apparently "purged" himself of the last vestiges of what had been definite nationalistic tendencies, although the extent of his actual return to favor is still questionable. As a super-minister of the country's economy he has held, concurrently, the posts of President of the Supreme Economic Commission, coordinator of the Activities of the Ministries of Finance and Economy, and until April 1949, head of the State Planning Commission. As Economic Coordinator of the Finance and Industrial Ministries, Gheorghiu-Dej presented the 1949 Economic Plan for Rumania. In his capacity as Secretary General of the Party, although reportedly overshadowed by Josif Chisinevski and other Moscovite Communists, he enunciated the Party program for collectivization of agriculture in March 1949 and in the May 15 issue of the Cominform Journal delivered an excoriating attack against Tito. Although he

Note: This Appendix is based on information available to CIA as of 1 May 1949.

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did not replace Groza as Prime Minister in the spring of 1948, as had been widely expected, it is possible that he is again being groomed for the position, which would entirely consolidate Party control of the Presidency. As the only Rumanian Communist who can count on a degree of popularity among the lower party echelons and the population at large, Gheorghiu-Dej would appear to be a logical choice to counterbalance the widespread feeling against the other members of the Rumanian Politburo, many of whom are properly regarded as aliens or expatriates. At the same time, the elevation of Pauker, Luca, and Constantinescu to key supporting positions has established effective controls over the powers, activities, and ambitions of Gheorghiu-Dej.

Born of a poor family in 1900, Gheorghiu-Dej had a difficult childhood of deprivation and hard work, in sawmills, textile factories and machine shops, which greatly impaired his health. He had almost no formal education, but was an earnest reader from early childhood. He added Dej to his name in 1932 when he was organizing labor in a small Transylvanian town of that name. At sixteen he became active in clandestine labor movements. Joining the Communist Party in 1929, his activities soon cost him his job with the railroads, but he continued work in their unions until the disastrous Grivița (Grivitza) strike, in which he took part in 1933. This resulted in his arrest and a prison sentence of 15 years. The time he spent in various prisons was filled with study for himself and his fellow inmates. They studied law, Marxism, French, German, mathematics, literature, and physics. He established contacts with Rumanian Communists outside, who were working with representatives of the three major parties to carry out the 23 August 1944 *coup d'état*, which successfully ousted the Antonescu German collaborators. Gheorghiu-Dej escaped from Târgu-Jiu prison ten days in advance, with the help of Bodnăraș. He became the Party Secretary General in 1945, but was always a leader of the faction which was pro-Rumanian, as contrasted with the Moscow-trained clique.

Gheorghiu-Dej's lack of education and experience in statesmanship have been obvious,

although he has native intelligence and ability. He is slow to form his opinions, but tenacious in holding them. Of wiry physique, he has deep-set eyes and an olive complexion. He is sincere and unassuming and is impressed with material achievement. He has been temperate in his attitude toward private enterprise; however, on this point he may have recanted because of his unfavorable experience of being in Moscow's disfavor at the time of the Cominform break with Tito—a repetition of which even his popularity might not be able to overcome.

*Josif Chișinevschi*, Deputy in the Grand National Assembly, Member of the Secretariat and Politburo of the Central Committee of the Rumanian Workers Party.

This professional revolutionary has gained increasing influence in Rumania. He is now the ideological leader of the Party in his post as Head of the Section for Press, Propaganda, and Cultural Activities as well as director of the Party's training schools. Working closely with Soviet authorities, he is often called the real Secretary General of the Party, although Gheorghiu-Dej, because of his popularity, is widely publicized in that position.

Officially he is said to be the son of an abused agricultural worker of Moinești. A more probable version is that he is the son of a Jewish merchant named Roitman. He was born on 16 October 1905 in Bessarabia. He took his wife's name of Chișinevschi. She became a close friend of Ana Pauker, when they shared a prison term, and is also very active both in the Communist Party and the General Confederation of Labor. Josif Chișinevschi was a leader in the Young Communist Movement at eighteen, was arrested in Bucharest in 1930 and became friendly with Teohari Georgescu in prison. He was granted amnesty in 1932, was made a member of the Bucharest District Committee and started organizing the illegal National Workers' Front. Arrested again, he was still in prison when the *coup d'état* of 1944 freed him with many other Communists. He has been head of the educational committee for the party since 1938. In January 1948, he attended the meeting in Belgrade which set up the editorial board of the Cominform Journal.

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Intelligent and talented in organizing, he especially cultivates artists, writers, and journalists, whom he orients toward "socialistic realism" in a new conception of arts and letters used for "democracy and freedom." It has been said that he carries the greatest responsibility for the success or failure of the regime.

*Emil Bodnăraș*, Minister of National Defense, Deputy in the Grand National Assembly, Member of the Politburo of the Central Committee of the Rumanian Workers Party, and Head of the Secret Police.

Known as Groza's direct ruler, this Soviet-trained MVD man has, at times, threatened to challenge Ana Pauker's position as first in power because of the fear inspired by his secret police and his own personal ruthlessness.

He never speaks of his early life, some of the reported facts of which are contradictory. One version names him Emilian Bodnarenko, son of a German mother and Ukrainian father of Bessarabia, where he was born in 1902 and stayed until he became Groza's groom. Another version traces his Marxist career to a boy's bitterness when his poverty-stricken family in Câmpulung, Bukovina, was forced to resort to a public collection for funds to bury his father. Failing in his efforts to earn enough money by tutoring to complete his law courses at Iași University, he entered Timișoara Artillery Academy, where he was commissioned a lieutenant in 1927. He openly protested an election manipulated by the government in 1932, was sentenced to ten years imprisonment by a military court, and fled to the USSR taking secret army papers with him. There he lived for the most part of the next twelve years, becoming a Soviet citizen, a student in the NKVD schools, a Red Army Commissar, a member of the Communist Party's Central Committee and the Comintern. Rumanians in Moscow had directed the Party in Rumania throughout the war years, Bodnăraș, heading the military section. He returned to Rumania in 1944, established contact with the imprisoned Gheorghiu-Dej, and, with him, assisted in the successful *coup d'état* of August 23, which ousted Antonescu. He was named Secretary General of the Presidium of the Council of Ministers, which, together

with his post as head of the Secret Police, for which he had been especially trained in Moscow, enabled him to accomplish the Kremlin's will through his stooge, Groza. He was made Colonel General on 30 December 1948.

Bodnăraș is known as Rumania's "tough guy." He is clever and efficient, using flattery effectively in his capable handling of people, but he has no scruples in attaining his objectives. He has done a good job of rehabilitating the Rumanian Army. He dislikes Americans, and is anti-Semitic.

*Vasile Luca*, Minister of Finance, promoted to Vice-Premier on 17 April 1949; Deputy in the Grand National Assembly. Member of the Politburo of the Central Committee of the Rumanian Workers Party, and one of its Secretaries. On December 2, 1948, he was appointed President of the Commission for Simplification and Rationalization of the State Apparatus, which thoroughly reorganized the Rumanian Government departments in the first part of 1949.

Called a striking example of the worst features of Eastern European Communism, Vasile Luca is one of the important Soviet agents who has assumed cabinet positions in Rumania.

Born of Hungarian parents in Lemnia, Transylvania, in 1898, his real name is Laszlo Luka. When he was six years old he was placed in an orphanage where he was mistreated. He started work for a locksmith at 13, and except for much reading during his many prison terms, he has had no formal education. After serving in World War I with the Austro-Hungarian Army, he took part in the Hungarian revolutionary movement of 1918, joined the Socialist Party in 1919, but changed to the Communist Party in 1922. Becoming the head of a metallurgist trade union, he was repeatedly arrested for organizational activities. Between terms of prison he went to the USSR for Communistic training. He was serving a ten-year sentence for activity in the Grivița strike when the Red Army freed him in 1940. Back in the USSR, he became a Soviet citizen, a deputy to the Council of Nationalities, a major in the Red Army, and a member of the Comintern. He re-entered Rumania with Ana Pauker and the Red Army in 1944. There he was made Secretary General of the

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Democratic Front and a member of the Agrarian Reform Commission, which positions he still holds. Elected a deputy in 1946, in 1947 he accumulated the posts of Chairman of the Assembly Labor Committee, delegate to the World Interparliamentary Congress, Chairman of the Navy League, Brigadier General of the Rumanian Army and Minister of Finance. In April 1949, he was promoted to Vice-Premier, along with Ana Pauker and Gheorghiu-Dej.

Completely lacking in scruples, he is anti-Semitic and fiercely Communistic, intensely hating any element opposing that philosophy. He has governesses for his children, six automobiles and six servants. The servants eat with him, thus making it all very "democratic."

*Teohari Georgescu*, Minister of the Interior, Deputy in the Grand National Assembly, Member of the Politburo of the Central Committee, and one of the Secretaries of the Rumanian Workers Party.

A real force in the 1945 Groza cabinet, Georgescu's influence has waned until he is now believed to make no decisions of his own, but merely to execute the orders laid down by higher authority.

Born 31 January 1908 in Bucharest to a small merchant's family of reported National Liberals, he is of Jewish origin, although baptized Greek Orthodox. His real name is said to be Burah Tescovici. He attended only four grades of elementary school. He became a printer in 1923 and was active in the union. He joined the Communist Party in 1929. He met Gheorghiu-Dej in prison where he was sent for his part in the Grivița strike in 1933. He was in prison more often than not during the next years until 1944, when the *coup d'état* freed him. He was made Under-Secretary of State in the Ministry of the Interior. Premier Rădescu was ousted largely because of his efforts, and he became the Minister of the Interior in 1945. Here he purged the Police Staff, appointed political commissars to work with the police, arrested the opposition relentlessly, and is claimed to have revengefully made them experience all the trials of his own prison life. His heyday was over when Bod-

năraș, who is rumored to oppose him, assumed the control of the police.

Hard faced and energetic he is a competent administrator. His extravagant tastes in living, his nepotism, the rumor that he sends money abroad for future security, combined with the belief that his Ministry is closely supervised, have created the impression that he is not trusted by the Moscow powers.

*Miron Constantinescu*, Chairman of the State Planning Commission and former Minister of Mines and Petroleum, Deputy in the Grand National Assembly, Member of the Politburo of the Central Committee of the Rumanian Workers Party and ex-Director of its official organ, *SCANTEIA*.

A force to be reckoned with in the Rumanian Communist Party, Miron Constantinescu is still under 35. He wrote his Ph. D. thesis on *Social Units in the Marxist Ideology*, and is already counted among the five most important Communists in the country.

Born in Buzău in 1917, he is better educated than most of his party, having earned two degrees at the University of Bucharest. A fiery Communist since adolescence, he was a leader in the Students' Democratic Front in 1935 and Secretary of the Union of Communist Youth in 1939. He joined the Party in 1936. Gheorghiu-Dej became his political sponsor after they met in a prison to which Constantinescu received a ten-year sentence in 1941 for illegal activities. He is now a close associate of Ana Pauker and shares her internationalism. Freed after the August 1944 coup, he was made managing editor of *SCANTEIA*, then appointed in quick succession as Secretary of the Bucharest Party and member of the Politburo in 1945, General Secretary of the notorious Central Election Commission in 1946, member of an economic delegation to the USSR and Minister of Mines and Petroleum in 1948. On 23 April 1949 he was made Chairman of the State Planning Commission, replacing Gheorghiu-Dej in that function. As a member of the Presidency of the Council of Ministers, he will be an important member of the Communist "super-cabinet."

He is described as vindictive and vain. His rapid rise is attributed as much to a servile

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adherence to the Soviet line as to his intelligence and ability.

*Alexander Moghioros*, Member of the Presidium of the National Assembly since 13 April 1948, Member of the Politburo and the Secretariat of the Rumanian Workers Party.

A specialist on the nationalities problems in Transylvania for the Party's Central Committee, Moghioros is also used extensively to organize the coal miners.

He is of Hungarian origin, born in Timișoara in 1909. Said to have started to work at the age of seven, his education is negligible, with the exception of the time he spent in the Marxist classrooms. These existed in the Rumanian prisons and were attended by all of the present leaders at one time or another. First a leader in the Brașov Communist Youth Union in 1934, he joined the Party about that time and was arrested for activities in its cause. He escaped to Hungary, where he worked with the Hungarian Communists. Returning to Rumania in 1940, after training in the USSR, he lost his freedom again and was among those liberated after the 1944 *coup d'état*. The new government sent him to organize the workers and *MADOSZ* (Hungarian Popular Union) groups in Cluj and Dej. He was made a member of the Central Committee in 1945, and was later sent to organize the miners in the Jiu Valley, where he has become the boss. He represents the Workers Party in the National Assembly.

Friend of Teohari Georgescu, close associate of Ana Pauker and trusted by the Soviets, his influence has steadily increased in Rumania.

*Simon Zeiger*, Former Deputy Minister charged with problems of the Supreme Eco-

nomic Council, made Vice-Chairman of the State Planning Commission on 23 April 1949; Deputy in the Grand National Assembly.

One of the most brilliant men in the present regime, Zeiger has been the "ghost" for the uneducated Gheorghiu-Dej and the real boss of the country's economic program with an influence greater than any other official of his rank. His ability is unquestioned, even by his political opponents. His recent appointment as Vice-Chairman of the State Planning Commission indicates the growing importance attached to this organ as a result of Rumania's greater integration in the Soviet orbit under the CEMA Agreement.

Born in 1908, he is a well-educated Jew from Bessarabia. He met Gheorghiu-Dej in prison, entered the government as his private secretary in 1945, and was his *Chef de Cabinet* in the Ministry of Communications, his Secretary General in the Ministry of National Economy, where he signed Gheorghiu-Dej's name to decrees, whether the latter had seen them or not. He accompanied Gheorghiu-Dej as a member of all delegations to sign economic agreements with foreign powers and on all his trips to the USSR. It is rumored he engages in large-scale personal business deals.

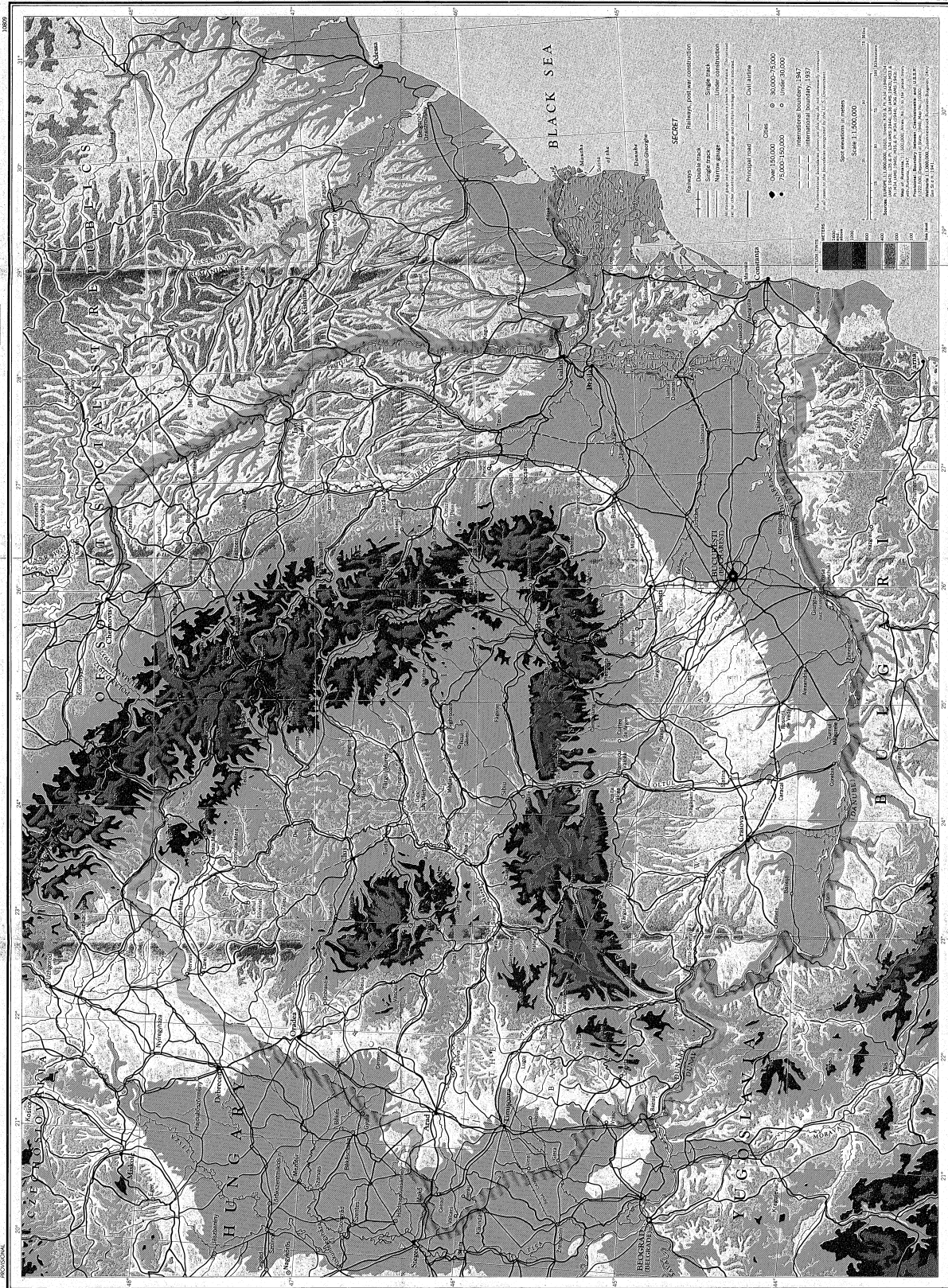
Of studious appearance, quiet and reserved, he is a member of the internationalist clique headed by Ana Pauker. He is little known, however, in Rumania and has no particular influence in the Communist Party there. While his importance lies in his ability in government administrative matters, obviously controlled by directives from above, he has gained the confidence of the Soviets and acts as economic liaison with the Kremlin.

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# RUMANIA : TERRAIN AND TRANSPORTATION

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# ROMANIA : AGRICULTURE AND INDUSTRY





